



# Regional & State Greenhouse Gas Initiatives

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CIBO Environment Committee  
Meeting

September 16, 2008



# Presentation Overview

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- RGGI
- Western Climate Initiative
- Midwest Governors Association
- States
  - California
  - Oregon
  - Washington
  - Florida
  - Wisconsin
  - South Carolina



# Regional Greenhouse Gas Initiative (RGGI)

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- 1<sup>st</sup> mandatory cap & trade program in US
- 10 NE & mid-Atlantic states
- 10% CO<sub>2</sub> reduction by 2018 (from 2009 baseline)
- Applicability: fossil fuel-fired units serving generator 25 MW or larger
- Biomass-based CO<sub>2</sub> emissions may be subtracted



# Regional Greenhouse Gas Initiative (RGGI)

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- 25% to 100% of allowances auctioned
- 1<sup>st</sup> auction Sept 25
  - \$1.86 minimum price
  - \$5 to \$10 pre-auction pricing
- Early reduction credits
- Banking
- 3-year compliance true-up
- Price triggers
- Offsets
  - 3.3% limit, can rise to 10% on certain price signals



# Western Climate Initiative (WCI)

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- Launched February 2007
- Includes Arizona, California, NM, Oregon, Washington, Utah, Montana, BC, Manitoba, Quebec, Ontario
- 15% CO<sub>2</sub>e reduction below 2005 baseline by 2020; program launch 1/1/2012
- Draft program scope issued last Spring; final this Fall



# Western Climate Initiative (WCI)

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- **Scope: 6 GHGs**
- **Applicability:**
  - **Electricity generation (treatment of cogeneration under discussion)**
  - **Industrial/commercial combustion sources**
  - **Industrial process emissions**
  - **Residential/commercial/industrial fuel combustion for smaller sources (2<sup>nd</sup> phase)**
  - **Transportation fuels (2<sup>nd</sup> phase)**
  - **Alternative, but comparable, methods allowed (BC carbon tax)**
- **Thresholds: 25,000 metric tons CO<sub>2</sub>e for point sources**



# Western Climate Initiative (WCI)

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- Mandatory reporting: 10,000 tonnes (3<sup>rd</sup> party verification under discussion)
- 3-year compliance period with annual cap
- Auctions vs. free allocations—under discussion
- Credits for early reductions, but must come from each state's allowance budget
- Unlimited banking, but no borrowing
- “Rigorous” offset program; considering 10% limit



## Midwest Governors Association Energy Security & Climate Stewardship Platform

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- Wisconsin, Minnesota, Kansas, Illinois, Iowa, Michigan, Manitoba; Ohio, Indiana, S. Dakota as observers
- Multi-sector cap & trade program; reduction targets/timeframes consistent with member states' targets
- Multiple cooperative regional initiatives
- Details later this Fall





## Midwest Governors Association Energy Security & Climate Stewardship Platform

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- **Low carbon fuel standard**
- **RPS**
- **CCS and related transportation infrastructure**
- **Advanced coal & natural gas technologies**
- **Integration of wind energy**
- **Expanded biofuels production; development of biorefining industry**
- **Regional electric transmission & energy delivery capacity**
- **Maximized investment in energy efficiency initiatives**



# State Climate Action: California

- **AB32 makes California the leader on climate action**
- **Components of a California cap and trade & GHG reduction program moving forward, though not w/o controversy:**
  - **Phased in auction program now contemplated**
  - **Low carbon fuel standard**
  - **Increase RPS to 33%**
  - **Restrictions on land use GHGs**
  - **Offset standards delayed**
  - **Mandatory reporting**



# State Climate Action: Oregon & Washington

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- Looks like they will both back away from separate cap & trade programs in favor of WCI
- Mandatory GHG reporting
- Low carbon fuel standards
- RFS?
- Will focus on energy efficiency



# State Climate Action: Florida

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- Governor Crist signed massive energy plan this summer
- Includes cap & trade program, initially focused on utilities
- Many other elements, similar to other states and regional initiatives
- Stakeholders unanimous that Florida not go alone; Florida now considering linkage with RGGI and/or WCI
- Any real action needs legislative approval



# State Climate Action: Wisconsin

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- Governor Doyle initially gung-ho, but key stakeholder recommendations fairly benign:
  - No independent cap & trade program
  - Big focus on improved energy efficiency
  - Big focus on growing biorefinery concept
  - RPS and RFS in play
  - Some recognition of cost impacts
  - Governor Doyle decisions by year-end



# State Climate Action: South Carolina

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- **Advisory Committee recommendations (this summer):**
  - **Reduce GHGs 5% below 1990 levels by 2020 (voluntary)**
  - **Energy efficiency programs, funds, goals**
  - **Promote CHP**
  - **RPS & support for nuclear**
  - **SC Clean Car program**
  - **Alternative fuels infrastructure and production**
  - **Forest/agriculture sequestration**
  - **GHG reporting**