

RGGI Explained

September 25, 2008 marked the United States' first auction of carbon dioxide allowances as part of the Regional Greenhouse Gas Initiative. Sarah Murdock – climate change manager for The Nature Conservancy – talks about this program's role in the fight against climate change.

Why is the Regional Greenhouse Gas Initiative – or “RGGI” – considered such a milestone?

RGGI is redefining the way America approaches climate change. Climate change is the greatest threat to us and our natural areas over the next century. If we don't act now, we will leave a much larger problem to our children.

The good news is that if we join together to take action to mitigate climate change, we can reduce its impact on us and on future generations. The 10 states that are participating in RGGI have done just that: they have agreed to set a limit – and ultimately reduce – the amount of carbon dioxide their power generators emit.

How does RGGI help them do that?

RGGI is a market-based program. Through a series of auctions, RGGI sells credits to power generators. Each credit is worth one ton of carbon dioxide. Power generators must purchase a credit for each ton they emit.

The idea is that by requiring power plants to buy credits, their operators will have a financial incentive to reduce emissions.

What happens if a power plant doesn't use all the credits they purchased? Or if a plant emits more carbon dioxide than its credits allow?

Generators that cut emissions below their limits – through measures like energy conservation and investments in renewable energy – can then sell the credits they have not used to other generators. On the other hand, if they emit more carbon than they have credits, they must pay a fine.

Where does the money raised through the auction go?

That's another great thing about RGGI. Not only does it provide a framework for reducing greenhouse gases, the revenues generated by the auctions will support other climate related initiatives, like energy efficiency and renewable energy development.

These investments in turn will lead to even further emissions reductions. And investment in energy efficiency will bring the greatest energy savings to consumers. It's a win-win for everybody.

Some states – like Connecticut – are using a portion of the revenue for climate change adaptation.

What's that?

Adaptation is the effort to protect nature's infrastructure in the face of climate change, which is already affecting our lives and the places we live.

Even with immediate action to reduce greenhouse gas emissions, the effects of the carbon already in the atmosphere will continue for decades to come. Our own ability to resist climate change impacts is linked to the health of the natural world, as we all depend on nature and the services it provides.

Can you give an example of adaptation?

Saltmarshes are an excellent natural resource. They provide a natural buffer to storm damage and floods, and also deliver nutrients for native plants, fish and wildlife. Keeping our saltmarshes healthy and functioning will improve their ability to absorb storm surges, which are expected to intensify with climate change.

Another example is managing our forests to make the best use of their capacity to absorb or sequester carbon dioxide. At the same time, these forests are acting as "nature's highway" to help wildlife to migrate to new habitats.

So we've got RGGI in Northeast and Mid-Atlantic states. What's next?

The RGGI auction on September 25th is the first of its kind. It will be watched closely around the country as a potential model for a national program. We could see the rest of the country following this example, which would be a huge step toward emissions reductions.