



**MARKET MONITOR REPORT ON THE ELECTRICITY  
GENERATOR EMISSIONS LIMITS PROGRAM (310 CMR 7.74):  
AUCTION 2025-4**

**Prepared for:**

**Massachusetts Department of Environmental Protection on behalf of the  
Commonwealth of Massachusetts**

**Prepared by:**

**POTOMAC  
ECONOMICS**

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Potomac Economics is the Market Monitor for the Massachusetts Department of Environmental Protection (“MassDEP”) program to limit CO<sub>2</sub> emissions from electricity generating facilities located in Massachusetts.<sup>1</sup> Potomac Economics monitors the conduct of market participants in the auctions and in the secondary market to identify indications of anti-competitive conduct. Auction 2025-4 included two offerings: one offering for the current vintage (2025) and one offering for a future vintage (2026). This report discusses our assessment of Auction 2025-4, which was held on September 10, 2025.

Eleven bidders participated in the offering of 1,550,943 CO<sub>2</sub> allowances for the current vintage year (2025). Bids were submitted to purchase 2.0 times the available supply of allowances, resulting in a clearing price of \$15.03 per metric ton and the sale of all allowances offered. The number of 2025 vintage allowances offered in Auction 2025-4 was all of the remaining allowances for 2025. Auction 2025-4 was the last of eight auctions conducted to sell allowances for the 2025 vintage year.

Ten bidders participated in the offering of 358,202 CO<sub>2</sub> allowances for a future vintage year (2026). Bids were submitted to purchase 2.5 times the available supply of allowances, resulting in a clearing price of \$12.00 per metric ton and the sale of all allowances offered. The number of 2026 vintage allowances offered in Auction 2025-4 was equal to 5 percent of the annual cap for 2026. Auction 2025-4 was the fourth of eight auctions that will be conducted to sell allowances for the 2026 vintage year.

Based on our review of auction outcomes and bidding of individual Regulated Entities, we find:

- A large share of the 2025 allowances were awarded to Regulated Entities who will need them to satisfy their forecasted compliance obligations for 2025, while most were awarded to firms that will not need them for compliance until 2026.
- The clearing price of \$15.03 per metric ton for the current vintage was higher than the clearing price of \$12.00 per metric ton for the future vintage, reflecting that some Regulated Entities have a preference for allowances that are usable for 2025 compliance.
- Bid prices were relatively dispersed, reflecting significant variation among Regulated Entities in their expectations regarding the value of allowances, although the distribution of bid prices has been reduced since the auction reserve price for current vintage year allowances was raised from \$0.50 to \$5.00 per metric ton. The dispersion of bid prices reflects: (a) that relatively little market information has been available regarding the value of allowances and (b) that some generators earn high margins on the sale of electricity in some periods due to the wide distribution of hourly prices in the ISO New England market.

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<sup>1</sup> <https://www.mass.gov/guides/electricity-generator-emissions-limits-310-cmr-774>

In summary, most allowances were awarded to the firms that will need them for 2025 compliance. We did not observe behavior that would raise significant concerns regarding the competitiveness of the auction results.