

Western Climate Initiative



Climate Policy Update: Western Climate Initiative

Bill Drumheller, Oregon Department of Energy
Renewable Energy Markets Conference
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WCI Memorandum of Understanding



- Specific directives in MOU (18-month clock):
 - Set a regional greenhouse gas reduction goal consistent with state-by-state goals.
 - Goal set at 15% below 2005 emission levels by 2020.
 - Develop a “market-based multi-sector mechanism”.
 - Initial design recommendations released Sept. 2008.
 - Participate in a greenhouse gas registry.
 - All WCI Partners helped establish The Climate Registry.
- WCI Partners agree to work jointly on promoting:
 - Clean and renewable energy, energy efficiency, regional and national climate policies favorable to the West, and climate change adaptation measures.

The Western Climate Initiative Today

British Columbia, April 2007

Utah, May 2007

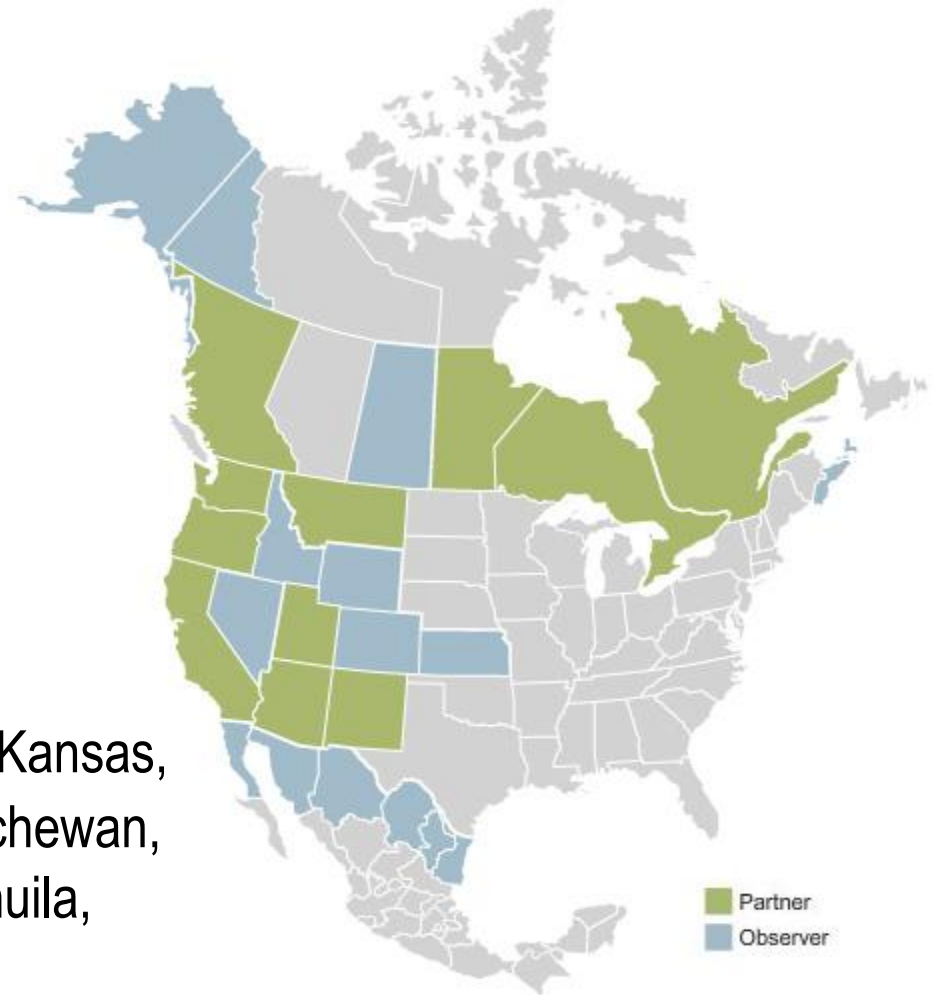
Manitoba, June 2007

Montana, January 2008

Quebec, April 2008

Ontario, July 2008

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



Detailed Program Design

- WCI Partner jurisdictions release [*Design for the WCI Regional Program*](#) on July 27, 2010.
- Comprehensive strategy – including an emissions cap and other core policies (e.g., renewable energy, transportation, energy efficiency) -- to reduce greenhouse gases and spur a clean-energy economy.
- Culmination of two years of work since WCI Partners released initial design recommendations in 2008.
- Provides a roadmap to inform WCI Partners in their development of implementing regulations.

Cap-and-Trade Design Recommendations

- Kyoto+NF₃ ghg emissions from electricity and large stationary combustion & industrial processes in 2012, transportation and heating fuels (upstream) in 2015.
 - **RGGI** = CO₂ from electricity only
 - **EU ETS** = CO₂ from electricity and industrial emissions
- Thresholds (annual metric tons CO₂ equivalent)
 - 25,000 for cap & trade regulation; 10,000 for reporting
- Will cover nearly 90% of region's emissions by 2015.
 - **RGGI** = ~28% of emissions, **EU ETS** = ~40% of emissions
- Offsets, compliance flexibility, and cost containment.

Current Status of Cap-and-Trade Program

- **California, New Mexico, Quebec, Ontario, and British Columbia** all have the legislative or regulatory authority to implement cap-and-trade.
- All five jurisdictions are in the process of rule development for program implementation.
- These five jurisdictions cover about 70 percent of total emissions in the WCI Partner jurisdictions.
- The WCI program is designed to accommodate jurisdictions with alternative schedules.
- A robust carbon market should emerge in 2012.

Context for Voluntary Renewable Energy (VRE) Set Aside Recommendations

- Draft recommendations paper (January 14, 2010).
- Final paper: [*Voluntary Renewable Energy Market: Issues and Recommendations*](#) (July 27, 2010).
- A fundamental premise of the WCI program design is allowing broad WCI Partner discretion in allocating allowances for designated purposes.
- Recommendations on addressing VRE had to work within this important design parameter.
- Therefore, focus is on an optional VRE set aside.

VRE Set Aside Recommendations

- For those WCI Partner jurisdictions that do choose to implement a VRE set aside program they:
 - Should use a REC tracking system (not the “contract path”).
 - Are free to define their own renewable energy eligibility.
 - Should use a “generator-based” approach and retire allowances whenever RECs from a facility in that jurisdiction’s territory are purchased and retired by a customer in the VRE market with no limitation on the customer’s location.
 - Are free to bound the program with time or allowance limits.
 - Should, ideally, assign emissions based on a WCI default rate but what emissions factor to use is up to the jurisdiction.

For More Information

- Contact WCI Partner representative(s) from your state or province (listed on WCI website)
- WCI 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