

NOTE ON METHODOLOGY FOR TRACKING STATE EXPENDITURES OF RGGI AUCTION PROCEEDS¹

We have received questions with respect to the assignment of RGGI-proceed dollars into each state's spending categories as reflected in our Report. In this methodological addendum to our report, we hope to clarify our approach to "following the dollars" as we reflected states' receipts of CO₂ auction proceeds and states' expenditures of those dollars on one activity or another.

In some cases, a state's reporting and classification of RGGI auction proceeds may differ from how we have classified them for the purposes of the analysis presented in the Report. In preparing our analysis, we needed to categorize types of expenditure in order to harmonize the tracking of expenditures across the nine states for our modeling analysis.² As such, these classifications might not align perfectly with the nomenclature that each state uses to characterize its expenditures of RGGI-related proceeds.

As described in the Report, our effort to gather and process data focused on identifying the use of RGGI allowance proceeds in as complete and accurate a manner as possible, to ensure a good match between revenues collected and expenditures tracked. We did this to line up expenditures across the RGGI states into reasonably consistent classifications for modeling and analytic purposes. In the end, for a small portion of RGGI revenues where the ultimate use was not clearly specified by a state or where we needed to assign state RGGI-auction spending patterns into a common framework, we made judgements about how to represent such dollars into categories relevant for modeling purposes. The figures and tables in the report and Appendix reflect these judgements.³

Our modeling treatment of these funds used a conservative approach in allocating these dollars into programming categories, in an effort to avoid an allocation of dollars to programs that would lead to energy savings where we were not reasonably certain that such dollar flows would lead to those program impacts.

¹ This note refers to *The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States*, April 17, 2018.

² The Appendix to our Report describes the method, data, and assumptions used in our study.

³ For example, the category "Direct Bill Assistance" encompasses a number of programs through which a state would provide rate relief or credits to consumers on their electricity bills (whether directly or indirectly). However, some states or the utilities in those states might use proceeds from related programs in ways classified as energy efficiency or other categories.