

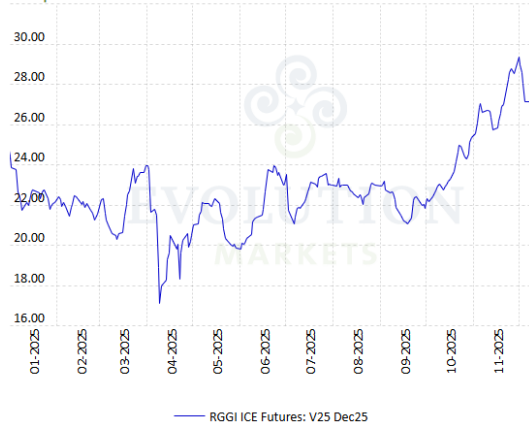
Regional Greenhouse Gas Initiative (RGGI)

Market Status

RGGI Dec 25 future prices started at \$24.00 in January 2025 and reached a high of \$29.50 in late November. Prices dropped to a low of \$17.00 in late March 2025, as President Trump issued an Executive Order targeting state-level climate programs. The order required the U.S. Attorney General to issue a report in mid-June 2025. No report was made public, and no action has been taken to date. The market then started to trade higher in the summer months due to power demands. Finally, in October and November, typically a shoulder period for emissions trading, prices started to rise to all-time high levels, surprising market participants,

Term	Bid	Offer
Spot	\$25.80	\$26.00
Dec 25 Cleared	\$25.80	\$26.00
Dec 26 Cleared	\$26.00	\$26.25

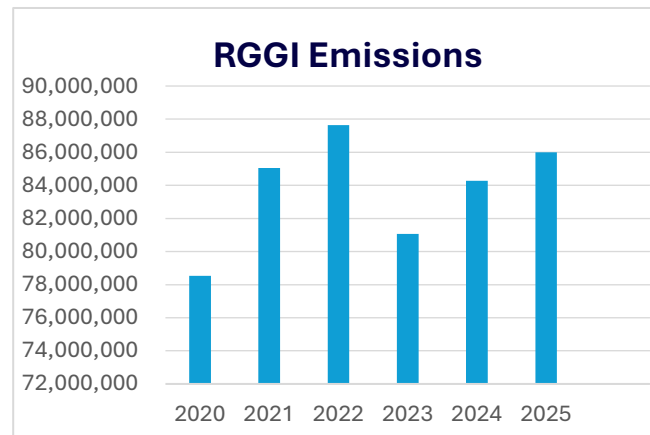
Graphs & Charts



amid speculation that several large shorts were having difficulty covering their Dec 2025 positions. I am estimating that Cal 2025 RGGI Emissions will be close to 86 million tons, approximately 2% above Cal 2024 emissions, but over 5% above Cal 2023 emissions. In 2025 the CCR supply of 8.1 million was taken out in the March 2025 Auction as the price cleared \$19.76, above the CCR Trigger of \$17.03. Even with the additional CCR Volume in 2025, the 2025 RGGI Bank will slightly decline. In 2026, there is no adjustment to the Cap, and a fresh Supply of CCR Allowances will be available. Based on current market prices, it can be assumed that the full volume of CCR Allowances with a trigger price of \$18.22 will be taken out in the March 2026 RGGI Auction.

Program Review Summary

On July 3, 2025, RGGI published the results of the much-anticipated Third Program Review. The Summary is as follows: Cap of 69.8 million starting in 2027 declining by 8.5 million per year to 2033. From 2034 to 2037, the cap will decline by 2.4 million per year. There will be no bank adjustment. There will be two Cost Containment Reserve (CCR) each with a supply of 11.7 million per Reserve. The CCR Trigger Prices for Tier 1 and Tier 2 are set at \$19.50 and \$29.25 respectively starting in 2027 and increasing 7% per year thereafter. Major Changes in the Third Program Review were a more aggressive declining Cap,



however balanced with an additional CCR and increased CCR Volume. Setting the regional cap beyond 2037 will be addressed in the next RGGI Program Review to begin no later than 2028.

Fundamentals and Future Outlook

Below is a summary of the Allowance Cap starting in 2027, with CCR trigger prices and volumes. On the demand side of the equation is RGGI Carbon emissions. As stated earlier, it is estimated the RGGI Cal 2025 emissions will be close to 86 million tons. Various models have RGGI emissions declining over time tweaking various factors such as growth of renewable energy, transmission line project status, coal plant retirements, electric load growth, etc.

I have run various models, and without a significant decline in RGGI emissions, the RGGI Bank will be exhausted by 2029.

The most reasonable scenario is that the first CCR Volume will be exhausted in 2027 and will continue to be exhausted through 2037. The Second Tier Volume will need to be exhausted starting in 2029 and thereafter to delay the RGGI Bank to be fully exhausted. This would obviously change if RGGI emissions do not decline as quickly as anticipated.

Year	Allowance Cap	Minimum Reserve Price	CCR Trigger Price		CCR Volume	
			Tier 1	Tier 2	Tier 1	Tier 2
2027	69,806,919	\$9.00	\$19.50	\$29.25	11,746,358	11,746,358
2028	61,081,054	\$9.63	\$20.87	\$31.30	11,746,358	11,746,358
2029	52,355,189	\$10.30	\$22.33	\$33.49	11,746,358	11,746,358
2030	43,629,324	\$11.02	\$23.89	\$35.83	11,746,358	11,746,358
2031	35,277,611	\$11.79	\$25.56	\$38.34	11,746,358	11,746,358
2032	26,925,899	\$12.62	\$27.35	\$41.02	11,746,358	11,746,358
2033	18,574,187	\$13.50	\$29.26	\$43.89	11,746,358	11,746,358
2034	16,187,983	\$14.45	\$31.31	\$46.96	11,746,358	11,746,358
2035	13,801,780	\$15.46	\$33.50	\$50.25	11,746,358	11,746,358
2036	11,415,578	\$16.54	\$35.85	\$53.77	11,746,358	11,746,358
2037	9,029,374	\$17.70	\$38.36	\$57.53	11,746,358	11,746,358

Finally, it is now known that PA will not join RGGI in the foreseeable future. However, many people assume that Virginia will rejoin RGGI starting in 2027. My models did not include VA joining RGGI, and if they do join, VA State Caps and projected Emissions would be a major change in assumptions.

RGGI Prices have been bullish in 2025 and based on the results of the Third Program Review, it is assumed that RGGI Prices will be bound between the CCR Tier 1 and CCR Tier 2 Trigger Prices. If RGGI Emissions do not start to decline by 2027, I believe prices will trend more closely to the Tier 2 Trigger Price.



Paul Tesoriero
 ptesoriero@evomarkets.com
 www.evomarkets.com
 +1 914.323.0255