

# Western Climate Initiative



## Western Climate Initiative: An Overview

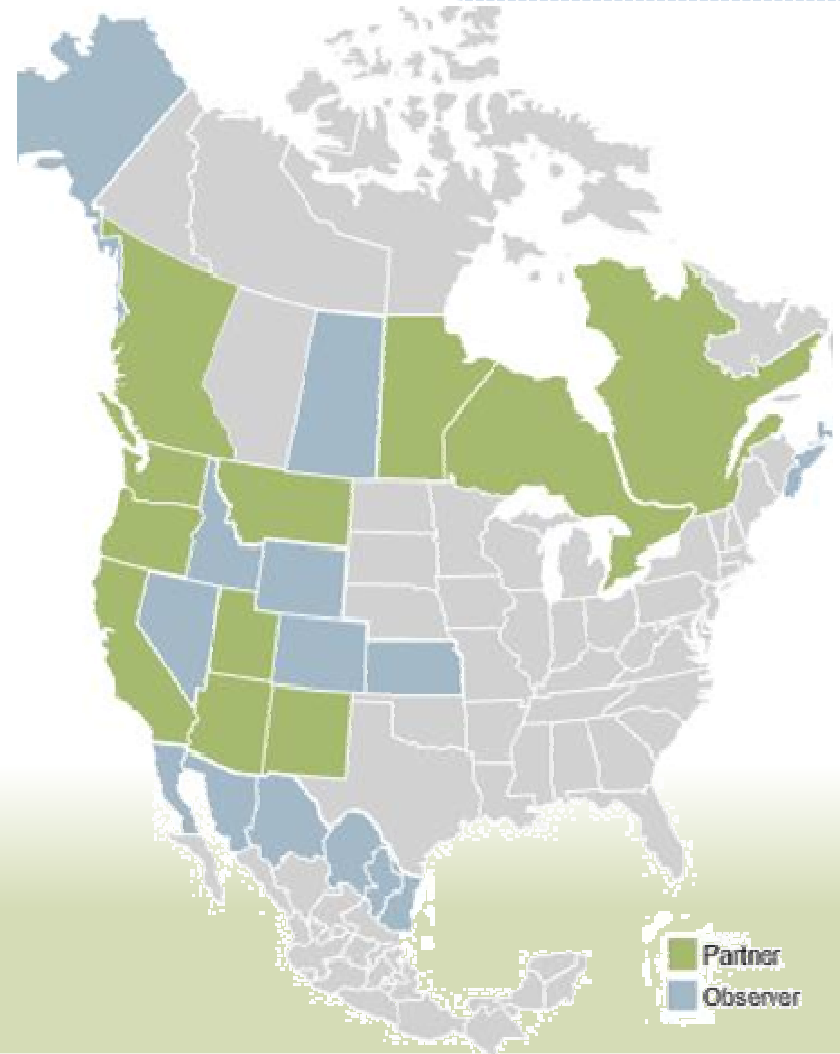
[www.westernclimateinitiative.org](http://www.westernclimateinitiative.org)

# WCI Partners

- February 2007 – MOU signed by Governors of Arizona, California, New Mexico, Oregon and Washington
- Governors & Premiers of British Columbia, Manitoba, Montana, Ontario, Quebec and Utah have since joined
- Observers:
  - U.S. states: AK, ID, CO, KS, NV, WY
  - Canadian provinces: Nova Scotia, Saskatchewan
  - Mexican states: Baja California, Chihuahua, Coahuila, Nuevo Leon, Sonora, Tamaulipas

# WCI Region

	7 States	4 Provinces	11-Partner Region
Population (million)	59	26	85
	19% of U.S.	79% of Canada	25% of both
GDP (\$ billion)	2,329	\$1,010	\$3,339
	20%	76%	26%
Greenhouse Gas Emissions (MMTCO <sub>2</sub> e)	928	377	1,305
	13%	50%	17%



# Initiative Collaboration Includes

Identify, evaluate and implement ways to reduce GHG emissions collectively and achieve related co-benefits.

## Outputs:

- Set a regional emissions reduction goal
- Join a multi-state GHG registry
- Design a regional multi-sector, market-based mechanism

## Work jointly to:

- Promote clean and renewable energy in the region
- Increase energy efficiency
- Advocate for regional and national climate policies that are in the interest of western states
- Identify measures to adapt to climate change impact

# WCI Sets Regional Goal (August 2007)

- Goal is 15% below 2005 levels by 2020
  - Consistent with WCI Partners' individual goals
  - Economy-wide
  - Goal is to be achieved by cap-and-trade plus other policies
  - Recognizes need for greater long-term reductions
- Detailed memo available at [www.westernclimateinitiative.org](http://www.westernclimateinitiative.org)

# WCI Cap and Trade Design Recommendations (September 2008)

- Coverage
  - All 6 primary greenhouse gases
  - Large stationary sources – combustion and process emissions
  - Electricity – generators and importers
  - Transportation and Residential/Commercial Fuels – upstream
- Start dates
  - 2010 for emissions reporting
  - 2012 for large stationary sources and electricity
  - 2015 for transportation and RCI fuel providers

# Design Recommendations, *cont.*

- **Threshold**
  - 25,000 metric tons annually for coverage under cap-and-trade
- **Compliance Flexibility and Cost Containment**
  - Offsets allowed
    - Limited to 49% of overall emission reductions
    - Prefer in-region projects, but no geographic limits
  - Banking but no borrowing
  - Three year compliance periods
  - Early Reduction Allowances (ERA)
  - Allowances from other cap and trade systems

# Design Recommendations, *cont.*

- Allowance distribution
  - Individual partner discretion
  - Some standardization to address competition and leakage issues
  - 10% minimum auction in 2012; increase over time; reserve price
  - Identified priorities for use of allowance value.

# Ongoing WCI Activity

- Implementing the Design Recommendations
- Evaluating complementary policies
- Working with stakeholders
- Coordinating with other regional initiatives
- Coordinating with federal governments

# Implementing the Design Recommendations

- Mandatory reporting
  - Harmonizing with U.S. EPA Rule
- Electric power sector
- Cap setting
- Competitiveness
- Offsets
- Market design and oversight
- Economic analysis

# For More Information

[www.westernclimateinitiative.org](http://www.westernclimateinitiative.org)

- WCI Partner Representatives
- WCI documents and stakeholder comments
- WCI list server