

# 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

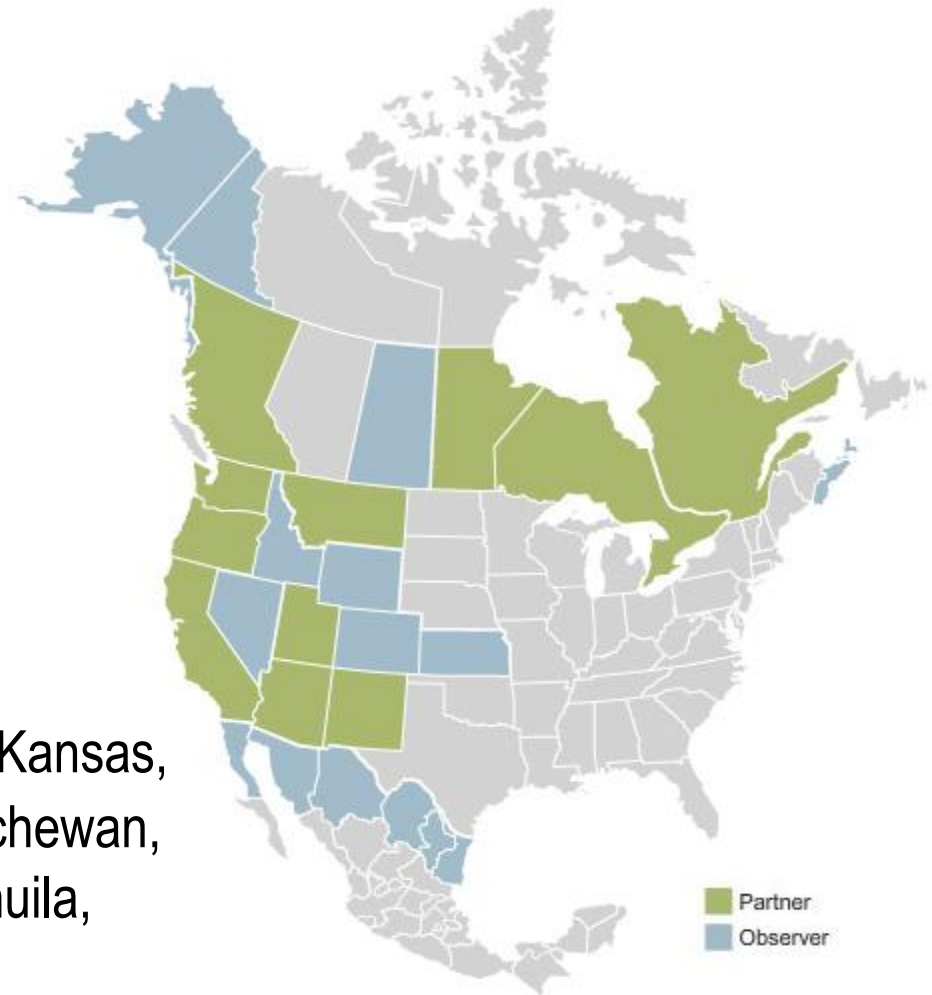
**Manitoba**, June 2007

**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+NF<sub>3</sub> ghg emissions from electricity and large stationary combustion & industrial processes in 2012, transportation and heating fuels (upstream) in 2015.
  - **RGGI** = CO<sub>2</sub> from electricity only
  - **EU ETS** = CO<sub>2</sub> from electricity and industrial emissions
- Thresholds (annual metric tons CO<sub>2</sub> 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](http://www.westernclimateinitiative.org)
- WCI Project Manager  
Patrick Cummins, WGA, [pcummins@westgov.org](mailto:pcummins@westgov.org)
- Information on Oregon & Oregon's WCI involvement:
  - Bill Drumheller, [Bill.Drumheller@state.or.us](mailto:Bill.Drumheller@state.or.us)
  - Oregon Climate Change Portal: [www.orclimatechange.gov](http://www.orclimatechange.gov)