EXPRESS TERMS

AMENDMENTS TO 21 NYCRR PART 507
CO_2 ALLOWANCE AUCTION PROGRAM

(Statutory Authority: Public Authority Law sections 1854 and 1855)

Existing section 507.2 is AMENDED to read as follows:

507.2 Definitions

Part 507 incorporates by reference the definitions established by the department at 6 NYCRR Part 242. In addition, the following definitions apply:

(a) Ascending price, multiple round auction: A multiple round auction starting with an opening price with increases each round by predetermined increments. In each round, bidders offer the quantity they are willing to purchase at the posted price. Rounds continue so long as demand exceeds the quantity offered for sale. At the completion of the final round, allowances may be allocated, subject to section 507.6 of this Part:

(i) at the final price to remaining bidders and withhold unsold allowances for a future auction, or

(ii) at the penultimate price, first to final round bidders and then to bidders in the penultimate round in chronological order of bid during the penultimate round for all remaining allowances, or

(iii) according to an alternative mechanism designed to effectuate the objectives of this Part.

(b) Auction advisory committee or committee: A committee comprised of the Commissioner of the Department, the President and Chief Executive Officer of the Authority, and the Chairperson of the New York State Public Service Commission, or their respective designees [("the committee")]. The committee shall advise the Authority on procedures relevant to conducting the CO_2 allowance auctions provided for in this Part.

(c) Authority: the New York State Energy Research and Development Authority.

(d) Authority contact person: An employee of the authority designated to communicate with the public regarding CO_2 allowance auctions, as identified on the CO_2 allowance auction website.

(e) CO_2 allowance auction website: The website containing information regarding the auctions to be conducted pursuant to this Part and 6 NYCRR Part 242. The website shall be available through a link from the authority's main website at www.nyserda.ny.gov.

(f) CO_2 cost containment reserve [allowance] tier 1 allowance or CO_2 CCR tier 1 allowance: A CO_2 allowance that is offered for sale at an auction by [NYSERDA or its agent] the authority for the purpose of containing the cost of CO_2 allowances. CO_2 CCR tier 1 allowances offered for sale at an auction are separate from and additional to CO_2 allowances allocated from the CO_2 Budget Trading Program base and adjusted budgets. [CO_2 CCR allowances are available in two tiers based

on the minimum price at which they will be offered for sale at an auction.] CO_2 CCR tier 1 allowances are subject to all applicable limitations contained in this Part and in 6 NYCRR Part 242.

(g) CO_2 cost containment reserve tier 2 allowance or CO_2 CCR tier 2 allowance: A CO_2 allowance that is offered for sale at an auction by the authority for the purpose of containing the cost of CO_2 allowances. CO_2 CCR tier 2 allowances offered for sale at an auction are separate from and additional to CO_2 allowances allocated from the CO_2 budget trading program base and adjusted budgets. CO_2 CCR tier 2 allowances are subject to all applicable limitations contained in this Part and in 6 NYCRR Part 242.

[(g)] (h) CO_2 cost containment reserve tier 1 trigger price, or CCR tier 1 trigger price: The CCR tier 1 trigger price is the minimum price at which CO_2 CCR tier 1 allowances are offered for sale by the [Authority or its agent] authority at an auction. The CCR tier 1 trigger price shall be [$10.00] $19.50 per CO_2 allowance in calendar year [2017] 2027. Each calendar year thereafter [through 2020], the CCR tier 1 trigger price shall be [1.025] 1.07 multiplied by the CCR tier 1 trigger price from the previous calendar year, rounded to the nearest whole cent [. The CCR trigger price in calendar year 2021 shall be $ 13.00. Each calendar year thereafter, the CCR trigger price shall be 1.07 multiplied by the CCR trigger price from the previous calendar year, rounded to the nearest whole cent], as shown in Table 1 below.

Table 1. CO_2 CCR Tier 1 Trigger Price

Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Price	$19.50	$20.87	$22.33	$23.89	$25.56	$27.35	$29.26	$31.31	$33.50	$35.85	$38.36

[2018 2019 2020 2021 2022 2023 2024

$ 10.25 $ 10.51 $ 10.77 $ 13.00 $ 13.91 $ 14.88 $ 15.92

2025 2026 2027 2028 2029 2030

$ 17.03 $ 18.22 $ 19.50 $ 20.87 $ 22.33 $ 23.89]

(i) CO_2 cost containment reserve tier 2 trigger price, or CCR tier 2 trigger price: The CCR tier 2 trigger price is the minimum price at which CO_2 CCR tier 2 allowances are offered for sale by the authority at an auction. The CCR tier 2 trigger price shall be $29.25 per CO_2 allowance in calendar year 2027. Each calendar year thereafter, the CCR tier 2 trigger price shall be 1.07 multiplied by the CCR tier 2 trigger price from the previous calendar year, rounded to the nearest whole cent, as shown in Table 2 below.

Table 2. CO_2 CCR Tier 2 Trigger Price

Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Price	$29.25	$31.30	$33.49	$35.83	$38.34	$41.02	$43.89	$46.96	$50.25	$53.77	$57.53

[(h) CO_2 emissions containment reserve allowance or CO_2 ECR allowance: A CO_2 allowance that is withheld from sale at an auction by the authority or its agent for the purpose of additional emission reduction in the event of lower than anticipated emission reduction costs.

(i) CO_2 emissions containment reserve trigger price, or ECR trigger price: The ECR trigger price is the price below which CO_2 allowances will be withheld from sale by the authority or its agent at an auction. The ECR trigger price in calendar year 2021 shall be $ 6.00. Each calendar year thereafter, the ECR trigger price shall be 1.07 multiplied by the ECR trigger price from the previous calendar year, rounded to the nearest whole cent, as shown in Table 2 below.

Table 2. CO_2 ECR Trigger Price

2021	2022	2023	2024	2025	2026	2027
$ 6.00	$ 6.42	$ 6.87	$ 7.35	$ 7.86	$ 8.41	$ 9.00

2028	2029	2030
$ 9.63	$ 10.30	$ 11.02]

(j) Control period: The time periods established by the [Department] department under 6 NYCRR Part 242.

(k) Department: The New York State Department of Environmental Conservation.

(l) Energy Efficiency and Clean Energy Technology Account or account: A general account to be established by the authority, into which the department shall allocate CO_2 allowances.

(m) Environmental Notice Bulletin: An official department publication pursuant to Environmental Conservation Law section 3-0306(4).

(n) Minimum reserve price: The minimum reserve price in calendar year 2027 shall be $9.00. Each calendar year thereafter, the minimum reserve price shall be 1.07 multiplied by the minimum reserve price from the previous calendar year, rounded to the nearest whole cent, as shown in Table 3 below.

Table 3. Minimum Reserve Price

Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Price	$9.00	$9.63	$10.30	$11.02	$11.79	$12.62	$13.50	$14.45	$15.46	$16.54	$17.70

[(n)] (o) Participating state: A state that has established a corresponding regulation or statute as part of the CO_2 budget trading program.

[(o)] (p) Reserve price[.]: The minimum acceptable price for each CO_2 allowance in a specific auction. The reserve price at an auction is either the minimum reserve price[or the CCR trigger price], the CCR tier 1 trigger price, or the CCR tier 2 trigger price as specified in section 242-5.3(b) in 6 NYCRR Part 242.

[(p)] (q) Single round sealed-bid uniform price auction: A single round sealed-bid uniform price auction format, under which bidders may submit multiple bids at different prices; the price paid by all awarded bidders will be uniform and equal to the highest rejected bid price.

Subdivision (f) and (g) of section 507.6 are AMENDED, existing subdivision (h) is REPEALED and subdivision (i) is RELETTERED as subdivision (h) to read as follows

(f) Reserve price: In administering auctions, the authority [or its agent] shall employ the use of a reserve price in a manner and form as provided for in Part 242. The authority shall publish or announce such reserve price prior to each CO_2 allowance auction.

(g) CO_2 Cost Containment Reserve (CCR): The authority [or its agent] shall administer the rules for the sale of CO_2 CCR tier 1 allowances and CO_2 CCR tier 2 allowances as specified in [at] 6 NYCRR Part 242-5.3(b).

[(h) CO_2 Emissions Containment Reserve (ECR): The authority or its agent shall withdraw allowances from auctions in accordance with 6 NYCRR Part 242-5.3(c).]

[(i)] (h) Unsold allowances: Unsold CO_2 allowances may be retired or made available for sale in a form and manner provided under 6 NYCRR Part 242.