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**RGGI Inc.**



**MARKET MONITOR REPORT  
FOR AUCTION 67**

**Prepared for:**

**RGGI, Inc., on behalf of the RGGI Participating States**

**Prepared By:**

**POTOMAC  
ECONOMICS**

March 14, 2025

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This report was prepared by Potomac Economics (the contractor) in the course of performing work contracted for and sponsored by RGGI, Inc. on behalf of states participating in RGGI (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania,<sup>1</sup> Rhode Island, and Vermont). The opinions expressed in this report do not necessarily reflect those of RGGI, Inc. or any of the states participating in RGGI, and reference to any specific product, service, process, or method does not constitute an implied or expressed recommendation or endorsement of it. Further, RGGI, Inc., the states participating in RGGI, and the contractor make no warranties or representations, expressed or implied, as to the fitness for particular purpose or merchantability of any product, apparatus, or service, or the usefulness, completeness, or accuracy of any processes, methods, or other information contained, described, disclosed, or referred to in this report. RGGI, Inc., the states participating in RGGI, and the contractor make no representation that the use of any product, apparatus, process, method, or other information will not infringe privately owned rights and will assume no liability for any loss, injury, or damage resulting from, or occurring in connection with, the use of information contained, described, disclosed, or referred to in this report.

The Regional Greenhouse Gas Initiative (RGGI) is the first mandatory market-based regulatory initiative in the U.S. to reduce greenhouse gas emissions. RGGI is a cooperative effort of New England and Mid-Atlantic states to reduce emissions of carbon dioxide (CO<sub>2</sub>) from the power sector.

RGGI, Inc. is a non-profit corporation created to provide technical and administrative services to the states participating in the Regional Greenhouse Gas Initiative.

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<sup>1</sup> While technically a RGGI participating state, Pennsylvania is currently awaiting adjudication from the state's Supreme Court as to whether it will be allowed to actively participate in RGGI & RGGI Inc. related activities.

## **MARKET MONITOR REPORT FOR AUCTION 67**

As the Market Monitor for the RGGI CO<sub>2</sub> allowance market, Potomac Economics monitors the conduct of market participants in the auctions and in the secondary market to identify indications of market manipulation or collusion. We also review the administration of the allowance auctions by Enel X. This report summarizes our findings regarding RGGI Auction 67, which was held on March 12, 2025.

We observed the auction as it occurred and have completed our review and analysis of its results. Based on our review of bids in the auction, we find no material evidence of collusion or manipulation by bidders.

Fifty-seven bidders participated in the auction for CO<sub>2</sub> allowances. Bids were submitted to purchase 3.7 times the initial offering of approximately 15.4 million allowances. However, the quantity for which bids were submitted above \$17.03 per ton exceeded the initial offering, so the Cost Containment Reserve (“CRR”) was made available at the CCR Trigger Price of \$17.03 per ton. Over 8.1 million additional allowances were sold as the CCR for 2025 was fully depleted, resulting in a clearing price of \$19.76 per ton in the auction. Compliance-Oriented Entities purchased 52 percent of the allowances in this offering. There was no indication of barriers to participation in the auction.

Based on our review of the administration of the market, we found that:

- The auction was administered in a fair and transparent manner in accordance with the noticed auction procedures and limitations.
- The auction results were consistent with the market rules and the bids received.
- Sensitive information was treated appropriately by the auction administrator.
- There was no indication of issues with the auction platform such as hardware or software problems, communications issues, or security breaches.

In summary, the results of our monitoring of RGGI Auction 67 raise no material concerns regarding the auction process, barriers to participation in the auction, or the competitiveness of the auction results. The appendix provides additional information about the market for RGGI CO<sub>2</sub> allowances and outcomes of the auction.

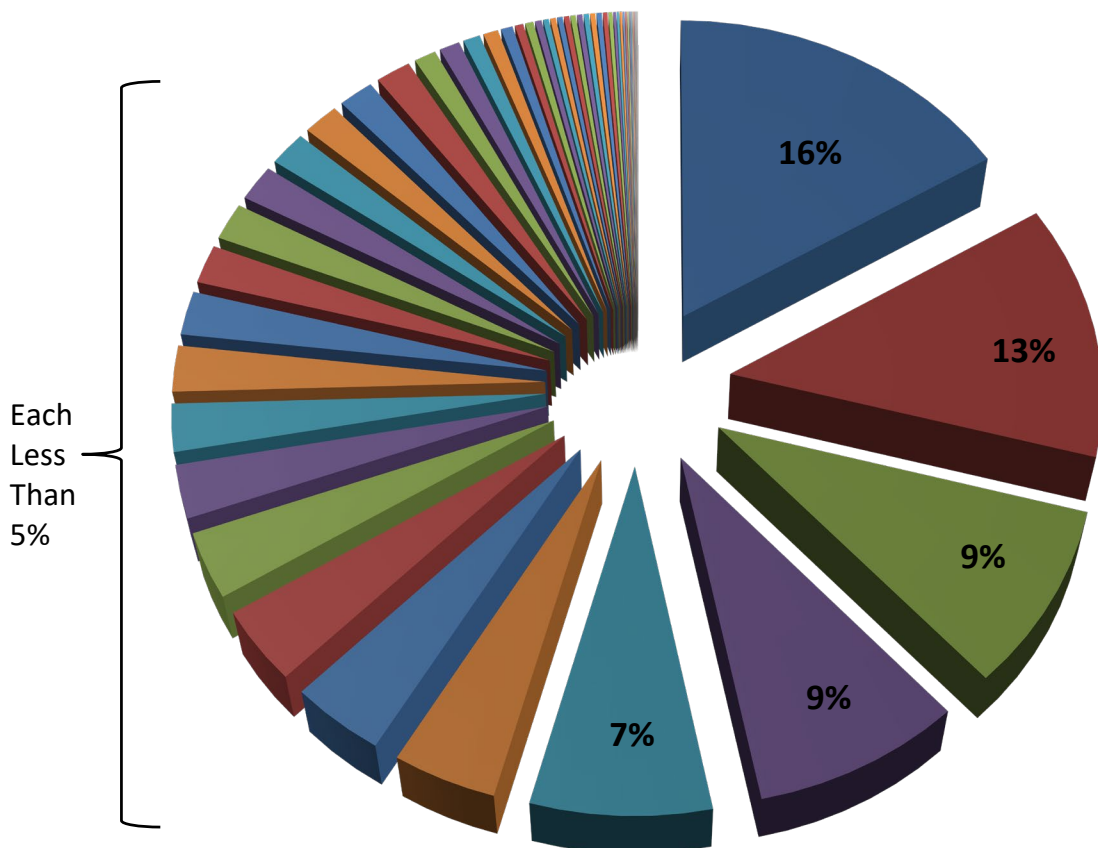
APPENDIX

A. DISPERSION OF PROJECTED DEMAND

*The wide dispersion of projected demand for RGGI allowances across compliance entities facilitates the competitive performance of the auction.*

The demand for CO<sub>2</sub> allowances is based on the requirement for each compliance entity in the RGGI footprint to obtain one CO<sub>2</sub> allowance for each short ton of CO<sub>2</sub> that it emits from the sale of electricity. The following figure shows the relative shares of projected demand for RGGI allowances by compliance entity in the sixth control period. The largest compliance entity represents 16 percent of the total projected demand for allowances. Nearly half of the projected demand is composed of entities that each account for less than 5 percent of the total demand. Participation by a large number of entities facilitates the competitive performance of the auction.

**Figure 1: Projected Demand for RGGI Allowances Shares by Compliance Entity**

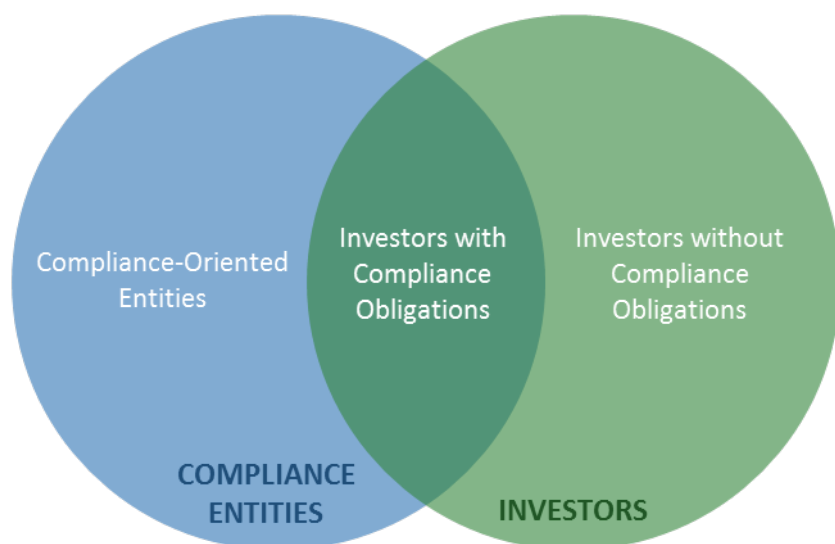


**B. SUMMARY OF PURCHASES OF ALLOWANCES IN AUCTION 67**

*Awards were distributed across 50 bidders with eight bidders purchasing one million tons or more and 27 bidders purchasing 200,000 tons or more.*

This report summarizes participation in Auction 67. Participation in the RGGI market involves many different firms with various interests in RGGI allowances. Some participate in order to satisfy compliance obligations, others have investment interests, and still others participate for both purposes. To more effectively track the activity of different participants, we use several classifications for participant firms. Figure 2 summarizes the relationship between these classifications.

**Figure 2: Classifications of Participant Firms in the RGGI Marketplace**



- *Compliance-Oriented Entities* are compliance entities that appear to acquire and hold allowances primarily to satisfy their compliance obligations.
- *Investors with Compliance Obligations* are firms that have compliance obligations but which hold a number of allowances that exceeds their estimated compliance obligations by a margin suggesting they also buy for re-sale or some other investment purpose. These firms often transfer significant quantities of allowances to unaffiliated firms.<sup>2</sup>

<sup>2</sup> The assessment of whether a compliance entity holds a number of allowances that exceeds its compliance obligations by a margin that suggests they are also buying for re-sale or some other investment purpose is based on: (a) the entity’s forecasted share of the total compliance obligations in the RGGI footprint through 2026, (b) the total number of allowances in circulation, and (c) consideration of the pattern of the entity’s allowance transfers to unaffiliated firms versus affiliated firms. Since the designation of a compliance entity as an investor is based on a review of its transactions and holdings, the designation of a particular firm may change over time as more information becomes available.

- *Investors without Compliance Obligations* are firms without any compliance obligations.

These three categories form the basis for two overlapping groups.

- *Compliance Entities* – All firms with compliance obligations and their affiliates.<sup>3</sup> Combines the first and second of the above categories.
- *Investors* – All firms which are assessed to be purchasing for investment rather than compliance purposes. Combines the second and third of the above categories.

In Auction 67, Compliance Entities purchased 56 percent of the allowances sold. In the first 67 RGGI auctions, Compliance Entities purchased 72 percent of the allowances sold. In Auction 67, Compliance-Oriented Entities purchased 52 percent of the allowances sold.

After settlement of allowances sold in Auction 67:

- Fifty percent of the allowances in circulation will be held by Compliance-Oriented Entities.
- Fifty-four percent of the allowances in circulation are believed to be held for compliance purposes. The number of allowances that are believed to be held for compliance purposes includes 100 percent of the allowances held by Compliance-Oriented Entities and a portion of allowances held by Investors with Compliance Obligations.

The following table shows the quantity of allowances purchased by each bidder. The identity of each bidder is masked, and the bidders are ranked according to the amount of allowances awarded, from largest to smallest.

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<sup>3</sup> Affiliates are firms that: (i) have a parent-subsidiary relationship with a compliance entity, (ii) are subsidiaries of a parent company that has a large interest in a compliance entity, (iii) have substantial control over the operation of a budget source and/or responsibility for acquiring RGGI allowances to satisfy its compliance obligations.

**Table 1: Quantity of Allowances Awarded by Bidder**

<b>Bidder</b>	<b>Number of Allowances Awarded</b>	<b>Bidder</b>	<b>Number of Allowances Awarded</b>
Bidder 1	3,350,000	Bidder 26	200,000
Bidder 2	2,348,000	Bidder 27	200,000
Bidder 3	2,000,000	Bidder 28	172,000
Bidder 4	1,523,000	Bidder 29	165,000
Bidder 5	1,253,000	Bidder 30	140,000
Bidder 6	1,200,000	Bidder 31	125,000
Bidder 7	1,070,000	Bidder 32	101,000
Bidder 8	1,000,000	Bidder 33	100,000
Bidder 9	964,000	Bidder 34	100,000
Bidder 10	855,000	Bidder 35	98,000
Bidder 11	680,000	Bidder 36	95,000
Bidder 12	652,000	Bidder 37	69,000
Bidder 13	525,000	Bidder 38	53,000
Bidder 14	500,000	Bidder 39	35,000
Bidder 15	500,000	Bidder 40	32,000
Bidder 16	450,000	Bidder 41	27,000
Bidder 17	433,000	Bidder 42	26,000
Bidder 18	414,000	Bidder 43	25,000
Bidder 19	400,000	Bidder 44	25,000
Bidder 20	325,000	Bidder 45	24,000
Bidder 21	300,000	Bidder 46	13,000
Bidder 22	275,000	Bidder 47	12,000
Bidder 23	261,000	Bidder 48	10,000
Bidder 24	200,000	Bidder 49	1,000
Bidder 25	200,000	Bidder 50	1,000

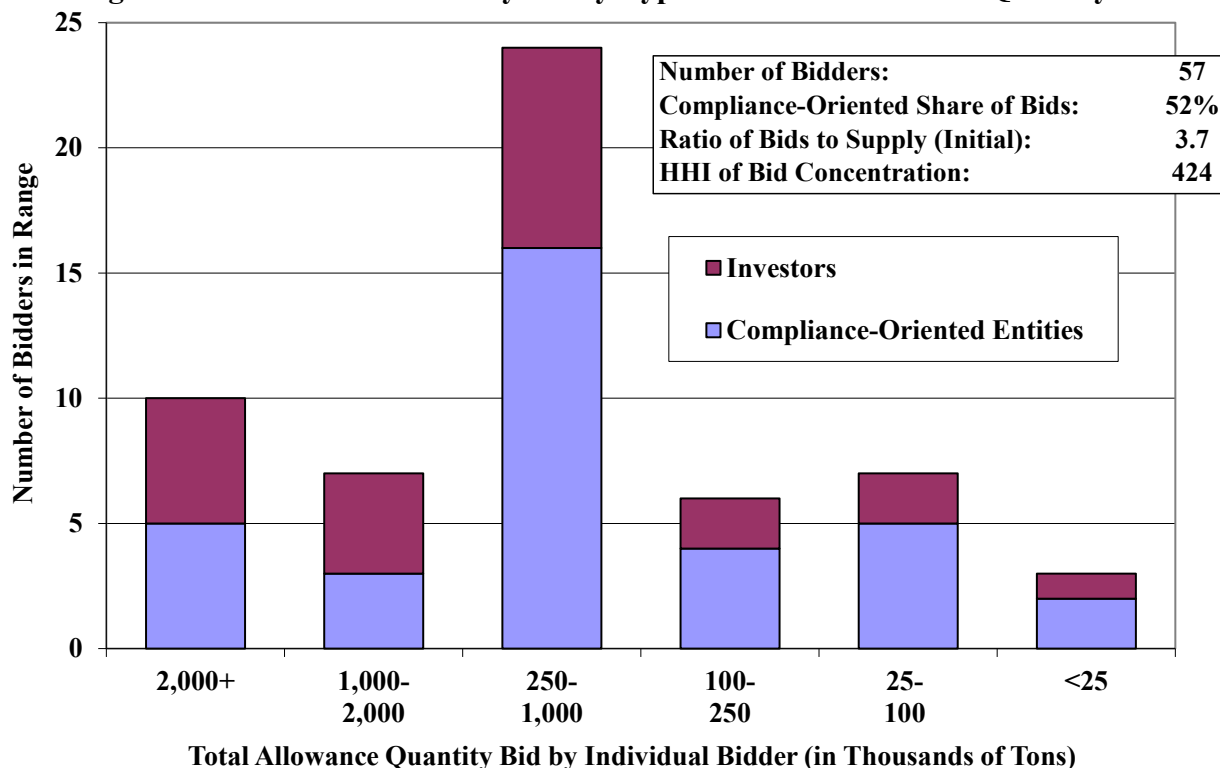
**C. DISPERSION OF BIDS IN AUCTION 67**

*Bids were submitted by 35 Compliance-Oriented Entities and 22 Investors. In our review of the bids and the qualification process, we found no material evidence of anti-competitive conduct or inappropriate barriers to participation.*

The following figure summarizes the quantity of allowances for which bids were submitted by each bidder. Eight Compliance-Oriented Entities and nine Investors submitted bids for a large quantity of allowances (i.e., at least 1 million tons). Overall, Compliance-Oriented Entities accounted for 52 percent of the quantity of allowances for which bids were submitted. The quantity of allowances for which bids were submitted was 3.7 times the Initial Offering. In the previous auction, the quantity of allowances for which bids were submitted was 2.4 times the Initial Offering.

The bid quantities were widely distributed among the 57 bidders. The concentration of bids, using the Herfindahl-Hirschman Index (“HHI”), was relatively low at 424. The HHI is a standard measure of concentration calculated by squaring each entity’s percent share and then summing the squares across all entities (i.e., the index ranges from 0 to 10,000).

**Figure 3: Number of Bidders by Entity Type and Total Allowance Quantity Bid**





**D. SUMMARY OF BID PRICES IN AUCTION 67**

*Bids were submitted across a wide range of prices in the auction and the clearing price of \$19.76 was relatively consistent with average bid prices submitted.*

The following table reports several statistics regarding the bid prices for bids submitted in Auction 67. The median and mean bid prices are weighted by the quantity of each bid.

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<b>Bid Prices:</b>	
<b>Minimum</b>	<b>\$2.62</b>
<b>Maximum</b>	<b>\$50.00</b>
<b>Average (Median)</b>	<b>\$19.14</b>
<b>Average (Mean)</b>	<b>\$19.31</b>
<b>Clearing Price:</b>	<b>\$19.76</b>

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**E. NAMES OF POTENTIAL BIDDERS IN AUCTION 67**

In accordance with Sections 2.8 and 3 of the Auction Notice for CO<sub>2</sub> Allowance Auction 67, the Participating States are releasing the names of Potential Bidders in Auction 67. The states defined potential bidders as: “Each Applicant that has been qualified and submitted a complete *Intent to Bid.*” The list of 74 Potential Bidders is as follows:

Abatement Capital LLC	Hartree Partners, LP
Aetos Capital Global Carbon Fund LP	Hawkeye Energy Greenport
Astoria Energy, LLC	Indeck-Corinth Limited Partnership
ATNV Energy, LP	J. Aron & Company
Braeswood Climate Partners, LP	Kendall Green Energy LLC
Braintree Electric Light Department	Kleen Energy Systems, LLC
Caithness Long Island, LLC	LMR Multi-Strategy Master Fund Limited
Calpine Energy Services, LP	Lockport Energy Associates, L.P.
Canadian Imperial Bank of Commerce	Macquarie Energy, LLC
Carbon Lighthouse Association	Massachusetts Muni. Wholesale Elec. Co.
Castleton Commodities Merchant Trading, LP	Mercuria Energy America, LLC
City of Vineland	Morgan Stanley Capital Group, Inc.
Cogen Technologies Linden Venture, L.P.	MV Global Carbon Fund LP
Consolidated Edison Comp. of NY, Inc.	National Grid Generation LLC dba National Grid
Constellation Energy Generation, LLC	Nautilus Power, LLC
Cooler, Inc.	Newark Energy Center
CPV Maryland, LLC	NextEra Energy Marketing, LLC
CPV Shore, LLC	NRG Business Marketing LLC
CPV Towantic, LLC	Old Dominion Electric Cooperative
CPV Valley, LLC	Pacific Summit Energy LLC
Cricket Valley Energy Center, LLC	Parkway Generation, LLC
Delaware City Refining Company, LLC	Pegasus Development Corporation
Delaware Municipal Electric Corp.	PetroChina International (America), Inc.
DRW Investments LLC	Power Authority of the State of New York
DTE Energy Trading, Inc.	RBC
Dynegy Marketing and Trade, LLC	Red Oak Power, LLC
East Coast Environmental, LLC	Revere Power, LLC
ECP Capital LP	Selkirk Cogen Partners, LP
ECP Capital Parallel Fund LP	Shell Energy North America (US), LP
Empire Generating Co., LLC	Statkraft US, LLC
Energy Center Dover	Taunton Municipal Lighting Plant
Fortistar North Tonawanda Inc	Trafigura Trading LLC
Francisco del Villar	Trailstone Commodity Trading US, LLC
Freepoint Commodities LLC	Uniper Global Commodities North America LLC
Global Carbon Opportunity (SPV) Fund LLC	Virginia Electric and Power Company
Global Emission Fund LP	Vitol Inc.
Granite Shore Power LLC	West Coast Environmental, LLC