



**MARKET MONITOR REPORT
FOR AUCTION 68**

Prepared for:

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

Prepared By:



June 6, 2025

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,¹ 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 (CO₂) 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.

¹ 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.

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As the Market Monitor for the RGGI CO₂ 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 68, which was held on June 4, 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-two bidders submitted bids in the auction for CO₂ allowances. Bids were submitted to purchase 2.5 times the initial offering of approximately 15.2 million allowances, resulting in a clearing price of \$19.63 per ton in the auction. Although the quantity for which bids were submitted above the CCR Trigger Price of \$17.03 per ton exceeded the initial offering, the Cost Containment Reserve (“CRR”) for 2025 was fully released in Auction 67, so no CCR allowances were sold in this auction. Compliance-Oriented Entities purchased 54 percent of the allowances in this offering. Ultimately, 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 and notifications to bidders.
- The auction results were consistent with the market rules and the bids received.
- Sensitive information was treated appropriately by the auction administrator.
- Although the auction interface was down intermittently during the event, there is no indication that participants were ultimately unable to submit bids.

In summary, the results of our monitoring of RGGI Auction 68 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 CO₂ allowances and outcomes of the auction.

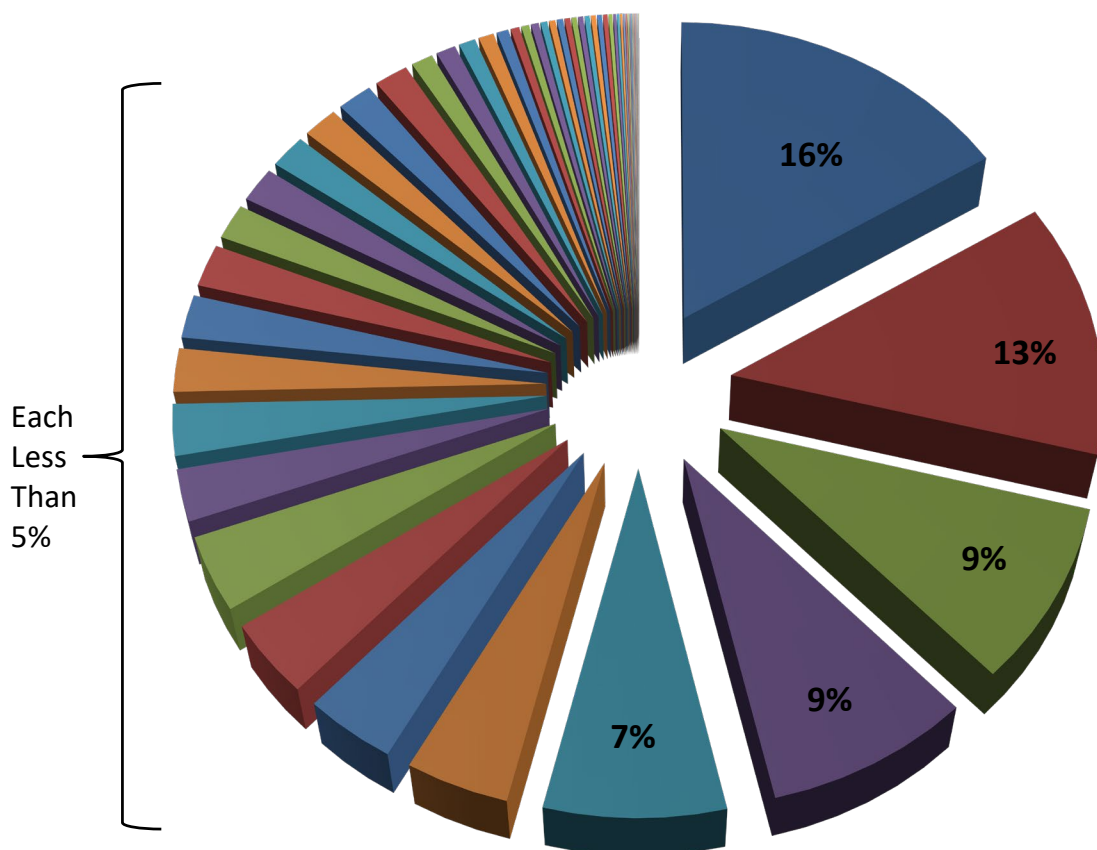
APPENDIX

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 CO₂ allowances is based on the requirement for each compliance entity in the RGGI footprint to obtain one CO₂ allowance for each short ton of CO₂ 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**

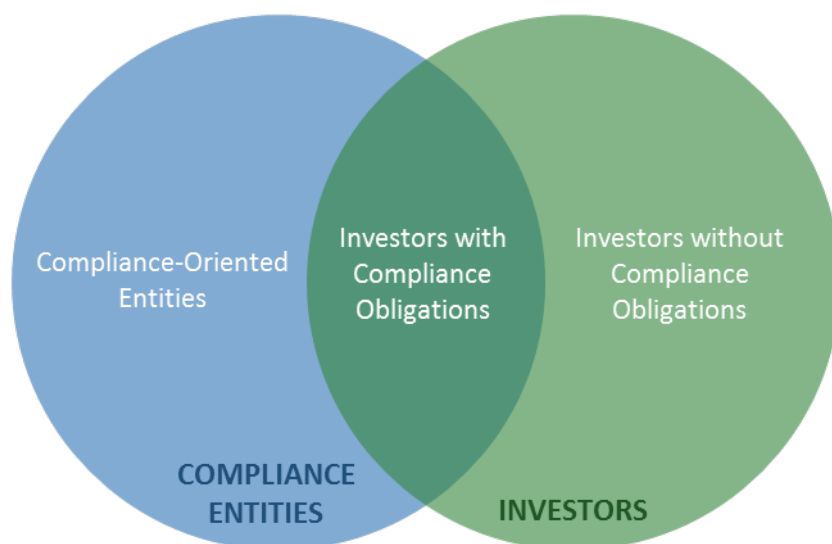


B. SUMMARY OF PURCHASES OF ALLOWANCES IN AUCTION 68

Awards were distributed across 45 bidders with three bidders purchasing one million tons or more and 22 bidders purchasing 200,000 tons or more.

This report summarizes participation in Auction 68. 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.²

² 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.³ 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 68, Compliance Entities purchased 65 percent of the allowances sold. In the first 68 RGGI auctions, Compliance Entities purchased 72 percent of the allowances sold. In Auction 68, Compliance-Oriented Entities purchased 54 percent of the allowances sold.

After settlement of allowances sold in Auction 68:

- Fifty-four percent of the allowances in circulation will be held by Compliance-Oriented Entities.
- Fifty-eight 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.

³ 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

Bidder	Number of Allowances Awarded	Bidder	Number of Allowances Awarded
Bidder 1	1,605,000	Bidder 24	177,000
Bidder 2	1,500,000	Bidder 25	152,000
Bidder 3	1,200,000	Bidder 26	150,000
Bidder 4	925,000	Bidder 27	120,000
Bidder 5	800,000	Bidder 28	120,000
Bidder 6	745,000	Bidder 29	100,000
Bidder 7	725,000	Bidder 30	75,000
Bidder 8	650,000	Bidder 31	75,000
Bidder 9	600,000	Bidder 32	64,000
Bidder 10	600,000	Bidder 33	57,000
Bidder 11	500,000	Bidder 34	52,000
Bidder 12	450,000	Bidder 35	51,000
Bidder 13	423,479	Bidder 36	50,000
Bidder 14	420,000	Bidder 37	25,000
Bidder 15	405,000	Bidder 38	20,000
Bidder 16	365,000	Bidder 39	16,000
Bidder 17	320,000	Bidder 40	14,000
Bidder 18	300,000	Bidder 41	10,000
Bidder 19	300,000	Bidder 42	7,000
Bidder 20	300,000	Bidder 43	5,000
Bidder 21	300,000	Bidder 44	5,000
Bidder 22	284,000	Bidder 45	2,000
Bidder 23	180,000		

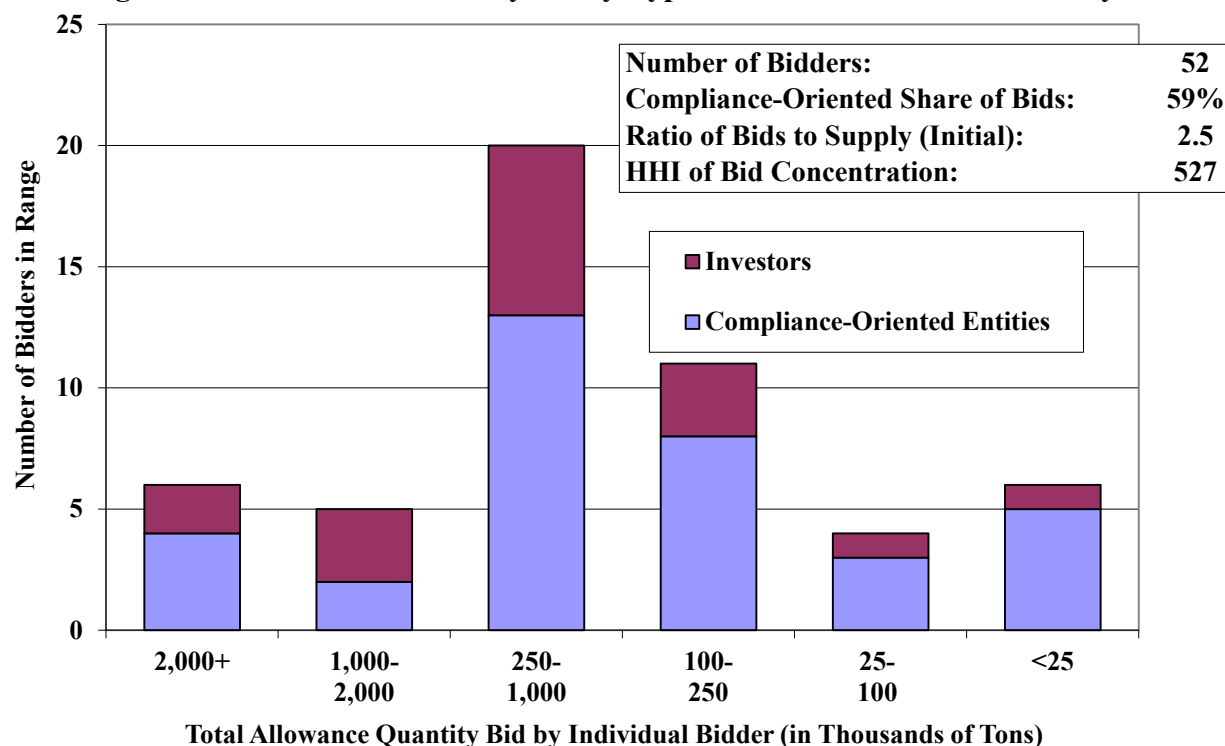
C. DISPERSION OF BIDS IN AUCTION 68

Bids were submitted by 35 Compliance-Oriented Entities and 17 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. Six Compliance-Oriented Entities and five Investors submitted bids for a large quantity of allowances (i.e., at least 1 million tons). Overall, Compliance-Oriented Entities accounted for 59 percent of the quantity of allowances for which bids were submitted. The quantity of allowances for which bids were submitted was 2.5 times the Initial Offering. In the previous auction, the quantity of allowances for which bids were submitted was 3.7 times the Initial Offering.

The bid quantities were widely distributed among the 52 bidders. The concentration of bids, using the Herfindahl-Hirschman Index (“HHI”), was relatively low at 527. 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 68

Bids were submitted across a wide range of prices in the auction and the clearing price of \$19.63 was relatively consistent with average bid prices submitted.

The following table reports several statistics regarding the bid prices for bids submitted in Auction 68. The median and mean bid prices are weighted by the quantity of each bid.

Bid Prices:	
Minimum	\$2.62
Maximum	\$45.00
Average (Median)	\$19.28
Average (Mean)	\$19.05
Clearing Price:	\$19.63

E. NAMES OF POTENTIAL BIDDERS IN AUCTION 68

In accordance with Sections 2.8 and 3 of the Auction Notice for CO₂ Allowance Auction 68, the Participating States are releasing the names of Potential Bidders in Auction 68. The states defined potential bidders as: “Each Applicant that has been qualified and submitted a complete *Intent to Bid*.” The list of 77 Potential Bidders is as follows:

Aetos Capital Global Carbon Fund LP	Kendall Green Energy LLC
Astoria Energy, LLC	Kleen Energy Systems, LLC
Braeswood Climate Partners, LP	KMC Thermo, LLC
Caithness Long Island, LLC	Koch Supply & Trading, LP
Calpine Energy Services, LP	LMR Multi-Strategy Master Fund Limited
Canadian Imperial Bank of Commerce	Lockport Energy Associates, L.P.
Carbon Lighthouse Association	Macquarie Energy, LLC
Castleton Commodities Merchant Trading L.P.	Massachusetts Muni. Wholesale Elec. Co.
Citadel Energy Marketing LLC	Mercuria Energy America, LLC
Cogen Technologies Linden Venture, L.P.	Morgan Stanley Capital Group, Inc.
Consolidated Edison Comp. of NY, Inc.	MV Global Carbon Fund LP
Constellation Energy Generation, LLC	National Grid Generation LLC dba National Grid
Cooler, Inc.	Nautilus Power, LLC
CPV Maryland, LLC	Newark Energy Center
CPV Shore, LLC	NextEra Energy Marketing, LLC
CPV Towantic, LLC	NRG Business Marketing LLC
CPV Valley, LLC	Ocean State Power, LLC
Cricket Valley Energy Center, LLC	Old Dominion Electric Cooperative
Delaware City Refining Company, LLC	Pacific Summit Energy LLC
Delaware Municipal Electric Corp.	Parkway Generation, LLC
DRW Investments LLC	Pegasus Development Corporation
DTE Energy Trading, Inc.	PetroChina International (America), Inc.
Dynegy Marketing and Trade, LLC	Pier61 Partners, LLC
East Coast Environmental, LLC	Power Authority of the State of New York
ECP Capital LP	RBC
Empire Generating Co., LLC	Red Oak Power, LLC
Energy Center Dover	Revere Power, LLC
Engelhart CTP Commodity Trading US, LLC	Selkirk Cogen Partners, LP
Engelhart CTP Energy Marketing, LLC	Shell Energy North America (US), LP
Fortistar North Tonawanda Inc	Statkraft US, LLC
Global Carbon Opportunity (SPV) Fund LLC	Taunton Municipal Lighting Plant
Global Emission Fund LP	Trafigura Trading LLC
Granite Shore Power LLC	Uniper Global Commodities North America LLC
Hartree Partners, LP	Village of Freeport
Hawkeye Energy Greenport	Virginia Electric and Power Company
Helix Ravenswood Energy, LLC	Vitol Inc.
Indeck-Corinth Limited Partnership	West Coast Environmental, LLC
J. Aron & Company	World Carbon Fund
Jamestown Board of Public Utilities	