

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):

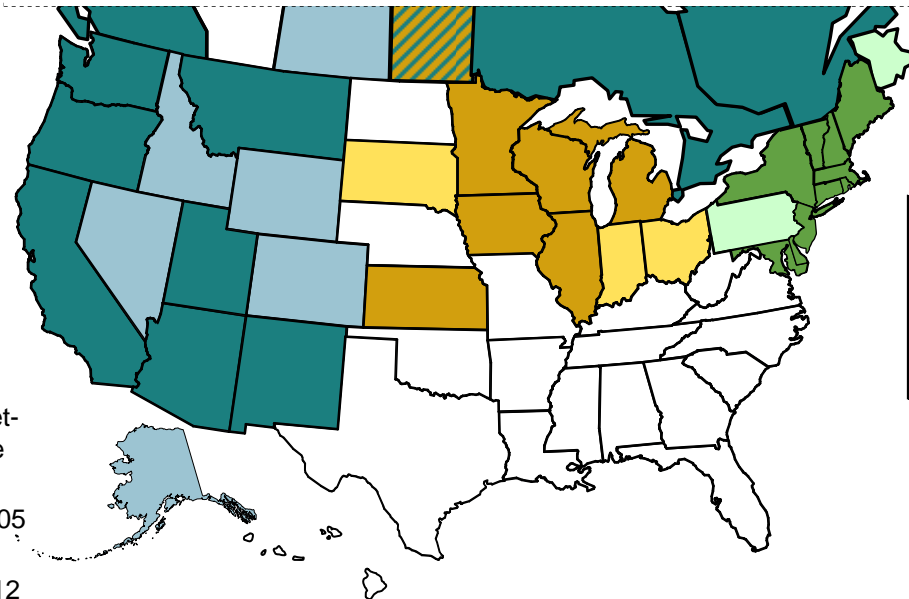
- Created February 2007
- Partners: 7 states, 4 provinces; Observers: 5 states, 1 province
- Announced its design for a market-based, *multi-sector* cap-and-trade program, Sept 2008:
 - 15% CO₂ reduction below 2005 levels by 2020
 - Phase I to take effect Jan 2012

Midwest Greenhouse Gas Reduction Accord:

- Established November 2007
- Participants: 6 states, 1 province; Observers: 3 states, 1 province
- Preliminary design recommendations issued Dec 2008: 15 - 25% reductions by 2020, 60 - 80% by 2050

Regional Greenhouse Gas Initiative (RGGI):

- Compliance period began Jan 1, 2009
- Participants: 10 states; Observers: 1 state, D.C., 3 provinces
- Market-based cap-and-trade effort to reduce *power-sector* CO₂ emissions.
- 10% CO₂ reduction by 2018 covers over 200 plants
- One allowance is the right to emit 1 ton of CO₂
- Annual RGGI cap is 188 million tons



RGGI Auction Data

Auction Date	Allocation Year	Allowances Sold (000s)	Clearing Price
9/25/08	2009	12,565	\$3.07
12/17/08	2009	31,506	\$3.38
3/18/09	2009	31,514	\$3.51
3/18/09	2012	2,176	\$3.05

- Participant in WCI
- Observer to WCI
- Participant in MGGRA
- Observer to MGGRA
- Participant in RGGI
- Observer to RGGI
- Participant in MGGRA & WCI

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, www.midwesternaccord.org, www.westernclimateinitiative.org, Point Carbon, analyst reports, trade press

Collaborative Greenhouse Gas Programs

National Energy and Environment Update:

- President Obama's proposed budget includes cap-and-trade revenue beginning in 2012.
- Congressmen Waxman and Markey released a draft Energy and Emissions bill March 31, which includes:
 - a GHG cap-and-trade plan to reduce emissions 20% below 2005 levels by 2020 through a multi-sector emissions trading program beginning in 2012
 - limits on the carbon content of motor fuel

RGGI's Auction 3 held on March 18, 2009:

- RGGI states auctioned 2009 vintage allowances and the first 2012 control-period allowances, raising \$117 million for energy efficiency, renewable energy, and other consumer-benefit programs in participating states.
- Participant states are: CT, DE, ME, MD, MA, NH, NJ, NY, RI, VT.
- Demand outstripped supply for both vintages. 50 entities bid 2.5 times the offered 31.5 million 2009 allowances, and 20 entities bid 2.3 times the available 2.2 million 2012 allowances.
- Compliance entities or affiliates (generators) were awarded the bulk of allowances:
 - 78% of 42 winners for 2009 allowances
 - 93% of 12 winners for 2012 allowances
- 2009 allowances cleared at \$3.51 per allowance, 13¢ higher than Auction 2. Analysts posited that the expectation that RGGI allowances might have grandfathered value in a national cap-and-trade system may underpin the increased prices in each auction for 2009 allowances.
- 2012 allowances cleared at \$3.05 per allowance. The 2.2 million allowances are 1.5% of the 2012 cap.
- The 4th and 5th RGGI auctions are scheduled for June 17th and September 9th.

Midwest Greenhouse Gas Regional Accord:

- Signed at Midwestern Governors Association Energy Summit to establish GHG reduction targets, Nov 2007:
 - Participants: IA, IL, KS, Manitoba, MI, MN, WI
 - Observers: IN, OH, Ontario, SD
- Preliminary Design Recommendations issued Dec 2008
 - Target reductions from 2005 levels: 15% - 25% reductions by 2020; 60% - 80% by 2050
 - Cap-and-trade should cover multiple sectors
 - Each jurisdiction to control allowance distribution methods
 - Final design pending results of further ICF modeling
- Model Rule anticipated by August 2009

Western Climate Initiative (WCI):

- Launched at Western Governors' Association meeting to reduce regional GHG collectively, Feb 2007:
 - Partners: AZ, British Columbia, CA, Manitoba, MT, NM, Ontario, OR, Quebec, UT, WA
 - Observers: AK, CO, ID, KS, NV, Saskatchewan, WY
- Initial design released for a market-based, *multi-sector* cap-and-trade program (Sept 2008):
 - Phase I to take effect Jan 2012
 - Phase II to begin 2015; will cover 90% of regional emissions
- Released its [2009 - 2010 Work Plan](#), Feb 2009. Key WCI Committee tasks include:
 - develop emissions reporting database & allowance tracking system
 - develop rules for robust and transparent allowance and offset credit trading market
 - examine role of RECs in GHG accounting and treatment of voluntary renewable energy
 - update policy modeling; revise energy efficiency assumptions