

Western Climate Initiative



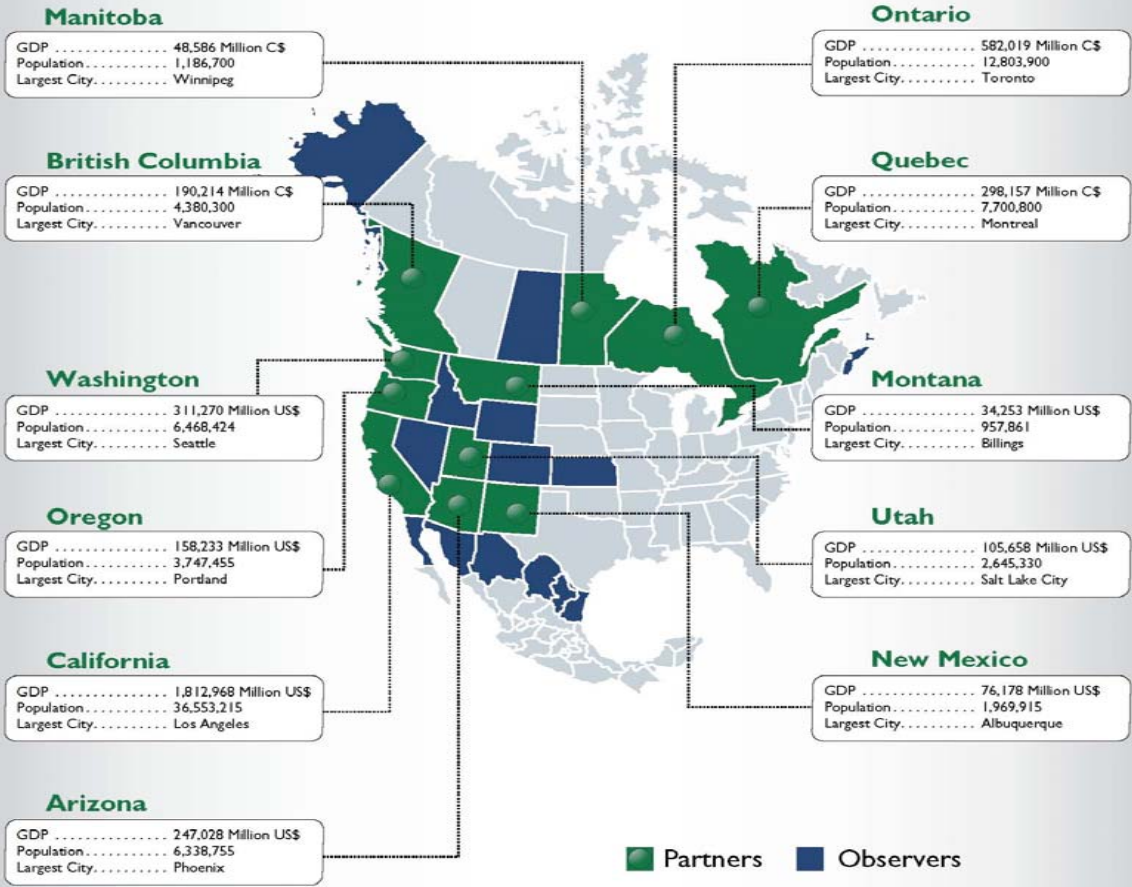
Western Climate Initiative

Janice Adair,
Immediate Past U.S. Co- Chair
Washington State Department of Ecology

WASHTO 2009
Seattle, Washington
July 15, 2009

www.westernclimateinitiative.org

Western Climate Initiative



- WCI OBSERVERS**
- | | | |
|---------------|----------------------|-----------------|
| CANADA | UNITED STATES | MEXICO |
| Nova Scotia | Alaska | Baja California |
| Saskatchewan | Colorado | Chihuahua |
| | Idaho | Coahuila |
| | Kansas | Nuevo Leon |
| | Nevada | Sonora |
| | Wyoming | Tamaulipas |

All Figures for 2007
 Source for US data: US Census Bureau and US Bureau of Economic Analysis
 Source for Canadian data: Statistics Canada

WCI Cap and Trade

- Original agreement signed February 2007
- Cap and Trade Policy Framework -- Sept. 2008
 - Coverage: 90% of the region's emissions; 6 greenhouse gases
 - Cap: 15% below 2005 levels by 2020
 - Threshold: 25,000 mt; Reporting at 10,000 mt
 - 3 year compliance period; Limited offsets allowed; Unlimited banking; No borrowing; Early action recognized
 - Start date 2012 with fully economy coverage in 2015
 - Allowance distribution left to each partner

Comparison to American Energy and Security Act (H.R. 2454) Cap-and-Trade Provisions

- Coverage: 85% of U.S. emissions; 7 GHGs
- Cap: 17% below 2005 levels by 2020
- Threshold: 25,000 metric tons; Reporting at 10,000 metric tons
- 1 year compliance period; Offsets allowed (liberal limits); Unlimited banking; limited borrowing; Strategic Allowance Reserve
- Start date 2012; full economy coverage in 2016
- Allocation of allowances: ~80% for public purposes; ~20% direct to certain industries

Other Provisions of H.R. 2454

- Title I – Clean Energy
- Title II - Energy Efficiency
- Title III - Cap and Trade
- Title IV – Transitioning to a Clean Energy Economy
- Title V – Agricultural and Forestry Related Offsets (in version that passed the House)

Transportation and GHG Reduction

- Fuels included in regional and national cap
- Several states/provinces pursuing alternative low- or no- carbon fuel options
- WCI considering complementary policies
- Waxman-Markey
 - Electric vehicles
 - Flex fuels
 - Transportation Planning

Ongoing WCI Design Work

- Deeper understanding of regional industries
- Competitiveness issues created by cap-and-trade
- Complementary and transition policies
 - Emission reductions outside and below the cap
 - Workforce and community impacts
- Macroeconomic analysis
- Market design and operation
- Design and operation of the offset system
- Emissions reporting

What We've Learned

- Climate policies only start out as environmental policies
- Consistency in data matters
- No amount of data will persuade some people
- Market oversight concerns are real and must be addressed
- Offset criteria is challenging
- Industry “sectors” are not monolithic
- National and regional proposals encounter similar resistance

Summary

- WCI Partner jurisdictions support a national approach for cap-and-trade that is at least as rigorous as WCI's design
- We are continuing to work on the details of our cap-and-trade design
- We are also working on identifying complementary policies
- We have shown that a very diverse group of jurisdictions can reach agreement
- We have and will continue to share what we've learned with Congressional staff and EPA

For more information

Website and WCI listserv –
www.westernclimateinitiative.org