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August 7, 2026

Mike Giovanniello
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100 Cambridge Street
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Electronically via email to mike.giovanniello@mass.gov

RE: Eversource Regional Greenhouse Gas Initiative (“RGGI”) Comments

NSTAR Electric Company, d/b/a Eversource Energy (“Eversource” or the “Company”) submits these written comments in response to the notice from the Department of Energy Resources (“DOER”) that provided interested participants with the opportunity to elect to provide comments on proposed amendments to the Commonwealth’s Regional Greenhouse Gas Initiative (“RGGI”) regulations.

The DOER, acting under the statutory authority of G.L. c. 25A, §§ 6 and 13, G.L. c. 21A, §22, and in conformance with G.L. c. 30A, held public hearings on proposed amendments to 225 CMR 13.00, the DOER CO2 Budget Trading Program Auction Regulation. DOER is proposing these amendments concurrent with MassDEP’s proposed revisions to 310 CMR 7.70: CO2 Budget Trading Program. Together these proposed amendments would implement program changes agreed to by the RGGI participating states after completing the Third Program Review. In compliance with the above-described notice, Eversource hereby timely provides these comments on the proposed amendments to the RGGI regulations.

The Company would like to highlight

- RGGI was intended to create a market mechanism to reduce emissions and encourage low-cost clean energy solutions in the region. However, the program has failed to fully achieve these goals.
- RGGI has become very expensive for customers in recent years and is expected to become more expensive in the coming years.
- RGGI is an inefficient revenue generation mechanism for unaffiliated clean energy programs costing customers approximately 2.5 times the value produced through the allowance auction.

The new regulations, combined with potential dynamics in other markets outside of New England such as PJM, are likely to exacerbate this issue. Therefore, DOER and MassDEP should reassess the benefits and costs of RGGI in the coming years.

Eversource shares the region's commitment to combatting climate change and want to ensure a financially sustainable approach to decarbonization. In the spirit of transparency, it is important that all

stakeholders are aware of the cost impacts of public policy programs like RGGI when considering changes to such initiatives.

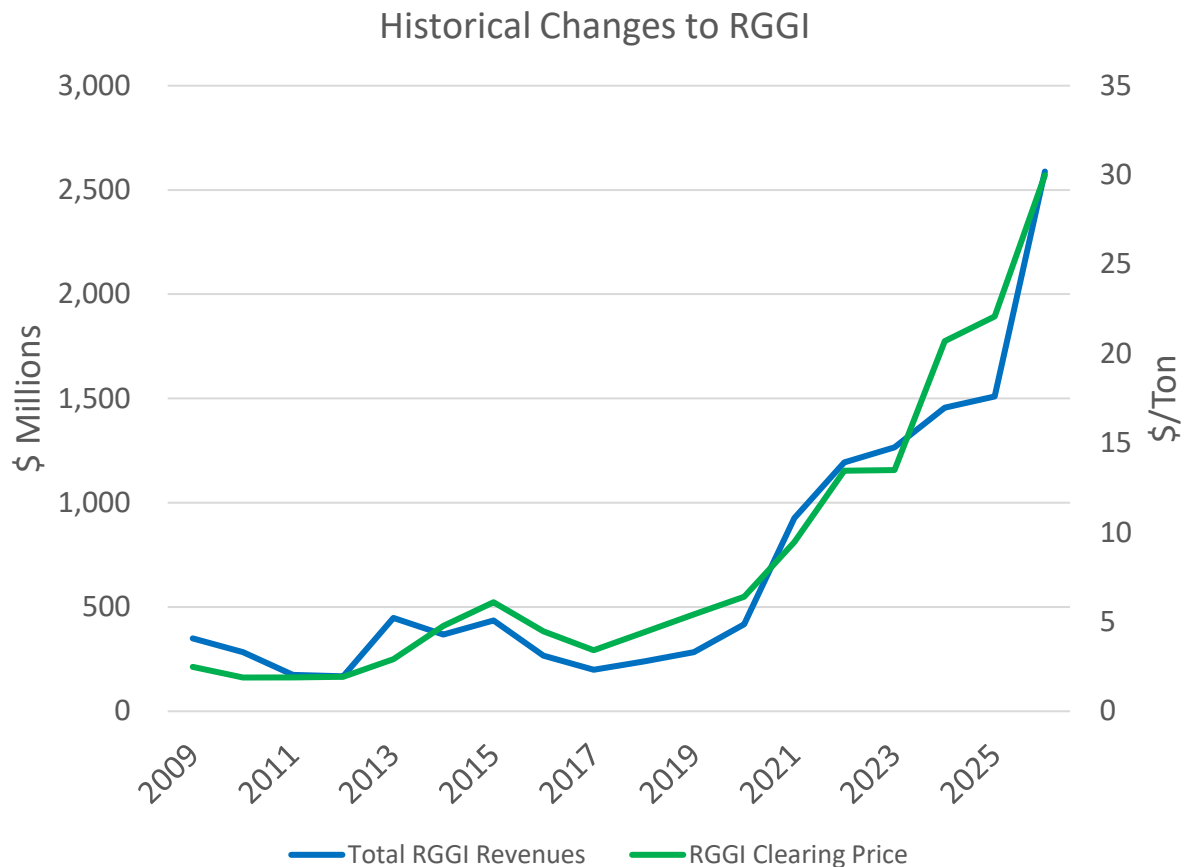
As DOER and DEP and other stakeholders are aware, the eleven-state RGGI is a “cap-and-invest” program that has existed since 2009 in which all six New England states participate. The original intent of the program was to increase costs for carbon-emitting generation while rewarding non- or low-emitting generation. The theory being that those carrot and stick incentives would result in fossil fuel generation retiring and new carbon free resources being built. As an additional benefit, the states that participate in RGGI and auction off allowances receive revenues to fund non-RGGI climate-related initiatives. However, due to ISO-NE’s marketplace design, RGGI has failed to cause fossil fuel generators to retire and has not spurred the development of substantial new renewable resources. Instead, the new large-scale carbon free resources that have achieved commercial operations have been built through long-term contracting efforts and other state-sponsored programs unaffiliated with RGGI program revenues. While the programs funded through RGGI revenue are touted as evidence of the success of the mechanism, funding for such programs could be sourced from many alternative sources, including mechanisms that are more transparent, less volatile, more equitable and do not directly raise the cost of electricity in the region.¹

RGGI sets a cap on CO₂ emissions from fossil fueled electric generators 25 MWs and greater. Generators subject to RGGI must obtain emission allowances from quarterly auctions. The allowance costs are borne by these generators and ultimately are incorporated by such generators as part of their \$/MWh dispatch price offered into the ISO-NE energy markets. To the extent a fossil fuel generator sets the marginal clearing price – or the cost of the last, most expensive unit needed to meet demand all generation is compensated at that clearing price, meaning customers regularly pay higher prices through which load pays inclusive of the RGGI cost adder. Since fossil fuel generation either directly or indirectly sets the wholesale prices in New England about 90%² of the time, customers consistently pay a RGGI premium for nearly every MWh of energy they consume. This creates a dynamic where states receive substantially less revenue from the allowance auctions to support RGGI than the total load pays which is borne by customers. This dynamic has been consistently documented by ISO-NE in its annual market reports.

For most of RGGI’s existence, allowance costs have been low and there’s been an over-supply of allowances. As shown in the following Chart provided below, in recent years, however, allowance costs have increased significantly.

¹ Given the critical role electrification will play in decarbonizing the economy, revenue generating mechanisms that increase consumer electricity prices may be counterproductive.

² <https://www.iso-ne.com/system-planning/system-plans-studies/emissions>.



Note: 2026 Total RGGI Revenues scaled based on the first two 2026 auctions

The most recent auction in June 2026 cleared at a record \$35/ton. Eversource estimates that this price translates to about a 1.75 ¢/kWh adder to retail residential electric supply costs. In its most recent quarterly report, ISO-NE estimates that RGGI added \$11-17/MWh for a typical combined cycle and \$24-38/MWh for a No. 2 oil-fired generator this past winter³. Less than a decade ago, allowance costs were a fraction of what they are today and only added slight costs to customer bills, about 0.1 – 0.2 ¢/kWh. That is no longer the case.

In 2025, Eversource estimates that Massachusetts load paid about \$500 million in RGGI costs that were embedded in wholesale energy clearing prices. However, based on RGGI documentation, Massachusetts only received about \$200 million⁴ in allowance auction revenue. For every two and a half dollars spent, Massachusetts received one dollar in return to fund climate programs⁵. Same as the total

³ <https://www.iso-ne.com/static-assets/documents/100037/2026-winter-quarterly-markets-report.pdf>.

⁴ https://www.rggi.org/sites/default/files/Uploads/Auction-Materials/Cumulative-State-Charts/MA_Proceeds_by_Auction.xlsx

⁵ In future years MA will have many Power Purchase agreements in effect, most notably the New England Clean Energy Connect and Vineyard Wind contracts. These generators are not subject to RGGI, and the value of the energy received under

\$500 million that's included in the wholesale clearing price, the \$300 million gap between the \$500 million and \$200 million also went to non-emitting generators, electrical imports from other grids such as NY and Quebec, emitting generators who were operating but less emitting than the marginal generator at any particular time, and energy marketers.

While RGGI helps fund important initiatives such as energy efficiency programs, this inefficient funding dynamic should be considered going forward. Alternative funding mechanisms for energy efficiency programs do not exhibit this dynamic in which revenue collected to fund programs are only a fraction of overall ratepayer costs. Additionally, outside of energy efficiency programs that are only partially funded by RGGI, RGGI has not led to meaningful resources being built nor meaningful reductions in CO₂. To be clear, ISO-NE's wholesale emissions have largely been unchanged in the past decade⁶. Prior emissions reductions were driven by coal retirements and reduced oil-fired generation that did not occur due to RGGI, but because New England delivered coal commodity costs increased while natural gas costs significantly decreased and oil prices remained elevated relative to natural gas^{7,8,9}. Similarly, RGGI has not prevented the retirement of the region's largest zero-emissions resources with both the Pilgrim Nuclear Power Station and the Vermont Yankee Nuclear Power Station retiring since RGGI's implementation. Nor has it obviated the need for EDCs to provide out-of-market, long-term contracts to the region's remaining nuclear generating facilities in order to avoid their retirement.

The new Model Rule will drastically reduce the number of allowances available by lowering the emissions cap. For example, the allowance cap will be reduced by nearly 90% over the next decade. This will likely further drive up RGGI allowance costs and thereby retail electric costs as fossil fuel generation will remain the marginal generation unit for at least that time. The secondary market for 2027 RGGI allowances is already trading at about \$40/ton. Large cost uncertainty related to RGGI will likely also drive-up retail energy supplier risk premiums. All of these factors will predictably result in customers paying more for their retail electric supply than they currently do. In addition to RGGI costs, Massachusetts electric customers also pay for the Renewable Portfolio Standard (RPS) in their retail electric supply charges. 2026 RPS costs are about 2.6 ¢/kWh. A future RGGI cost of 1.75 ¢/kWh plus RPS costs of 2.6 ¢/kWh would represent nearly 30% of a 15 ¢/kWh Basic Service rate¹⁰.

these contracts will be higher because of RGGI. However, even accounting for this, Eversource still estimates in 2027 that Massachusetts customers will likely pay on net over \$350 million in additional costs due to RGGI.

⁶ <https://www.iso-ne.com/system-planning/system-plans-studies/emissions>

⁷ <https://www.iso-ne.com/about/key-stats/markets>

⁸ <https://www.powermag.com/the-effect-of-shale-gas-on-power-generation-in-new-england/>

⁹ <https://www.iso-ne.com/about/key-stats/air-emissions>

¹⁰ The Eversource Basic Service rates for residential customers averaged 13.38 ¢/kWh and 15.64 ¢/kWh in 2025 and 2026.

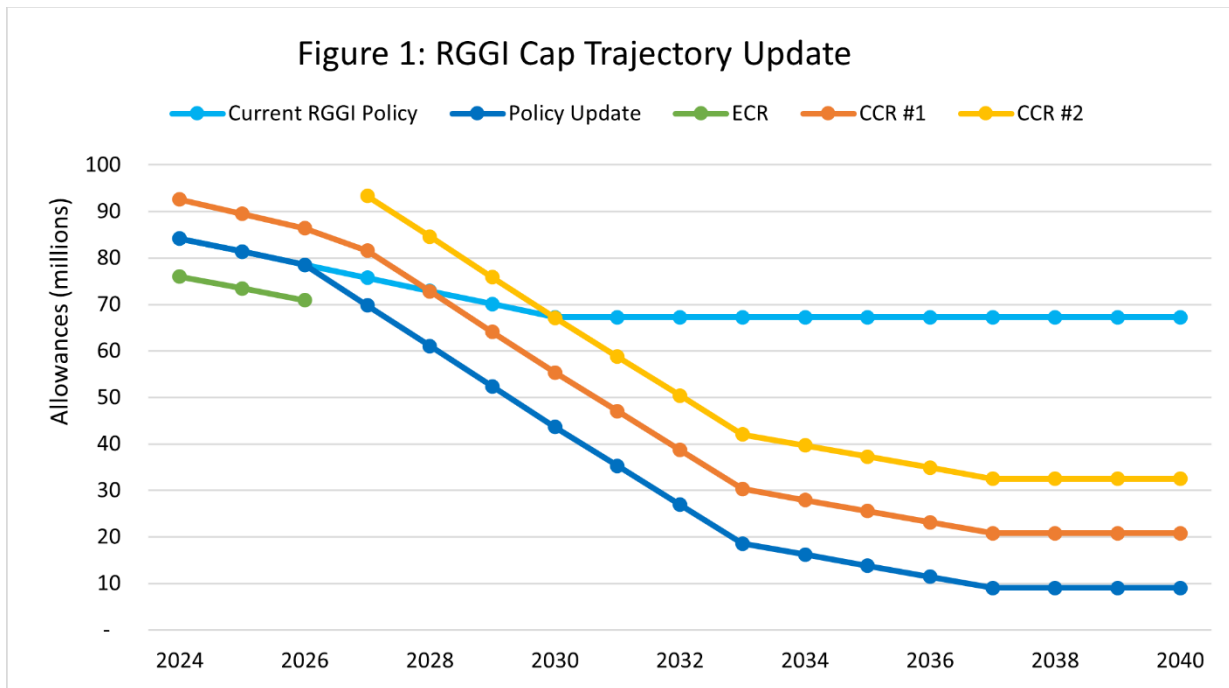


Figure 1 <https://www.rggi.org/program-overview-and-design/program-review>

Another consideration is that RGGI is a regional program encompassing not just New England, but also New York and the mid-Atlantic. Multiple ISOs participate in RGGI, and other region's marketplace dynamics may influence New England energy prices. For example, rising load and increased fossil fuel generation due to data center growth in PJM will increase demand for RGGI allowances, further driving up costs for New England customers. It is entirely possible that there will be an insufficient supply of allowances and a shortfall will exist in future years. While the new Model Rule contains Cost Containment Reserves, there are no cost caps to help alleviate such an issue.

A final consideration is that the regulatory environmental and clean energy marketplace has changed since the new Model Rule was designed. The new Model Rule began design in 2021 when the Biden Administration was still in the White House. The new rule was announced the same month as the Big Beautiful Bill was signed by President Trump (July 2025). During this time, the federal government's goals on climate change and incentives for clean energy have changed significantly – leading to a chilling for clean energy development. Furthermore, potential load growth due to AI data centers were not a part of energy forecaster's plans 2 – 5 years ago. Ultimately, there is less of a pipeline for clean energy today and there may be unrealistic assumptions underpinning the original model rule analysis – all while demand is anticipated to increase at an accelerated pace than was previous forecasted due to load growth by large users such as data centers.

Massachusetts should work with the other New England states to address these affordability, reliability, and environmental issues in the coming years. Failure to do so will potentially result in exorbitant costs with little benefits for electric customers. Ultimately, climate policies that are ineffective at meeting their stated goal while simultaneously raising customer costs will undermine public confidence in climate policies more generally. It is concerning that other regions of the country without similar policy

frameworks – and many states that do not prioritize combatting climate change - are deploying clean energy generation more quickly than New England and at much lower costs to retail customers.¹¹

The RGGI program is based on decades-old economic theories about the most efficient mechanisms for meeting climate goals. These theories were intensely debated in the years before RGGI's creation, but there has been little retrospective analysis of whether such programs provide least-cost pathways to meeting climate goals compared to alternative approaches currently being implemented in other regions. Given RGGI's significant impact on wholesale market prices, its known inefficiency at raising revenue for climate programs, and the expectation that costs will only increase with these proposed regulatory changes, a broad retrospective analysis of RGGI and similar "market-based" climate policies is warranted.

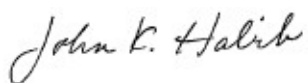
Coordination and agreement amongst the New England states will be required to ensure continued reliable operations of the grid while reducing emissions in the most cost-effective manner. Massachusetts should consider and coordinate with other New England states on potential cost containment measures as soon as possible to in the short-term address affordability concerns while further evaluating the least-cost path to decarbonize the grid in the long-term. A potential short-term fix to help alleviate some of the affordability issues could be to implement a rate relief mechanism similar to Connecticut where allowance funds received over a certain threshold are directly returned to electric customers.

Eversource respectfully requests that DOER (and MassDEP) take these written comments into consideration as DOER and MassDEP evaluate changes to the existing RGGI regulations and related documents. The Company would be pleased to provide any additional information that DOER and MassDEP determines is necessary or appropriate to facilitate the agency's decision-making on this topic.

Inquiries concerning this subject matter should be directed to Eversource's subject matter expert(s):

Andrew Belden, Vice President, Renewable Programs and Strategy; and
Justin Pelkowski, Director Wholesale Power Contracting

Sincerely,



John K. Habib, Esq. on behalf of Eversource Energy

CC: Andrew Belden
Justin Pelkowski

¹¹ SEIA reports that in 2025, the following select states deployed more solar energy than any New England state: TX, FL, OH, IN, AZ, MS, LA, SC, MO, OK, AR, KY, UT, NC (<https://seia.org/research-resources/solar-market-insight-report-q2-2026/>)