

NEW JERSEY REGIONAL GREENHOUSE GAS INITIATIVE (RGGI) PUBLIC INFORMATION SESSION

Below are summary notes from the New Jersey's March 29, 2018 RGGI Public Information Session. As the State Agencies continue to work on the rule proposals for this effort, information may be updated, modified and/or refined. To the extent that additional information to address audience questions has since become available, it has been incorporated into this document.

This summary is being provided for general informational purposes only and does not reflect any agency final decision or action. Stakeholders can continue to submit suggestions and inputs on these rulemakings through NJRGGI@dep.nj.gov.

Session Facilitator

Kerry Kirk Pflugh, Director, New Jersey Department of Environmental Protection (DEP), Office of Local Government Assistance

Session Panel Members

Christine Schell, DEP, Executive Assistant to Assistant Commissioner Paul Baldauf, Air Quality, Energy and Sustainability (AQES)

Robert Kettig, DEP, Bureau Chief, AQES's Bureau of Energy and Sustainability

Michael Winka, New Jersey Board of Public Utilities, (BPU), Director of Office of Clean Energy

Allison Kopicki, New Jersey Economic Development Authority (EDA), Senior Policy Advisor for Strategic Initiatives

Maureen Hassett, EDA, Senior Vice President for Governance, Communications and Strategic Initiatives

Welcome and Introductions

Catherine R. McCabe, Acting Commissioner of DEP, provided an overview of RGGI and the role New Jersey's participation will play in addressing climate change.

Paul Flanagan, Executive Director of BPU, spoke on behalf of BPU's President Fiordaliso, underscoring BPU's commitment to New Jersey re-entering RGGI.

Summary of State Presentations

Christine Schell and Robert Kettig provided an introductory presentation on the United States and New Jersey's greenhouse gas (GHG) emissions portfolios, and what RGGI is and how it can help New Jersey meet its GHG goals. Christine Schell provided a summary presentation on the New Jersey's current strategy for the RGGI Global Warming Solutions Fund Act (GWSFA) Rulemaking (hereafter referred to as the RGGI Funds Rulemaking), including background on the GWSFA and Governor Murphy's Executive Order 7 (EO7). Robert Kettig provided a summary presentation on the New Jersey's current strategy for the RGGI CO₂ Budget Trading Program Rulemaking (hereafter referred to as the RGGI Mechanics Rulemaking), including background on RGGI Inc. and the RGGI participating states' model rule. All the presentations from the information session are posted as one PDF file on the DEP's RGGI Page at <http://www.state.nj.us/dep/aqes/rggi.html#/>

Overarching Comments from Audience Members

Overall, audience members welcomed the dialogue on RGGI and climate change, and encouraged the State Agencies to not only continue the dialogue with various stakeholders, but to also broaden the scope to include other state agencies such as the Department of Health and Department of Community Affairs. While there was general support for the concept of a RGGI Strategic Funding Plan, audience members offered the following suggestions for improving the concept:

- Add other health concerns (e.g., lead remediation) as part of existing weatherization programs, and full home retrofit programs like BPU's comfort partners program. Consider how best to get New Jersey's municipalities and schools to take advantage of BPU's energy incentives, like the Local Government Energy Audit program.
- Leverage the work Sustainable Jersey does through their Environmental Defense Fund Fellows program to help towns and schools to implement energy actions.
- Consider how best to address the gaps in incentive policy for both residential and small business programs, such as splitting incentives between owner/landlords and occupants.
- Think regionally, particularly along the coast, to maximize benefits.
- Focus programs on cost-saving to lower the barrier for support, and provide municipalities with talking points on the financial benefits to their community.

Two clear focal areas emerged during discussions of the RGGI mechanics rulemaking: 1) support for negotiating an emissions cap sufficiently stringent to result in true emission reductions from the program, and 2) direction to do what was needed to protect NJ's most vulnerable, disproportionately impacted communities.

Summary of Questions and Answers throughout the Session

1. The non-carbon dioxide (CO₂) GHGs, like methane, have a higher potency and greater impact on climate change. Was any consideration given to CO₂ equivalents from other gases?

No, RGGI only applies to point-source CO₂ emissions from fossil fuel power plants.

2. When will the regulation apply to regulated entities? Is there a timeline for when the regulated community is expected to comply, and when permit conditions will be added to their Title V permits?

Assuming negotiations with the participating RGGI states are successful, New Jersey now expects to re-enter RGGI in time to participate in the first quarterly auction of 2020. This would make New Jersey initial control period will coincide the last year of RGGI's 2018-2020 control period. New Jersey regulatory entities would have no compliance requirements prior to 2020. DEP's Mechanics Rules will require regulated sources to include RGGI requirements in their Title V permits on modification or renewal, whichever comes first.

3. Where do the RGGI allowances come from?

New Jersey is currently negotiating with the participating RGGI states to determine its share of the total annual budget. The annual budget is the annual regional carbon cap collectively determined by the participating states, and, at its core, reflects the aggregate of each state's emissions from its regulated entities. New Jersey's allowance allocation will be based on its current and near future carbon emissions, but will also take into consideration other factors, such as the availability of banked allowances, that is, allowances bought in previous auctions and not yet used to comply with

carbon constraints. The revised regional cap will be incrementally reduced annually, allowing utilities to predict the future market.

4. The presentation identified 103 New Jersey-impacted Electric Generating Units (EGUs) – does this include cogeneration plants?

Yes, RGGI applies to cogeneration fossil fuel units over 25 megawatts (MW). Specific language regarding co-generation plants will be included in RGGI mechanics rule proposal.

5. How is New Jersey defining disproportionately impacted communities (e.g., are you looking at existing federal and state definitions, taking public input, etc.)? Can you clarify how Governor Murphy's Executive Order 7 (EO 7) directive regarding disproportionately impacted communities will be incorporated into NJ's RGGI rules?

Neither of New Jersey's RGGI rule proposals will define disproportionately impacted communities. The RGGI mechanics rule proposal will be based on the RGGI Model Rule (see https://www.rggi.org/sites/default/files/Uploads/Program-Review/12-19-2017/Model_Rule_2017_12_19.pdf), and adherence to that Model Rule acts as NJ's commitment to the other RGGI states. The RGGI funds rule proposal will incorporate the tenets of EO7, both as a primary consideration for the allocation of funding in the Strategic Funding Plan, as well as the allocation of points in the priority ranking system. The State Agencies have done outreach to the DEP's Environmental Justice Advisory Council and other Environmental Justice advocates on this issue to better understand how these constituents interpret the applicability of EO7 to the RGGI program, and to determine how to direct projects and programs to benefit disproportionately impacted communities. Additionally, Governor Murphy signed Executive Order #23 (EO23) on April 20, 2018, directing DEP to lead the development of guidance for all Executive branch departments and agencies for the consideration of Environmental Justice in implementing their statutory and regulatory responsibilities. While EO23 does not envision release of this guidance development until after the expected proposal of the RGGI rules, the State Agencies are committed to adhering to that guidance in developing the RGGI Strategic Funding Plan. That guidance, along with input from DEP's Office of Environmental Justice, BPU and EDA, including their shared understanding of this issue garnered from their work on the Community Development Block Grants in communities impacted by Hurricane Sandy, will ultimately make for a more comprehensive RGGI Strategic Funding Plan. The State Agencies welcome continued input on how best to structure projects and programs to best serve disproportionately impacted communities.

6. Will there be opportunities for public input on the RGGI Strategic Funding Plan?

Yes, there will be an open and transparent process with public outreach.

7. What is the relationship between stakeholders and the funding prioritization? When will the State Agencies start the RGGI Strategic Funding Plan development process, including the stakeholder process? If there are components already mandated, how do prioritization and statutory mandates get incorporated into the stakeholder process?

The RGGI Strategic Funding Plan will be based on a coordinated review and evaluation of materials and information concerning the level of GHG emissions by sector; the level of anticipated funding; existing technology; the need for resilience; information received from the public stakeholder process; state plans, action plans, and other materials deemed relevant, as they become available. The development of a Strategic Funding Plan will allow the State Agencies

to identify needs, leverage investments and avoid redundancy. There will be a stakeholder process specific to the RGGI Strategic Funding Plan, as well as individual stakeholder outreach from the State Agencies specific to their funding allocations.

The goal is to complete the first RGGI Strategic Funding Plan no later than 30 days after the certification of the results of the first CO₂ allocation auction that New Jersey participates in. The plan will be revised periodically thereafter, but not less than once every three years. The rule proposal will require a stakeholder outreach process for each RGGI Strategic Funding Plan. EDA noted that during the New Jersey's previous participation in RGGI, the State Agencies did not coordinate the RGGI investments, and there was no mechanism requiring State Agencies to collaborate to align efforts and compare program outcomes. The BPU and EDA have experience collaborating, most notably on the American Recovery and Reinvestment Act and Community Block Grant funds, drawing on over 10 years of experience. It was also noted that since there will not be an immediate revenue stream, there will be time for the State Agencies to engage with stakeholders on the development of the RGGI Strategic Funding Plan.

8. Is there a designated split between the Forestry and Tidal Marsh portion of the RGGI funding? Who controls the forestry money – the state forester or the state parks?

The GWSFA does not designate a split in the 10% portion of the RGGI funds allocated for forestry and tidal marsh stewardship and restoration. This determination will be made as part of the RGGI Strategic Funding Plan development. Relevant programs within the DEP will be responsible for the forestry and tidal marsh funding.

9. How will the State Agencies coordinate with other funding sources, like the Societal Benefit Charge (SBC) and the Clean Energy Program (CEP), as well as other sources currently under consideration in clean energy discussions, so they are not duplicating efforts?

This is the core rationale for the RGGI Strategic Funding Plan, which will allow the State Agencies to align efforts with existing sources of funding and initiatives and ensure that the RGGI funds will not duplicate efforts.

10. One of the six core tenets requires potential projects to show they are achieving energy reductions. Will there be funding on the front end to conduct energy audits?

Through the RGGI Strategic Funding Plan, the State Agencies will be able to coordinate efforts with existing programs that already fund energy audits, like BPU's Comfort Partners or the Low-Income Energy Assistance Program (LiHEAP), to avoid duplication. The RGGI Strategic Funding Plan will also allow the State Agencies to consider and incorporate suggestions and policies under development.

11. Will the RGGI strategic funding plan be finalized before New Jersey receives RGGI funds?

Yes, the goal is to complete the stakeholder process, and finalize the first RGGI Strategic Funding Plan no later than 30 days after the certification of the first CO₂ allocation auction that New Jersey participates in.

12. What are the safeguards for the RGGI funds to ensure they are allocated to their intended purposes?

The GWFSFA specifically directs the RGGI funds to be used for their intended purposes.

13. Will the municipal grant program consider, or supplement, the efforts of Sustainable Jersey? Can you give examples of programs?

New Jersey did not have the opportunity to direct RGGI funds from its previous participation in RGGI to local governments; in addition, the number of project applications far exceeded the amount of funding available. Applications included funding for everything from electric vehicle facilities to rain gardens to outreach-and-communication projects. This time, the RGGI Strategic Funding Plan will allow the DEP to utilize data to better focus on needs at the local level. Part of the RGGI Strategic Funding Plan stakeholder engagement process will include outreach to groups like Sustainable Jersey to see how this funding can leverage their existing programs.

14. Do the six core tenets, especially the one added by Governor Murphy, influence all three Agencies' spending?

Yes, as the State Agencies develop the RGGI Strategic Funding Plan, each tenet will be considered.

15. The session facilitator solicited suggestions for programs/projects that have complementary funding sources.

The audience members emphasized a need for funding to encourage and focus on regional approaches, specifically energy aggregates for electricity, reducing resource waste, and public education. Part of developing a RGGI Strategic Funding Plan will be to evaluate the partnership opportunities within other State Agencies, as well as outside entities. Outreach and communication is key.

16. Can RGGI funding be used to address existing housing stock health and safety issues (e.g., leaking roofs, mold, etc.)? This is a barrier to current renewable energy/energy efficiency (RE/EE) programs in low and moderate-income areas, where homes need to address other major issues before RE/EE projects can be started. Often, these pre-RE/EE efforts do not have strong funding sources, and prevent investment in energy upgrades.

BPU welcomes suggestions on projects to ensure the existing housing stock is RE/EE-ready, and encourages people to submit their ideas through the RGGI email (NJRGG@dep.nj.gov). However, please note that projects must align with the requirements in the GWSFA for each State Agency.

17. When will you release the RGGI cap levels for New Jersey?

New Jersey's allowance allocation is contingent on on-going negotiations with the participating RGGI states. The allowance allocation will be incorporated into the RGGI mechanics rule proposal.

18. What other State Agencies have been contacted?

New Jersey's Departments of Transportation, Community Affairs and Health have all been contacted.

19. How will the good neighbor petition filed by New York impact New Jersey power facilities?

New York and Connecticut filed a petition under Section 126 of the Clean Air Act against power units operating outside their states that allegedly affect the air quality within their states. There were no New Jersey power units named in that petition.

20. Do you plan on providing an annual report that will include how the RGGI funding was spent, as well as other performance indicators?

Yes, the New Jersey plans to quantify program benefits, and release summary reports. In addition, RGGI Inc. does regional reporting for participating states.

21. What types of programs are the State Agencies considering to encourage investment in research and development and technological advancements?

The State Agencies recognize that technology has advanced since New Jersey's previous participation in RGGI, and plan to use the RGGI Strategic Funding Plan development process to assess opportunities to invest in and advance new technologies consistent with GWSFA.

22. How will the RGGI Strategic Funding Plan align with the Energy Master Plan (EMP)?

The EMP is updated every three years; BPU anticipates an update in 2018. The State Agencies will work to align and link the initiatives in the RGGI Strategic Funding Plan with the applicable goals of EMPs as they are developed.

23. Could the EDA portion of the RGGI funding be used to expand a popular commuter train station in their community?

EDA welcomes suggestions on transportation projects, and encourages people to submit their ideas through the RGGI email (NJRGG@dep.nj.gov). However, please note that projects must align with the requirements in the GWSFA for each State Agency.

24. Can the GWSFA allocation of RGGI funding to each State Agency – 60% to EDA, 20% to BPU, and 20% to DEP - be amended? Will this be considered as part of the RGGI Strategic Funding Plan review?

These allocations are statutorily prescribed. There are no current plans to seek legislative action to change these provisions.

25. The RGGI funds rulemaking needs to consider that not all renewable energy incentives are the same. There is the potential to have home-grown energy leakage (where New Jersey energy is dispatched outside of the State), so incentives need to support keeping local energy in New Jersey. Are the State Agencies looking at performance indicators to see where you get the most benefit for dollars spent, as other states have done?

The RGGI funds rule proposal will include a ranking system that includes cost benefit analyses and consideration of various co-benefits. The State Agencies will continue to review other state programs for best practices and lessons learned.

26. Are the State Agencies considering the relationship between local government and forests? Specifically, the connections between street trees and heating/cooling, and residential trees sequestering carbon.

DEP's Forestry Program is an integral part of the RGGI rulemaking team. As noted, the GWSFA specifically allocates 10% of the RGGI funds to DEP to support forestry and tidal marsh programs that sequester or reduce GHGs. A separate

statute, P.L. 2009, c. 256, then directs how that portion of the RGGI 10% which is allocated to forestry shall be spent, including grants to develop forest stewardship plans. Among other requirements, forest stewardship plans are restricted to forests of five acres or greater in area. However, the GWSFA also allocates 10% of the RGGI funds to DEP to support local government efforts that plan, develop and implement measures to reduce GHG emissions, as well as 20% to the BPU to support, among other things, urban heat island effect. DEP's Urban and Community Forestry Program (see <http://www.nj.gov/dep/parksandforests/forest/community/>), may be applicable for the local government 10 percent funding. Ultimately, these decisions will be addressed as part of the RGGI Strategic Funding Plan development process.

27. During New Jersey's negotiations with the other RGGI states, and the State Agencies' development of the RGGI Strategic Funding Plan, how aggressive can the overall cap reduction be? Has there been a net program review? Will the RGGI Strategic Funding Plan include information about the future cap?

The RGGI Strategic Funding Plan will be related to, and dependent on, the RGGI funds (total dollar figure) from auctioning allowances from New Jersey's portion of the total annual RGGI budget. However, the RGGI Strategic Funding Plan development is independent of the cap negotiations with the participating RGGI states. By design, the RGGI Strategic Funding Plan will help New Jersey respond to future energy mandates.

28. Will the RGGI Strategic Funding Plan be able to fund the development of a RGGI-like program for transportation and other transportation strategies like those being considered by the Transportation and Climate Initiative (TCI)?

The RGGI Strategic Funding Plan would enable the State Agencies to coordinate and leverage funding for GHG reduction initiatives that relate to transportation. However, RGGI does not expand to pricing CO₂ from the transportation sector.

29. Please clarify how the role for where investments will be made in disproportionately impacted communities? Is job creation considered separately?

The RGGI funds rule proposal will incorporate the tenets of EO7, both as a primary consideration for the allocation of funding in the Strategic Funding Plan, as well as the allocation of points in the priority ranking system. Additionally, Governor Murphy signed Executive Order #23 (EO23) on April 20, 2018, directing DEP to lead the development of guidance for all Executive branch departments and agencies for the consideration of Environmental Justice in implementing their statutory and regulatory responsibilities. While EO23 does not envision release of this guidance development until after the expected proposal of the RGGI rules, the State Agencies are committed to adhering to that guidance in developing the RGGI Strategic Funding Plan. That guidance, along with input from DEP's Office of Environmental Justice, BPU and EDA, including their shared understanding of this issue garnered from their work on the Community Development Block Grants in communities impacted by Hurricane Sandy, will ultimately make for a more comprehensive RGGI Strategic Funding Plan. The State Agencies welcome continued input on how best to structure projects and programs to best serve disproportionately impacted communities. Job creation is considered as a co-benefit.

29. How do the State Agencies plan to value/weight the GWSFA five tenets plus the Governor's 6th tenet from the Executive Order? For example, trees have urban co-benefits, including cooling and decreasing energy usage. How will you value these benefits and compare "apples to apples" against other projects to give equal weight to these factors? Suggestions included keeping the process nimble, and engaging experts in the process to assist in choosing the projects.

In developing the RGGI Strategic Funding Plan, the EDA, BPU, and DEP will jointly select initiatives that are predicted to collectively address the five tenets plus the Governor's 6th tenet from EO7. The Agencies will be guided in their selection of initiatives, as well as programs and projects to fund, by many factors, including a review and evaluation of the level of GHG emissions by sector; the level of anticipated funding; existing technology; the need for resilience; information received from the public stakeholder process; state plans, action plans, and other materials deemed relevant as they become available. Projects eligible to be funded pursuant to an initiative identified in the Strategic Funding Plan will be ranked according to a priority ranking system. This ranking system includes points for "co-benefits." However, the proposed priority ranking system cannot be a one size fits all, and as such, will not necessarily be used the exact same way by each State Agency. Each State Agency must follow the GWSFA requirements for the appropriate use of its allocated funding. Additionally, each State Agency has a different funding mechanism and approval process that will include its own robust stakeholder process. Finally, projects will be "ranked" against similar projects by design through the RGGI Strategic Funding Plan.

30. Given the tension between the primary funding considerations, how will New Jersey ensure transparency in how the dollars were used? For example, relative cost typically trumps all other factors. How would the State Agencies address this?

Many factors will be considered in the selection of programs and projects, not just cost. In addition, each State Agency and the RGGI Strategic Funding Plan will have transparent stakeholder processes.

31. Is the designated representative for RGGI (the CO₂ authorized account representative) required to be the same as the representative/responsible party for other required regulatory programs (e.g., the Cross-State Air Pollution Rule (CSAPR))?

A review of the RGGI model rule language after the information session clarified that this representative does need to be the same person.

32. Are there limitations to the RGGI offset program? How extensively is it used? Will New Jersey's rule adopt all the offset programs?

The RGGI offset program has very prescriptive requirements in the model rule, and has only been used once to date. The revised RGGI model rule includes three offset categories, each having detailed requirements to quantify and verify equivalent GHG reductions. Not every RGGI state allows for RGGI offsets; states can choose to implement any of the three, all three, or none. The CO₂ offset allowance is fungible between the states, even if a state chooses not to adopt the offset requirement in its own rules. For example, CO₂ offset allowances generated by a reforestation project in Vermont could be purchased and used by a CO₂ budget source in New Jersey, even if New Jersey does not regulate such a project. New Jersey is planning to incorporate all three offset options into its RGGI mechanics rule proposal.

33. How does the auction work?

The RGGI model rule provides certain requirements for the auction; other requirements are established in coordination by the RGGI participating states. Participants need to qualify and show proof of an irrevocable line of credit. Once participants are approved, they can bid for allowances in the quarterly auctions. Allowances are sold until the supply runs out. It is a business decision when and how many allowances participants need to purchase in each auction. While

regulated electric generating units (EGUs) must purchase allowances as required by the RGGI mechanics rulemaking, the auction is open to the public, and anyone approved may have a “general account” established in which to hold allowances not needed for compliance.

34. Is New Jersey basing its rules on the latest RGGI model rule, which modified the offset provisions?

Yes, New Jersey is utilizing the RGGI’s most recent (2017) model rule. Under this rule two offset categories were eliminated, leaving three offset options.

35. RGGI’s decision to reduce the regional cap annually by only 2.5% seems low. Can New Jersey reduce by a larger amount?

The regional cap reductions are part of RGGI’s overall program design, and New Jersey’s re-entry does not involve a program re-design. In 2020, the cap reduction does increase to 3%. Should New Jersey successfully rejoin RGGI, it will have an opportunity to participate in future program re-designs.

36. Is New Jersey considering the impacts of leakage (i.e., the possibility that more carbon intensive power from non-RGGI states in our Regional Transmission Organization (RTO) will be used instead of New Jersey’s cleaner power because of the relative cost increase applied to RGGI power), and mechanisms to address it?

Yes, New Jersey is evaluating leakage, as well as considering mechanisms to address it. Being in the PJM RTO, which includes both RGGI and non-RGGI states, avoiding dispatch shift to out of state electric generating units is a priority.

37. Allowances are based on emissions from regulated EGUs. Does RGGI award for reduced emissions from renewable energy sources (e.g. solar)?

No, RGGI only regulates CO₂ from grid-connected fossil-fueled EGUs, and does not discount for the amount of grid-connected non-fossil-fuel generation (e.g., nuclear and renewables) in a state.

38. Is New Jersey taking advantage of special features in the new RGGI model rule, specifically the Cost Containment Reserve (CCR)?

The CCR is part of RGGI’s overall program design and, as such, will be implemented by NJ should it re-enter RGGI.

39. Does the RGGI model rule cover biomass generation?

Yes, the RGGI model rule provides that sources do not need to use CO₂ allowances to account for any CO₂ emissions attributable to the burning of eligible biomass, and New Jersey plans to incorporate those provisions into its RGGI mechanics rule proposal. Currently, there are no biomass facilities in New Jersey – due to its high-density population, it would be difficult to locate a large biomass facility in New Jersey.

40. Has New Jersey considered the implications of RGGI on plant siting and power plant development (i.e., companies may choose to build new facilities/plants in Pennsylvania)?

New Jersey is considering RGGI's implications on both its existing and future generation sources, and welcomes continued input on mitigation measures.

41. Will retroactive measures be considered?

No, New Jersey does not expect to see retroactive CO₂ regulation as part of this rule development. There are other regulatory requirements outside of RGGI that the power sector has been required to meet.

42. To clarify, New Jersey's allowance and the revised regional cap are not yet determined?

Yes, these are subject to negotiations for New Jersey's re-entry into RGGI.

43. Is the invitation to talk about leakage open to all?

Yes, New Jersey welcomes continued input on any issue related to the RGGI rulemakings through NJRGGI@dep.nj.gov.

44. To what extent has the DEP looked at other state cap and trade programs (e.g., California), including the issues they experienced and how they addressed those issues?

RGGI is an established cap and trade program with a fixed program design. RGGI states have monitored similar cap and trade programs, like California, and, when feasible, considered changes during their program review periods. Should New Jersey successfully re-join RGGI, it will actively participate in those future program reviews.

45. The State Agencies were asked questions related to how RGGI could address co-pollutants/other cumulative impacts (e.g., asthma), particularly in disproportionately impacted communities, and if RGGI could be modified to address facilities under a 25 MW threshold within these communities.

RGGI is an established program focused on a specific pollutant (CO₂) from a specific sector (grid-connected EGUs of a certain size). To the extent that RGGI makes it more expensive to rely on EGUs that use CO₂-intensive fuels (e.g., coal), the market will increase the use of low- or no-CO₂ fueled EGUs (e.g., renewables). This will not only reduce CO₂ emissions throughout the region, but will provide New Jersey communities with other incremental benefits (e.g., reducing other air pollutants and air toxics from fossil-fuel-fed EGUs). Beyond that, RGGI will generate funds, and New Jersey will make sure that co-benefits are a consideration in all funding decisions through the RGGI Strategic Funding Plan development process.

New Jersey has been a national leader in reducing emissions associated with compromised air quality, including precursors to ground level ozone, hazardous air pollutants and particulate matter. New Jersey has enacted stringent emission standards designed to meet the national ambient air quality standards, including requiring electric generating units less than 25 MW to meet strict emission standards. Additionally, New Jersey requires all electric generating units, including distributed generating units as small as 37 kw used to meet peak electric demand, to comply with air emission standards.

The State Agencies welcome other ideas on how best to address cumulative impacts in localized communities, particularly those that are disproportionately impacted.

46. Will there be set allowance prices for EGUs with power purchasing agreements (PPAs)?

Yes, the \$2 fixed price allowance for EGUs with PPAs is established by the GWSFA, and will be included in the RGGI mechanics rule proposal.

47. Will the public have the opportunity to comment on the allocation that is being negotiated with the RGGI states? Will there be a public input process?

The negotiated allocation will be part of the RGGI mechanics rule proposal; and the public will have an opportunity to comment on the proposed rule.

48. Please review the timing of New Jersey's participation in RGGI and rejoining the auction?

New Jersey has set an ambitious rule schedule, but that schedule is dependent on successful negotiation of a cap allocation as part of the proposal. Once the allocation is finalized, the rule timeline is linear (meaning one step cannot happen until the previous one is complete), and will follow the usual steps (public hearing, comment, adoption) as prescribed by the Administrative Procedure Act.

49. New Jersey has the cleanest emissions in PJM grid. What will be the impacts from Oyster Creek's exit? Is this modeled? What is the effect of imported energy from non-RGGI states? Will you share that data?

These are some key issues under consideration, not only for re-entering RGGI, but in general for making energy and emissions-related policy decisions. Independent of RGGI, PJM and BPU are looking at electricity flows, import/export of energy between the states, and dispatch shifts (i.e., leakage). To the extent that such data can be shared, the State will do so.

Next Steps

- The State Agencies will consider all input from the information session, and will work to incorporate your concerns, comments and feedback into the on-going negotiations and rulemaking process.
- The presentation and meeting note summaries will be made available on the RGGI website www.nj.gov/dep/ages/rggi.html
- Please share additional comments you may have via our RGGI email account: NJRGGI@dep.nj.gov