

# Collaborative Greenhouse Gas (GHG) Programs

## Collaborative Regional GHG Programs:

- Three North American groups with goals to lower regional GHG emissions were initiated by state Governors.
- 32 U.S. states, D.C., eight Canadian provinces, and six Mexican states are Participants or Observers.
- Observer jurisdictions do not commit to group GHG reduction goals, but participate in proceedings should they opt to join later. RGGI Observers are not on its Board.

## Western Climate Initiative (WCI):

- Created February 2007
- Partners: 7 states, 4 provinces; Observers: 5 states, 1 province\*
- WCI announced its design for a market-based, *multi-sector* cap-and-trade program, Sept 2008:
  - 15% CO<sub>2</sub> reduction below 2005 levels by 2020
  - Phase I to take effect Jan 2012

## Midwest Greenhouse Gas Reduction Accord:

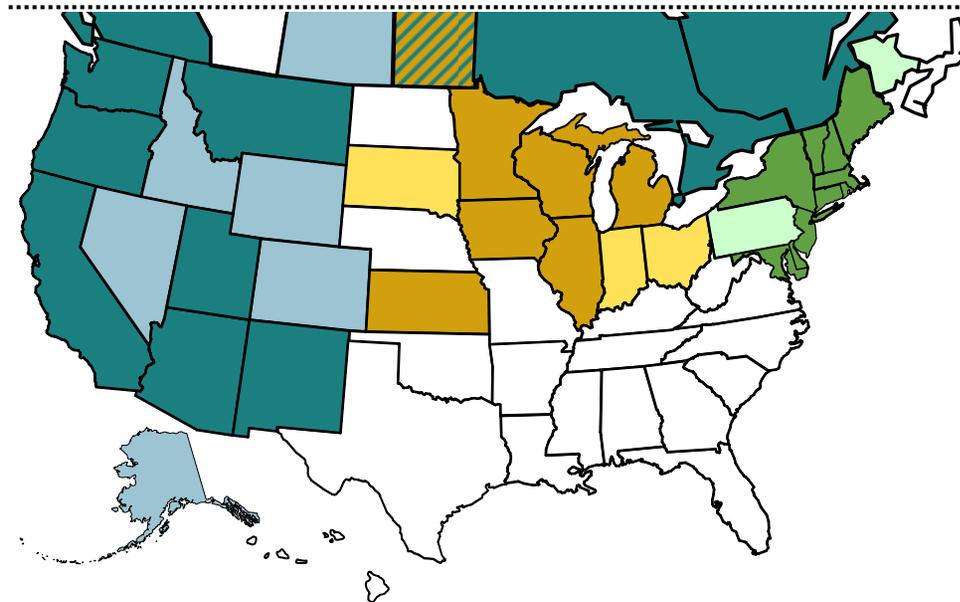
- Established November 2007
- Participants: 6 states, 1 province; 3 Observer states, 1 province
- *Preliminary* GHG policy recommendation: 15 – 25% reductions by 2020, 60 – 80% by 2050

## Regional Greenhouse Gas Initiative (RGGI):

- Takes effect Jan 2009
- 10 Participant states; Observers: 1 state, D.C., 3 provinces.
- Market-based cap-and-trade effort to reduce *power-sector* CO<sub>2</sub> emissions.
- 10% CO<sub>2</sub> reduction by 2018 covers over 200 plants
- 188 million allowances to be sold in 6 auctions

### Auctions:

1. **9/25**: 12.5 million allowances sold by 6 states, clearing at \$3.07/allowance.
2. **12/17/08**: first 6 states plus NY, NJ, NH, DE to participate in sale of 31.5 million allowances
- 3 to 6: All ten states on same percent basis as prior auctions.
  - 2009 dates: 3/18, 6/17, 9/16, 12/16



Updates at: <http://www.ferc.gov/market-oversight/mkt-electric/overview/elec-ovr-ghg.pdf>

Notes: Kansas is a MGGRA participant and WCI observer. Ontario and Quebec are Partners to WCI and Observers to RGGI; Ontario is also an observer to RGGI. Sources: Regional initiatives: [www.rggi.org](http://www.rggi.org), [www.midwesternaccord.org](http://www.midwesternaccord.org), [www.westernclimateinitiative.org](http://www.westernclimateinitiative.org), trade press, Pew Center.

## Collaborative Greenhouse Gas Programs

### Multiple parties call for national GHG standards:

- President-elect Obama pledged support for an emissions cap-and-trade system; he has said he would establish annual targets to reduce emissions to 1990 levels by 2020 and reduce them an additional 80% by 2050.
- Rep. Henry Waxman, Chair-elect of the House Energy and Commerce Committee, joined 150 House Democrats in Oct in outlining “principles” for climate change legislation, including emissions reductions of at least 15% by 2020.
- The Western Governors Association (WGA) sent President-elect Obama a letter urging him to “establish an aggressive and achievable national [GHG] reduction goal,” and to “propose a mandatory national system for reducing [GHG] emissions that makes maximum use of market mechanisms.”

### RGGI to hold Second Auction on December 17:

- Participants: CT, DE, MA, ME, MD, NH, NJ, NY, RI, VT
- Observers: PA, D.C., Ontario, Quebec, New Brunswick
- Six states from 1<sup>st</sup> auction will auction 1/6 of allowances in remaining 2008-09 auctions: CT, MA, ME, MD, RI, VT.
- DE, NH, NJ, and NY will participate in Auction 2, having passed necessary legislation since Auction 1. They will auction 20% of their allowances in each of 5 auctions.
- Auction 2 includes 31.5 million allowances at a base price of \$1.86/allowance.
  - The number of allowances is higher in Auction 2, because NY and NJ have larger quantities to auction.
  - In Auction 1 (9/25), 12.5 million allowances cleared at \$3.07/allowance, raising \$38.5 million. The base price of \$1.86/allowance was the same.
- The auction will begin on Dec 17<sup>th</sup>; results are expected by Dec 19.
- About 90 participants are said to have applied to bid at Auction 2, compared with 59 entities that bid in Auction 1.

### Midwest Greenhouse Gas Regional Accord:

- Signed Nov 2007 at Midwestern Governors Association Energy Summit to establish emission reduction targets consistent with members’ policies.
  - Participants: IA, IL, KS, Manitoba, MI, MN, WI
  - Observers: IN, OH, Ontario, SD
- Expects to release draft design in Dec. To be decided:
  - Which sectors should cap-and-trade cover?
    - electric power and large industrials (nearly ½ of regional emissions)
    - or include transportation, too (1/4)
  - Target reductions from 2005 levels:
    - 15% - 20% - 25% reductions by 2020
    - 60% - 80% reductions by 2050
  - recommendations subject to modeling outcomes conducted by ICF on costs and other impacts of cap-and-trade under different scenarios, including complementary policies in sectors outside the cap.

### Western Climate Initiative (WCI):

- Launched by WGA in Feb 2007 to reduce regional GHG collectively and cooperatively.
  - Partners: AZ, British Columbia, CA, Manitoba, MT, NM, Ontario, OR, Quebec, UT, WA
  - Observers: AK, CO, ID, KS, NV, Sask., WY
- WCI announced design for a market-based, *multi-sector* cap-and-trade program (Sept 2008):
  - 15% CO<sub>2</sub> reduction below 2005 levels by 2020
  - Covers 90% of regional emissions
  - Phase I to take effect Jan 2012
  - Phase II will begin 2015