

Western Climate Initiative



Western Climate Initiative: An Overview

National Energy and Utility Affordability Conference
Portland, Oregon

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History of the Western Climate Initiative

- In September of 2003 **Oregon, Washington, and California** form the West Coast Governor's Global Warming Initiative.
- In February of 2006 **Arizona and New Mexico** launch the Southwest Climate Change Initiative.
- In February of 2007 the Governors of these five states sign MOU agreement to form the Western Regional Climate Action Initiative (WRCAI).
- WCI Partners later agreed to refer to the WRCAI as the **Western Climate Initiative (WCI)** for short.

WCI Memorandum of Understanding



- Specific directives in MOU:
 - Set a regional greenhouse gas reduction goal consistent with state-by-state goals.
 - Develop a a “market-based multi-sector mechanism” (i.e., cap and trade program).
 - Participate in a greenhouse gas registry.
- Agree to work jointly on promoting:
 - Clean and renewable energy, energy efficiency, favorable regional and national climate policies, and adaptation measures.

The Western Climate Initiative Expands

British Columbia, April 2007

Utah, May 2007

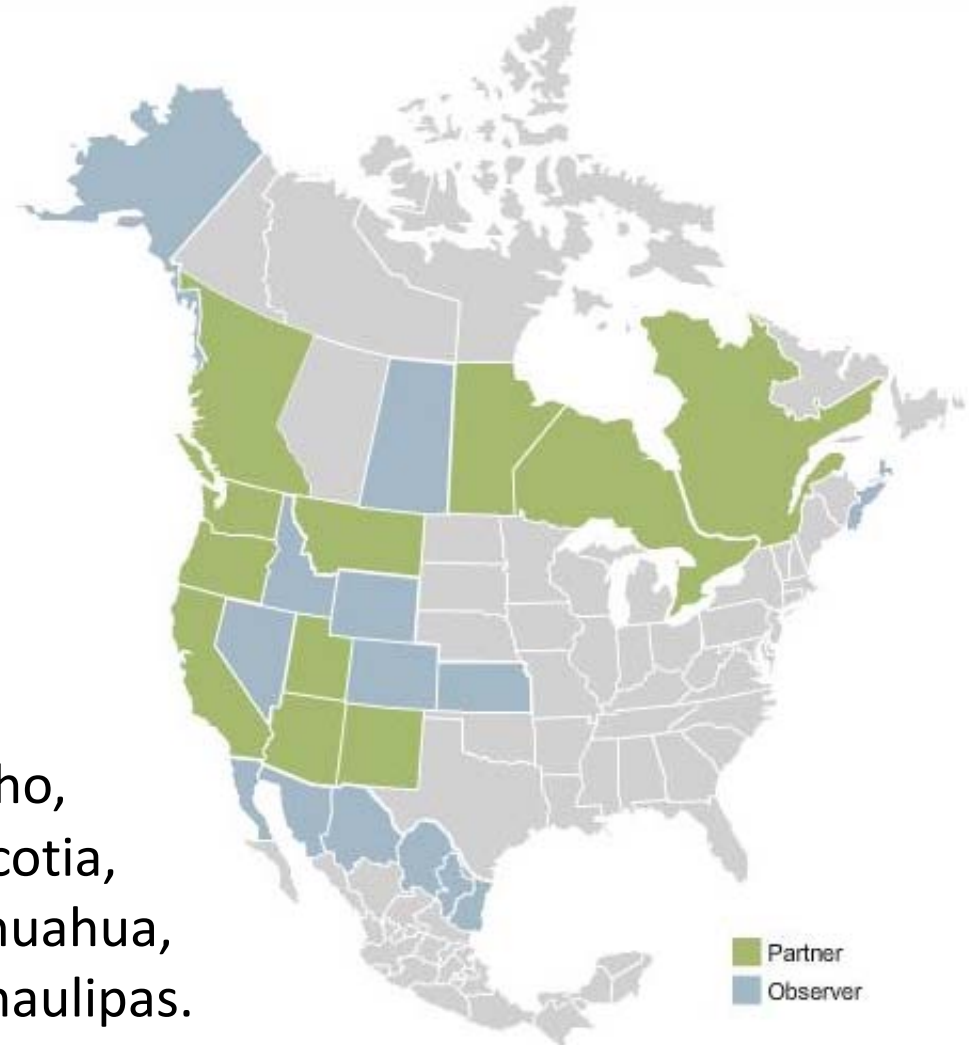
Manitoba, June 2007

Montana, January 2008

Quebec, April 2008

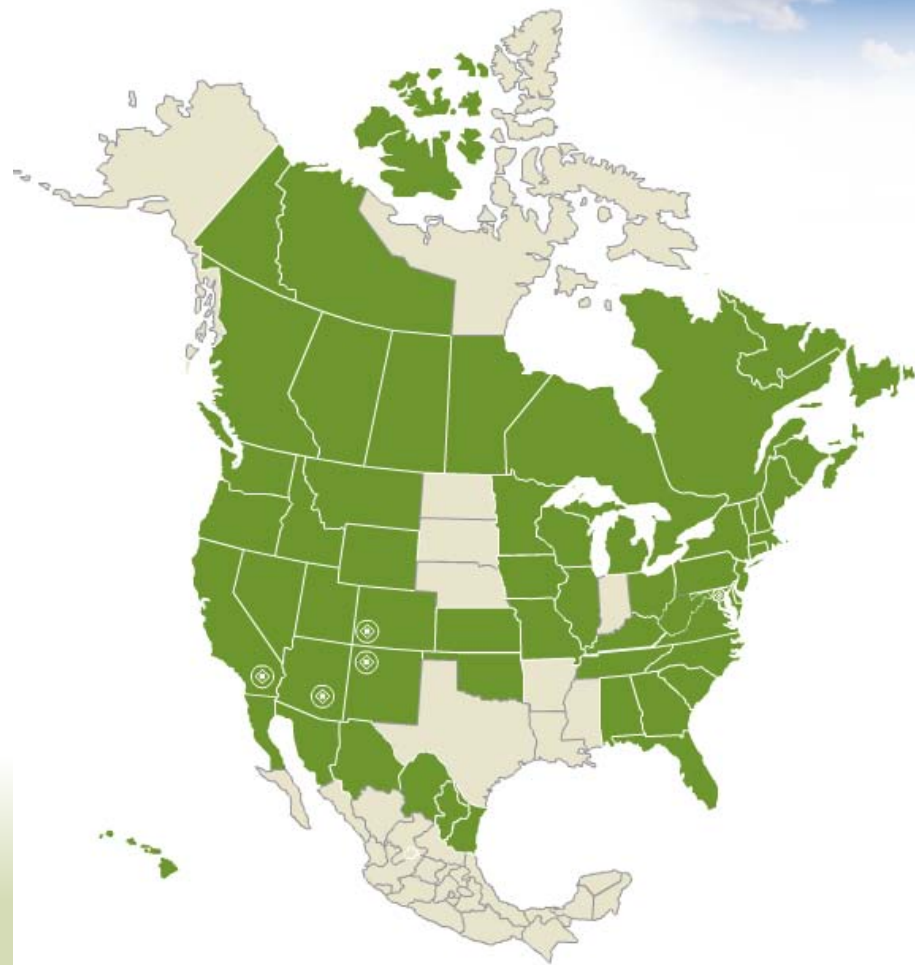
Ontario, July 2008

Observers: Alaska, Colorado, Idaho, Kansas, Nevada, Wyoming, Nova Scotia, Saskatchewan, Baja California, Chihuahua, Coahuila, Nuevo Leon, Sonora, Tamaulipas.



WCI Partners Commit to The Climate Registry (May 2007)

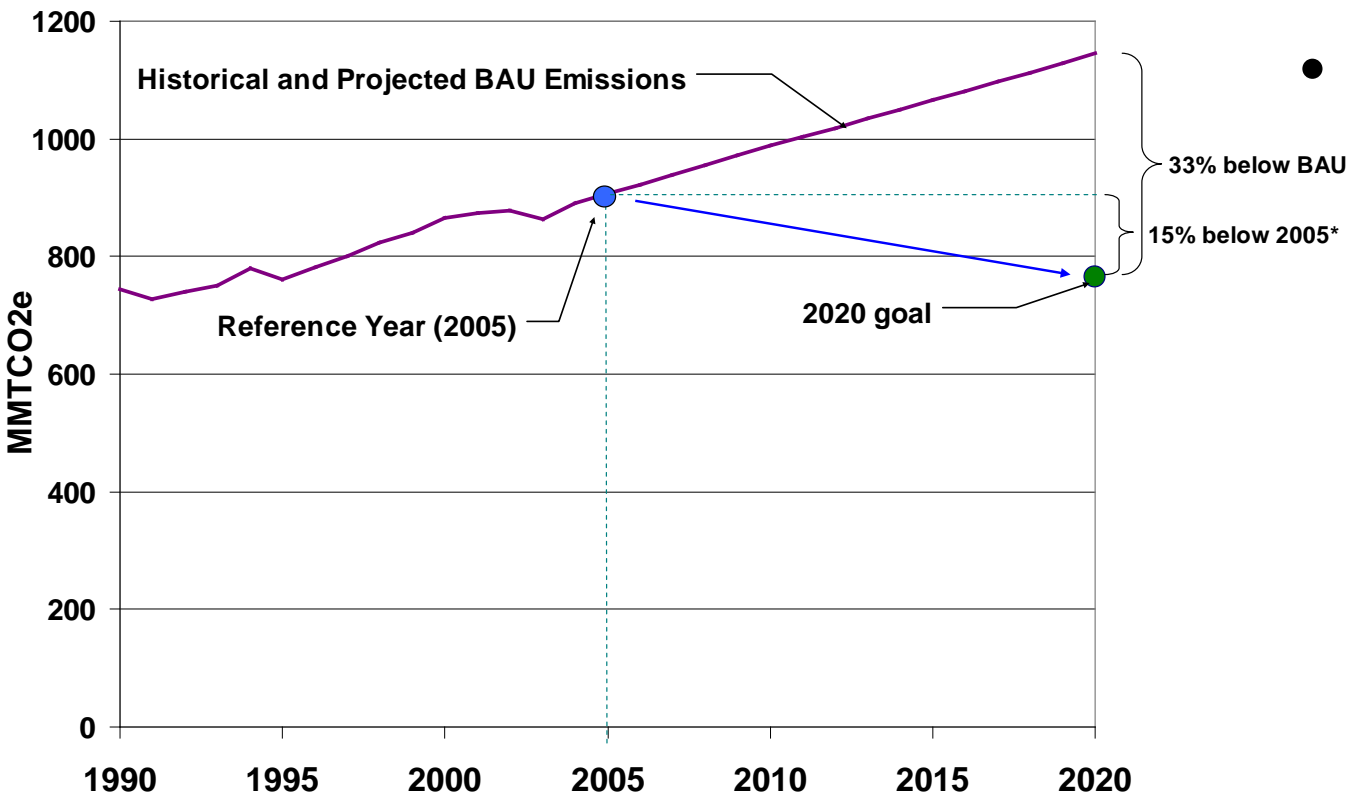
- Multi-state, provincial, and tribal greenhouse gas tracking and reporting platform.
- Launched in May of 2007.
- Board of Directors made up of states, provinces, & tribes.
- All WCI Partners were founding governments.
- 331 companies and organizations have become TCR members (May 2009).



The Climate Registry Board of Directors as of February 2009

WCI Sets Regional Goal (August 2007)

- WCI Partners agree to reduce greenhouse gas emissions in the WCI region to **15 percent below 2005 levels by 2020** (the combined impact of the WCI Partners' existing goals).



- Regional goal is to be achieved by the cap plus other complementary policies.

WCI Cap and Trade Design Recommendations (September 2008)

- 6 Kyoto GHGs from electricity and large stationary combustion & industrial process sources in 2012, transportation and heating fuels (upstream) in 2015.
 - RGGI = CO₂ from electricity only
 - EU ETS = CO₂ from electricity and industrial emissions
- Thresholds
 - 25,000 metric tons CO₂e annually for cap and trade
 - 10,000 metric tons CO₂e annually for reporting
- Will cover nearly 90% of region's emissions by 2015
 - RGGI = ~28% of emissions, EU ETS = ~40% of emissions

More Design Recommendations

- 2012 cap = best estimate of expected emissions
- 2020 cap based on state & provincial emission goals
- 10% minimum auction in 2012; increases over time
 - Half of 10% with reserve price to manage any over-allocation
- Some value should be used for WCI-wide benefits
- Distribution of remainder up to individual Partners
 - Some sectors may be standardized to address competition
- Compliance flexibility and cost containment
 - Offsets and allowances from other cap and trade systems
 - Unlimited banking and three year compliance periods
 - Early Reduction Allowances (ERA) between 2008 and 2012

What the Design Is and Isn't

- The WCI cap and trade design is:
 - The policy framework.
 - What must (or will) be the same between jurisdictions to have a regional program.
 - A collection of individual state and provincial programs.
 - Each state/province adopts own rules and/or legislation.
 - Harmonized around essential elements.
 - Linked to create a regional trading market.
 - All allowances and offset credits have same value.
- It isn't the specific details; they will come through legislative or rule processes in each jurisdiction.

Low Income Context

- WCI design principles calls for avoiding localized or disproportionate economic impacts from policies.
- WCI design document calls out possibility of using a portion of allowance value for, “Reducing consumer impacts, especially for low-income consumers.”
- Economic modeling shows it is possible to meet regional goal with modest overall savings, primarily focused in the residential and commercial sectors.
- Additional modeling underway, with first regional macroeconomic results expected to be helpful to indicate range of socioeconomic costs and benefits.

WCI in Context of Federal Programs

- WCI Partner jurisdictions support national approaches for cap-and-trade in both the USA and Canada.
- WCI Partner jurisdictions continue to work on the details of its cap-and -trade design for **implementation of the regional program** and to serve as a **model for federal policies**.
- Authority for WCI regional program already exists in California and British Columbia. Ontario and Quebec have authority to implement, but are also pursuing legislation. New Mexico has some potential administrative authority currently pending.
- WCI Partners have and will continue to share what has been learned with Congress, EPA, and the Canadian Government.

For More Information

- Contact WCI Partner representatives from your state or province (listed on WCI website)
- Website: www.westernclimateinitiative.org
- WCI Project Manager
Patrick Cummins, WGA, pcummins@westgov.org
- Information on Oregon & Oregon's WCI involvement:
 - Bill Drumheller, Bill.Drumheller@state.or.us
 - Oregon Climate Change Portal: www.orclimatechange.gov