

Regional Greenhouse Gas Initiative (RGGI)

Impacts in ISO New England

Setting the Record Straight on Costs and Benefits

September 9, 2026

WHAT IS RGGI?

For more than 17 years, RGGI has been New England's cornerstone carbon market. The program caps power sector emissions and returns emissions allowance revenue to states for reinvestment, most recently strengthened by the Third Program Review to tighten the cap and expand market mechanisms. The evidence is clear: when states invest the revenue they receive from RGGI, ratepayers come out ahead.



Source: RGGI Investment of Proceeds in 2024 Report (June 2026)

WHAT RGGI DOES IN ISO-NEW ENGLAND:

- Places a cap on CO₂ emissions from larger power plants (25 MW or above) that decreases each year
- Requires generators to purchase allowances at quarterly auctions, creating a revenue stream that RGGI states control
- Reduces electric wholesale market prices by incentivizing and contributing to investment in energy efficiency—which also reduces fossil fuel emissions over time
- Has driven CO₂ reductions of 37% since 2001 across New England power plants

WHERE THE MONEY GOES:

- Energy efficiency and beneficial electrification account for the largest share of RGGI proceeds invested in New England, 63% in 2024
- Other investment categories in New England are direct bill assistance (30%), and clean & renewable energy deployment (4%)
- Remaining proceeds support program administrative costs

BOTTOM LINE

- RGGI is an affordability mechanism that invests compliance revenue back into the states that generate it. When proceeds are reinvested, the program pays for itself and then some. This is particularly true for energy efficiency and clean energy investments.
- In 2025, the six ISO-New England (ISO-NE) states generated \$445 million in RGGI proceeds, which, applied through RGGI's own documented return ratios, are estimated to deliver \$1.3 billion in lifetime energy bill savings. It's important to take a longer-term view of the savings that accumulate overtime, rather than just annual costs based on the wholesale market in ISO-NE.
- Weakening or withdrawing from the RGGI program will reduce or eliminate lifetime energy bill savings and fail to leverage this effective affordability tool, leaving New England ratepayers exposed to volatile fuel prices with little or no relief.
- It is essential to support the states in their process of updating their RGGI regulations for the Third Program Review and to maintain support for the program.

RGGI IS A REVENUE AND REINVESTMENT ENGINE, NOT JUST A COST

While it is easy to cite the RGGI program's gross wholesale compliance cost for New England generators, this figure only tells half of the story. Every RGGI dollar collected at auction is returned to participating states, where it funds programs that permanently lower energy bills and reduce reliance on increasingly expensive fossil fuels.

In 2025, the six New England states generated \$445 million in RGGI auction revenue. Each year, the non-profit RGGI Inc. produces an **Investment of RGGI Proceeds report** that documents how states are investing funds generated via participation in RGGI, tracks actual program outcomes and calculates projected lifetime energy savings by investment category. Using the investment-to-benefit ratio found in the most recent (2024) version of the Proceeds report enabled Acadia Center to estimate lifetime benefits associated with RGGI investments in New England funded by RGGI proceeds in 2025.

Modeling conducted by ISO-NE estimates that, in 2025, carbon pricing programs added just over \$1.1 billion to total energy market costs in New England, with \$815 million of those additional costs attributable to RGGI.¹ In per household terms, that \$815 million works out to roughly \$55 per household per year (\$4/month).² However, customers save more than that. That \$4/month figure is what shows up as added cost on a typical bill in New England, but it *doesn't capture the other side of the ledger*—the savings: efficiency savings, bill credits, and affordable clean energy investments that RGGI proceeds fund. These savings reduce what customers pay, even when the savings do not appear as a specific line item on their bill.

To calculate 2025 projected savings, this analysis applies the approximate 2024 return ratios to 2025, and ISO-NE proceeds across all four investment categories yielding an estimated \$1.3 billion in potential ratepayer savings, which easily exceeds the \$815 million RGGI attributed wholesale cost. Even in states with less robust reinvestment portfolios, ratepayers more than breakeven; in states with stronger reinvestment portfolios, ratepayers end up saving much more than they pay, as demonstrated below in Table 2.

TABLE 2. PROJECTED LIFETIME SAVINGS BY STATE AND INVESTMENT ³						
STATE	2025 RGGI PROCEEDS	ENERGY EFFICIENCY SAVINGS (4.5X)	ELECTRIFICATION SAVINGS (1.22X)	CLEAN ENERGY (8.2X)	BILL ASSIST. (1.0X)	TOTAL LIFETIME SAVINGS
Connecticut	\$85.4M	\$142.3M	-	\$84.1M	\$40.1M	\$266.5M
Maine	\$48.2M	\$73.8M	\$37M	-	-	\$110.8M
Massachusetts	\$200.4M	\$577.8M	\$83M	-	-	\$660.9M
New Hampshire	\$68.4M	\$15.4M	-	-	\$65M	\$80.4M
Rhode Island	\$33.1M	\$46.2M	\$14.5 M	\$84.1M	-	\$144.8M
Vermont	\$9.45M	\$42.1M	-	-	-	\$42.1M
ISO-NE Total	\$445 M	\$897.7 M	\$134.5 M	\$168.2 M	\$105.1 M	\$1,305.5 M

RGGI AND THE WINTER OIL BURN FALLACY

Critics of RGGI often point to the region's wintertime reliance on oil-fired generation to suggest the fuel imposes a disproportionate cost on New Englanders. However, the data does not support the conclusions that oil is the primary driver, or even a significant driver of RGGI auction proceeds. Natural gas generation remains the main driver of RGGI compliance costs in the region, an issue that will not be solved by expanding gas pipeline infrastructure, but instead by expanding renewable generation and deploying energy efficiency in the region at a scale that meaningfully reduces reliance on gas generation. Using 2025 ISO-NE resource mix data for power plants utilizing fossil fuel and associated EIA emission factors for specific fuels, the table below shows the contribution of each fuel to RGGI-covered CO₂ emissions in New England in 2025.

**TABLE 3. WHERE RGGI-COVERED CO₂ ACTUALLY COMES FROM:
2025 ISO-NE GENERATION BY FUEL SOURCE⁴**

FUEL	ELECTRICITY GENERATION (GWH)	FUEL EMISSION FACTOR (LBS CO ₂ /GWH ⁵)	EMISSIONS (SHORT TONS CO ₂)	SHARE OF TOTAL EMISSIONS (%)
Natural Gas	60,447	909,870	27,499,456	95.4%
Coal	268	2,055,700	275,464	1.0%
Oil (No. 6)	737	1,771,385	653,072	2.3%
Oil (No. 2)	410	1,912,365	391,693	1.4%
All Fuels	62,130	—	28,819,685	100%

In 2025, a colder-than-normal year, oil accounted for only 1.03% of annual generation and 3.7% of total RGGI-covered CO₂. Natural gas, which generated 95.4% of fossil fuel CO₂, is the dominant cost driver, by a factor of 26-to-1 over oil.

CONCLUSIONS AND KEY TAKEAWAYS

- RGGI is estimated to deliver over \$1.3 billion in lifetime savings just from the 2025 investments for the participating ISO-NE states, especially through measures such as energy efficiency that compound and build on its original investment over time. This savings figure far surpasses the \$445 million in proceeds generated by RGGI allowance sales in New England in 2025.
- RGGI should be looked at not only for its initial cost, but for its return on investment over the long term for residents and businesses in New England, as well as its significant contributions to reducing power sector GHG emissions in the region (37% reduction in New England power sector emissions since program inception in 2001).
- States in ISO-NE should continue to champion RGGI, both within ISO-NE stakeholder processes and in other regional venues as a program that delivers benefits to its consumers while reducing costs long-term and advancing emission reductions goals. States should continue to advance the Third Program Review process, and continued state engagement will ensure the next round of updates keeps building on that record of ratepayer savings.

Endnotes

1 ISO-NE's [2025 Annual Market Report](#) estimates that carbon pricing programs added approximately \$1.1 billion to total ISO-NE wholesale electricity costs in 2025. That figure reflects all carbon pricing programs, of which \$85 million is attributable to RGGI.

2 Based on [EIA's estimate](#) that residential customers account for 42% of New England's total electricity consumption and using [U.S. Census data](#) of 6.2 million households in the region.

3 All figures represent projected lifetime savings accruing over the full measure life of funded programs, not in a single year. The proceeds figures reflect 2025 RGGI auction results. Because 2025 investment and outcomes data are not yet available, this analysis applies real data from 2024 report — the ratios of total proceeds each state invested in each of the four programs and the lifetime savings each returned — to the actual 2025 proceeds total.

4 Wood and Refuse electric generating facilities are exempted from the RGGI program. If they had been included in RGGI, each of the fuels would produce more RGGI auction revenues than oil. Both wood and refuse are more emissions intensive than oil and produce more GWh than oil — 2,012 GWh and 2,563 GWh, respectively, to oil's 1,147 GWh. See [ISO-NE's 2025 Resource Mix](#)

5 Derived from heat rates are sourced from Footnote 129 of the [ISO-NE Internal Market Monitor's 2025 Market Report](#)