

Progress on Market Linkages

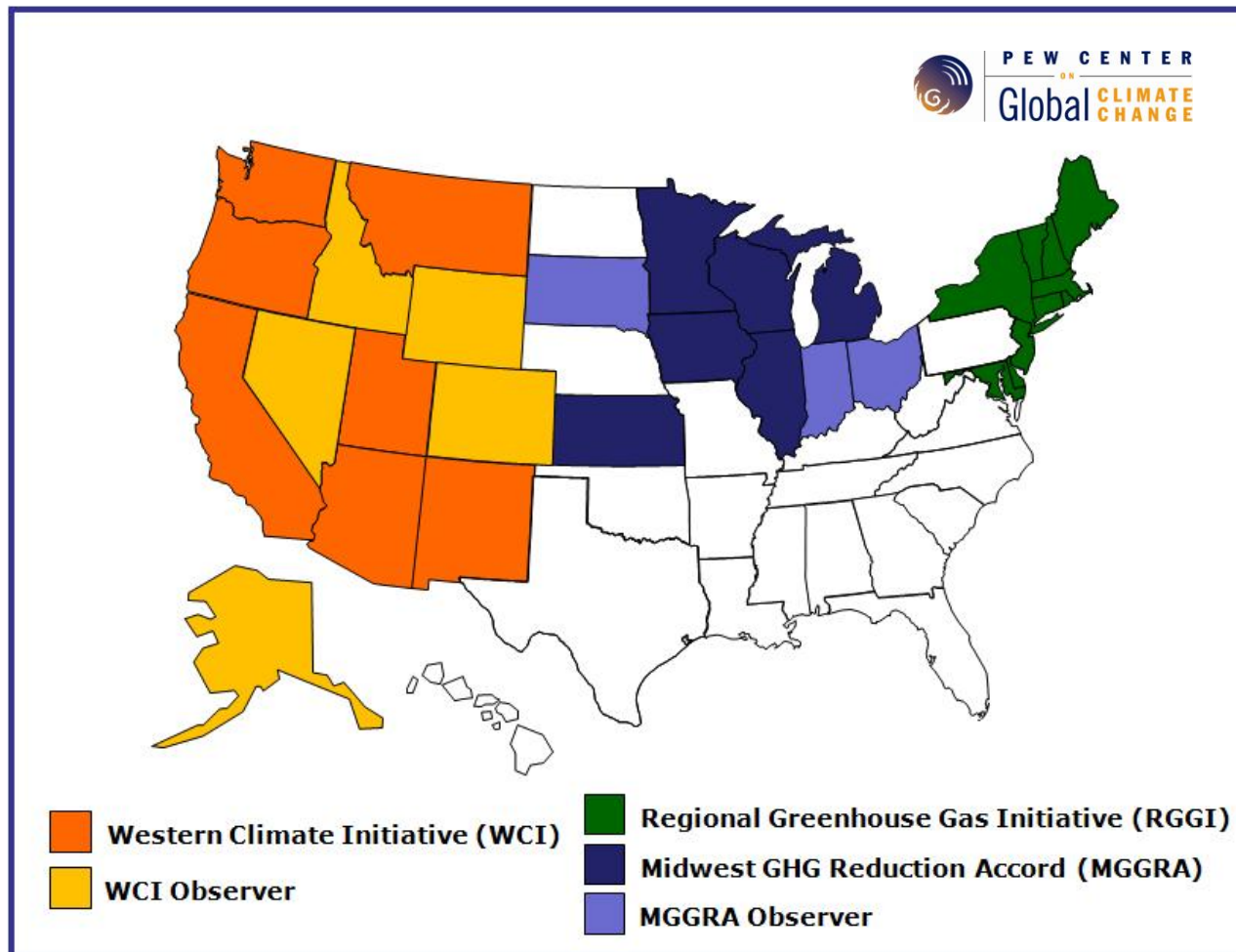
Justin Johnson,
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PROGRAM OVERVIEW

<u>Sector:</u>	Electric generation facilities (25 MW or higher)
<u>Cap:</u>	188M tons of CO ₂ per year (2009-2014); will decrease 2.5% per year (2015-2018)
<u>Compliance:</u>	Facilities must possess one allowance / each ton of CO ₂ emitted within a three-year compliance period
<u>Allocation:</u>	Close to 100% auction; Proceeds invested in consumer benefit
<u>Banking:</u>	Unused allowances can be banked for future
<u>Offsets:</u>	Facilities can use offsets to cover 3.3% of emissions; 5 project categories; independently verified

U.S. States are Leading the Way

23 states are working to implement regional cap-and-trade systems for GHGs : RGGI, WCI, MGGRA



RGGI Offsets

Currently, applications accepted in 5 categories:

1. Landfill methane capture and destruction
2. Sulfur hexafluoride (SF6) in the electric power sector
3. Carbon sequestration due to afforestation
4. End-use energy efficiency in the building sector
5. Avoided methane emissions from agricultural manure management

Prescriptive, Category-Specific Requirements:

- ✓ Real
- ✓ Additional
- ✓ Verifiable
- ✓ Enforceable
- ✓ Permanent

Linking

- Technical Challenges
- When will it happen?
- Status of the discussion?
- Procedural Hurdles?
- Lessons Learned
- Why Link at all?

Linking Conversations

- Started with “Three Regions” now a broader conversation looking at:
 1. Coordinate efforts to design, promote, and implement effective and efficient policies
 2. Advocate for appropriate roles for state, provincial, and federal governments
 3. Achieve meaningful emissions reductions
 4. Demonstrate the economic and job creation benefits of policies

Shared Activities

- Evaluate and communicate the benefits of moving to a low-carbon economy
- Drive energy efficiency and emissions reduction in the electricity and industrial sectors
- Develop high quality offsets
- Explore linking of existing programs

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