Massachusetts Department of Environmental Protection
310 CMR 7.74: Reducing CO_2 Emissions from Electricity-Generating Facilities
Frequently Asked Questions (FAQ)
Version 1.9 (July 2026)

The purpose of this document is to clarify and explain certain provisions of 310 CMR 7.74. Before reading this document, please review the regulation and other available background information available on MassDEP's web site via Electricity Generator Emissions Limits. If you have questions about 310 CMR 7.74, please email william.space@state.ma.us or climate.strategies@state.ma.us.

This version is an update from version 1.8, which was published in October 2024. New or revised material is marked with an asterisk.

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Q1 - Which emissions are subject to a compliance obligation under 310 CMR 7.74?

A1 – The only emissions that are subject to a compliance obligation under 310 CMR 7.74 are CO_2 emissions reported pursuant to the Regional Greenhouse Gas Initiative (RGGI) emissions reporting requirement, 310 CMR 7.70(8). MassDEP is aware that facilities may be required to report additional greenhouse gas (GHG) emissions pursuant to other regulations including the Massachusetts GHG reporting regulation, 310 CMR 7.71, and the US EPA GHG reporting regulation, 40 CFR Part 98; however, these additional emissions are not subject to a compliance obligation under 310 CMR 7.74.

Q2 – How will facilities know which emissions can qualify under the "emergency deferred compliance" provisions?

A2 – 310 CMR 7.74(6)(d) allows an electricity generating facility that emits CO_2 during an emergency to defer, for one year, compliance for a portion or the entirety of the CO_2 emissions emitted during the emergency. (Note that August 2018 amendments removed regulatory language limiting the use of emergency deferred compliance to the last 45 days of each calendar year, including for 2018.) Any deferred emissions must be offset in the following year on a two for one basis.

The term "emergency" is defined in the regulation. Emissions will be considered to have occurred during an emergency if they occur when ISO-NE has triggered "Master Local Control Center Procedure No. 2" that affects facilities in Massachusetts. Additional information about this procedure is available on ISO-NE's web site. Should it be necessary to provide additional or updated information about emergency deferred compliance for a particular year, MassDEP will do so by revising this document and notifying facilities.

Q3 – Please explain whether there are any limits on "banking" allowances.

A3 – Revised banking provisions were finalized in August 2018. The revisions removed restrictions on banking. Facilities may retain unused allowances and use them for compliance in future years, without limitation. In order to ensure that emissions decline each year, MassDEP will adjust the number of allowances auctioned each year downward to ensure that the number of allowances available for use in a year cannot exceed the aggregate emissions limit for the prior year.

Q4 – Is there a risk that outside parties, such as banks or environmental organizations, will buy up allowances and retire them (e.g., as "offsets")?

A4 – No, the regulation does not allow or provide any method for allowances to be retired by any outside parties.

Q5 – How will facilities comply with the requirements of 310 CMR 7.74 and the Regional Greenhouse Gas Initiative (RGGI)?

A5 – 310 CMR 7.74 and RGGI are two separate and distinct programs. For facilities, the requirements of the two programs are similar– for each ton of CO_2 emissions, the facility must hold an allowance. Therefore, to comply with both regulations, the facility will need to hold two different types of carbon dioxide allowances (a RGGI allowance and a 7.74 allowance). This will ensure compliance with in-state and regional emissions limits.

Q6 – How can I revise the Certificate of Representation (COR) for my facility?

A6 – To revise the COR for a facility, the Designated Representative (DR) must upload a revised COR form to the Massachusetts Carbon Allowance Registry (Registry), and then immediately make the corresponding changes in the Registry.

- The revised COR does not need to be notarized or mailed to MassDEP.

- Please contact MassDEP for instructions on changing who the DR is for a facility in the Registry. All other changes may be made by the DR in the Registry.
- The DR must ensure that any authorized user who is authorized to transfer allowances from a facility's allowance account is listed on the facility's COR form in the Registry. These authorized users must also be given "View-Only" access to the facility in the Registry so that their names appear in the public facilities report.

*Q7 - When is it required to resubmit a new Certificate of Representation?

*A7 – The Designated Representative (DR) must upload a new Certificate of Representation to the Massachusetts Carbon Allowance Registry (Registry) when there is a change of Designated Representative (DR)

The following changes should be made to the Registry and no longer require the resubmission of a new Certificate of Representation:

- Changes to the (DR) address, email address, and telephone numbers.
- Changes to the Authorized Users addresses, email addresses, and telephone numbers.
- When a new Authorized User or View Only User is added to the system Changes to the list of the owner(s) and operator(s) of the electricity generating facility.

Q8 - Am I required to submit a CO2 Emission Report by February 1st of each year?

A- 8 No, you are no longer required to submit a separate CO2 Emission Report to comply with 310 CMR 7.74. The CO2 Emissions for the prior calendar year must be reported under the Compliance Certificate Report by March 1st of each year.

Q9 – Am I required to report a price when I transfer allowances?

A9 – Yes, you must report a price when you transfer allowances, unless the sending and receiving facilities are owned by the same regulated entity.

Please note that you may indicate that you believe the transfer price is confidential business information or a trade secret. If you check the box when transferring allowances indicating that you believe the transfer price is confidential business information or a trade secret, you will have the burden to establish the information meets the confidentiality criteria of the Public Records Act.

A separate ***Request to Maintain Information Confidential*** form can be found at Request to Maintain Information Confidential Formwhich can be used to make and support a confidentiality claim addressing the criteria for considering information to be confidential business information or a trade secret pursuant to 310 CMR 3.23. Once a confidentiality claim is made, MassDEP will keep the information subject to the claim confidential until a final determination is required by the receipt of a public record request for the information. The claim will then be evaluated, and a final determination will be made with the criteria in 310 CMR 3.23 and requirements of 310 CMR 3.00. Additional information is available at Guidance on Requests to Maintain Trade Secret Information Confidential

Please fill out a ***Request to Maintain Information Confidential*** form as soon as possible after the first transfer from a facility account that you complete in the registry when you believe the transfer price is confidential business information. Refer to the following instructions when filling out the form:

1. Section A1: Fill in the Regulated Entity name for your account and the name and contact information for the Designated Representative.
2. Section B2: Check the box marked "Reporting Requirement Under Regulations or Order."
3. Section B3: Check "Trade Secret."
4. Section B4: Check "no." You do not need to submit a sanitized copy of the notice of transfer.
5. Section B5: Specify whether you wish to assert the confidentiality claim for prices of individual transfers or all registered transfers. To request the latter, for example, type: "This request applies to reported prices for transfers made on {date} and indefinitely to all future transfers from the [fill in facility name] registry account."
6. Section B6: Leave this blank.
7. Section B7: You may leave these boxes blank, but please note that MassDEP may require submittal of additional information upon receipt of a public record request. You may also choose to upload additional explanatory information addressing the criteria listed in this section to support the confidentiality claim.
8. Section B8: Check "no" if this is the first confidentiality claim you are making in the registry.
9. Section C: Read and sign the certification statement.

Once complete, the Designated Representative should sign, scan, and upload the completed form to the registry using the Add/View documents option available for the facility (select "Other" for the Document Type).

Q10 – Can I create a View-Only User in the Carbon Allowance Registry?

A10 – Yes. The Designated Representative (DR) can create a View-Only User by adding a new login account in the system. Please refer to the following instructions when setting the View-Only User.

1. In the Account Dashboard, click on the "Avatar" icon, then select **Manage Users** from the drop-down menu.
2. In the Login screen, click the **Add New Login** button
3. In the Login Information screen, enter data into the fields on the form. Under **Privilege** select **View-Only** from the drop- down menu.
4. Click **Save** at the bottom of the page to create the new View- Only User.

Note: All the allowance transfer operations will be disabled for the View- Only User (Transfer, reject, submit, withdraw, confirm)

View-Only Users do not have to be listed on the facility's Certificate of Representation (COR). However, if any of the View-Only User privileges change, the DR must upload a new COR to the Massachusetts Carbon Allowance Registry (Registry).

More information in how to create and manage registry users can be found in the Massachusetts Carbon Allowance Registry User Guide, under "Manage Regulated Entity Account Users". The User Guide is available on the program web site (Electricity Generator Emissions Limits Registry User Guide).

Q11 – How do the multiple vintage auctions work?

A11 Beginning in June 2022, MassDEP is offering two allowance vintages in each quarterly auction. In general, each auction will include 5 percent of the next year's emissions limit along with a fraction of the current year's emissions limit. For example, the quantities of allowances offered in the June and September 2022 auctions are:

- Vintage 2022 allowances equal to half the remaining available allowances after completion of the adjustment for banked allowances pursuant to 310 CMR 7.74(6)(f)3., and
- Vintage 2023 allowances equal to 5percent of the 2023 aggregate emissions limit.

The reason for including next year's allowances in the auctions is that the market monitor has observed that some facilities routinely purchase allowances with the intent of banking them to cover the next year's emissions. Advance auctions will therefore increase market liquidity by

allowing these facilities to purchase next year's allowances to cover a portion of their next year's emissions, thereby making more current year's allowances available to cover current year's emissions.

In each quarterly auction, the two vintages will be offered using a design recommended by the market monitor to ensure efficient outcomes. Under this design, bidders may submit two types of bids in future auctions. For example, in the June and September 2022 auctions bidders may submit:

- Bids for vintage 2022 allowances only. Since these bidders likely intend to use the allowances to comply with 2022 emissions, these bids may only be filled with vintage 2022 allowances.
- Bids for vintage 2023 allowances. Since vintage 2022 allowances may be banked for use to comply with 2023 emissions, these bids may be filled with a combination of vintage 2022 and vintage 2023 allowances, or with vintage 2023 allowances only.

The process for determining the clearing price allows for two possible outcomes:

- A separate clearing price is determined for each vintage, and no vintage 2022 allowances are used to fill bids for vintage 2023 allowances. Separate clearing prices occur if the calculated clearing price for vintage 2022 allowances the calculated clearing price for vintage 2023 allowances.
- A single clearing price is determined for all allowances (, both vintages), and some vintage 2022 allowances are used to fill bids for 2023 allowances. A single clearing price occurs if the calculated clearing price for vintage 2023 allowances would otherwise exceed the calculated clearing price for vintage 2022 allowances. In other words, if there are many high bids for 2023 allowances, this design allows those bids to be filled with vintage 2022 allowances instead of allowing them to "bid up" the price of vintage 2023 allowances to a level that exceeds the price of vintage 2022 allowances.

According to the market monitor, this auction design is efficient because it reflects bidders' preferences and the true value of the allowances being auctioned. Specifically, while 2022 and 2023 vintage allowance can both be used to cover 2023 or later year emissions, all vintage 2022 allowances have additional value associated with their possible use to cover 2022 emissions. Therefore, all bidders for vintage 2023 allowances should be willing to accept vintage 2022 allowances as a substitute and selling vintage 2023 allowances at a higher price than vintage 2022 allowances should be prevented because this price outcome would not reflect the true value of the allowances. The detailed bidding and clearing procedures are explained in the auction notices published before each auction.

Please note that 310 CMR 7.74 is not being amended to accommodate this change. Therefore:

- Allowances of a particular vintage are not available in accounts until April of the year of their vintage. For example, regardless of the auction outcome in December 2021, all vintage 2022 allowances awarded in that auction will be made available in accounts on

April 1, and all vintage 2023 allowance awarded in that auction will be made available in accounts April 1, 2023.

- The number of allowances made available for auction prior to the calculation of the banking adjustment in March is expected to remain equal to 40 percent of the aggregate emissions limit for the year. This is necessary to ensure that allowances are available for sale at the June and September auctions of each compliance year, when facilities are best able to estimate their compliance obligations for the year. MassDEP has posted a spreadsheet illustrating the intended method for calculating auction may consider changes at any time before the auction date.
- Unlimited banking of allowances by facilities is allowed.

Q12 – Can I see future vintage allowances in the Carbon Allowance Registry before an issuance event?

A12 – Yes. Registry users can see allowances data that is awaiting issuance or has already been issued under the allocation review screen. Allowances that are awaiting issuance will be label as "Future Issuance" under the status bar. Allowances that have already been issued will be label as" Issued" Allowances of a particular vintage are not available in "issued" status until April of the year of their vintage.

Future vintage allowances under "Future Issuance" cannot be transferred, they will only become available for trade on April 1st of the year of their vintage.

Q13 – What changes are being made to the allowance auctions for the 2025 auction series that begins in December 2024?

A13 – Two changes are being implemented beginning with the December 2024 auction:

1. The minimum reserve price (MRP) is being increased to $5 per allowance for vintage 2025 allowances. This change was informed by a December 2023 market monitor memorandum stating that it would "be efficient to raise" the minimum reserve price, considerations listed in a June 2024 discussion document, and comments received in September 2024. The price of $5 was chosen to stabilize prices while MassDEP considers further program changes; $5 is just below the clearing price for the September 2024 auction. Consistent with the market monitor's recommendation, the MRP will remain at $0.50 for future vintage allowance sales.

2. The limitation on any one bidder receiving more that 33 percent of the allowances offered for sale in any auction is being increased to percent . This change was informed by a market monitor recommendation that 45 percent would better allow all market participants to obtain the allowances needed to operate in the auctions.