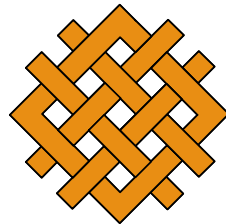




U.S. States and Regions Tackle Climate Change



*Franz T. Litz
Senior Fellow
World Resources Institute*

Overview

- The Context for State and Regional Action
- Key State Climate Plans & Policies
- Regional Greenhouse Gas Initiative (RGGI)
- Western Climate Initiative (WCI)
- Other Notable Efforts:
 - Emerging Efforts in Southeast and Midwest United States
 - The “National Climate Registry”
 - Applying State Lessons in the Federal Debate

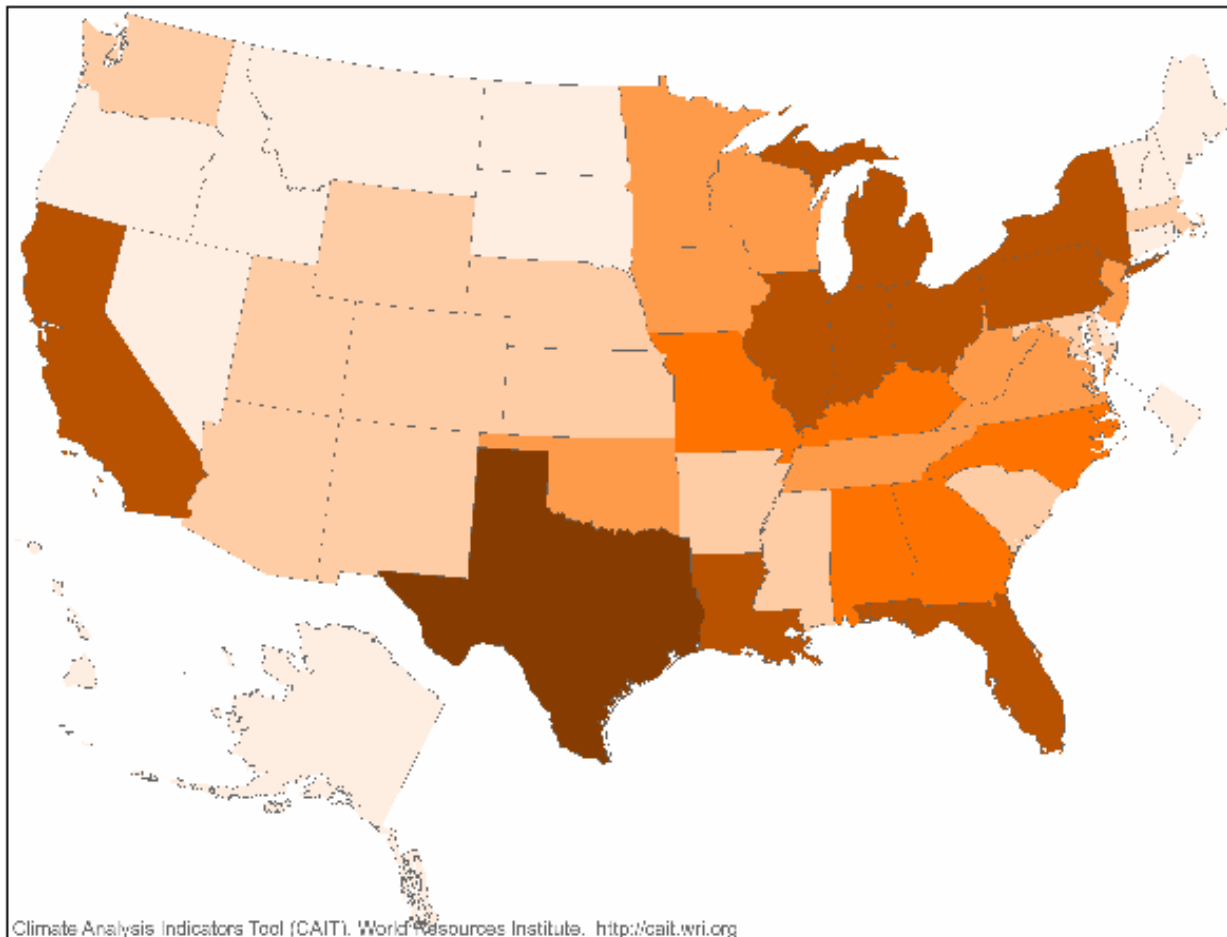
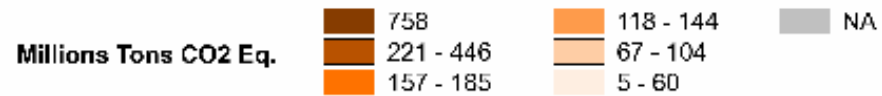


The Context



W R I

U.S. GHG Emissions



US Emissions: An International Context



© 2006, World Resources Institute

China
(all states outlined in red)

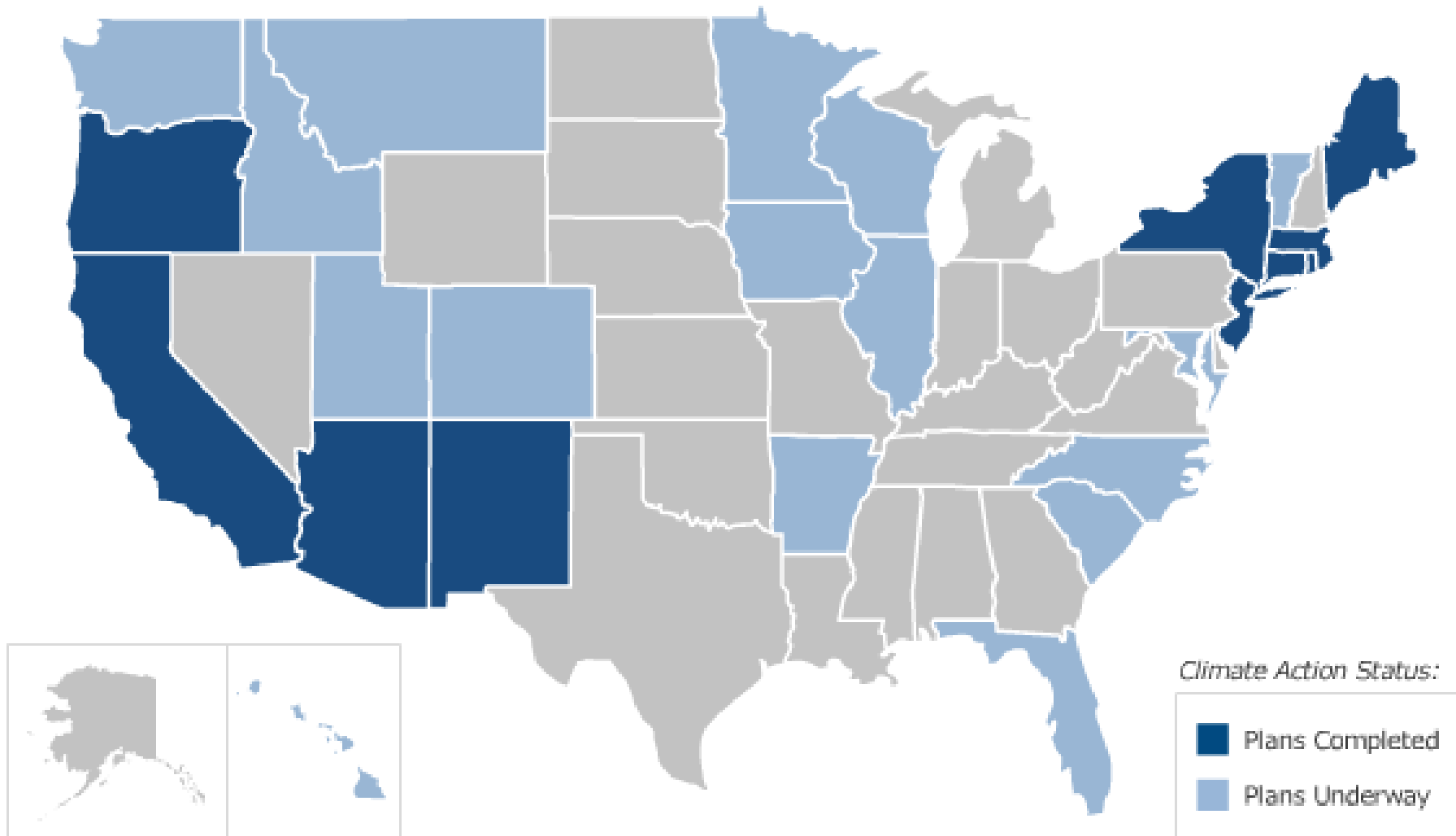


Key State & Regional Action



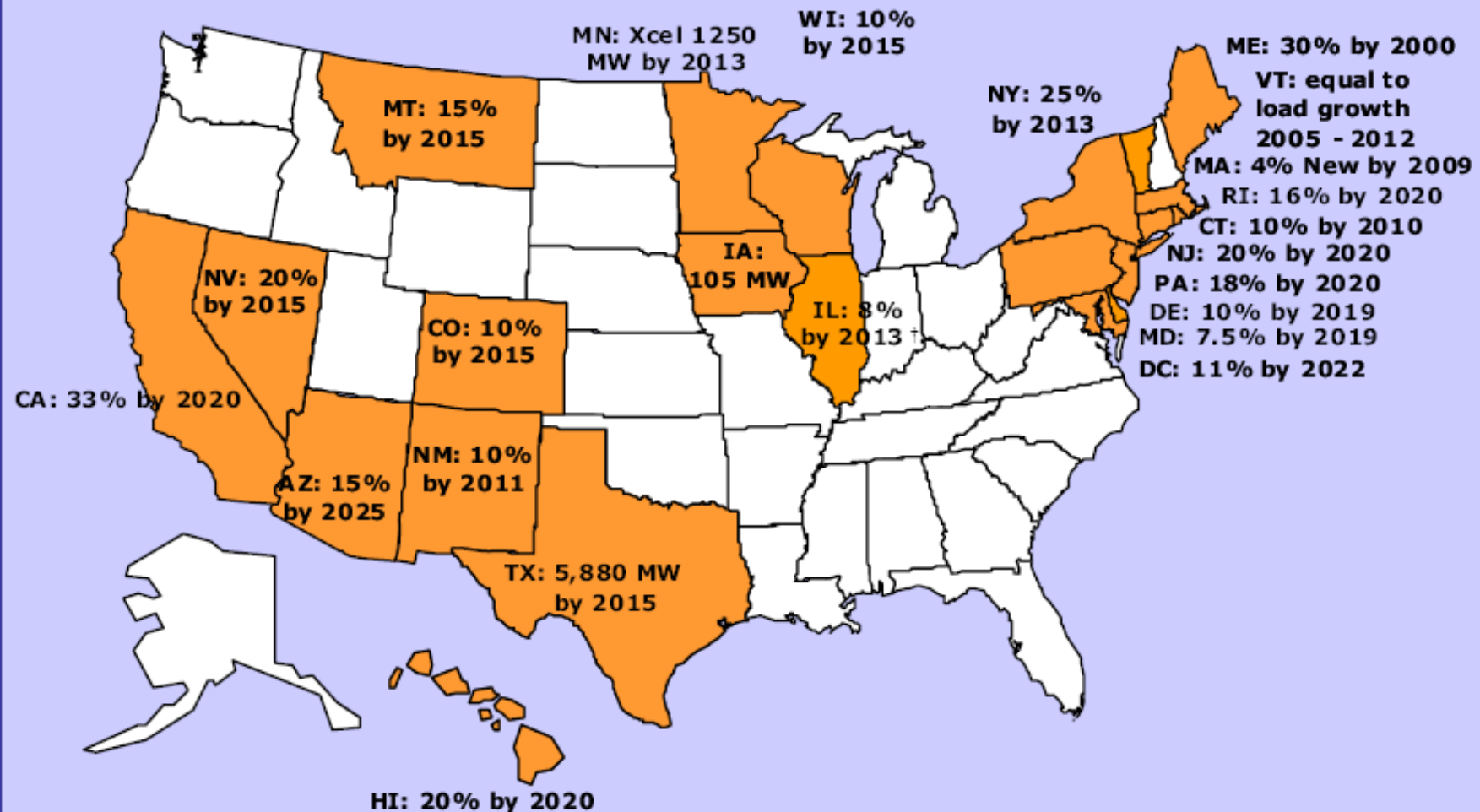
W R I

State Climate Action Plans



Source: Center for Climate Strategies

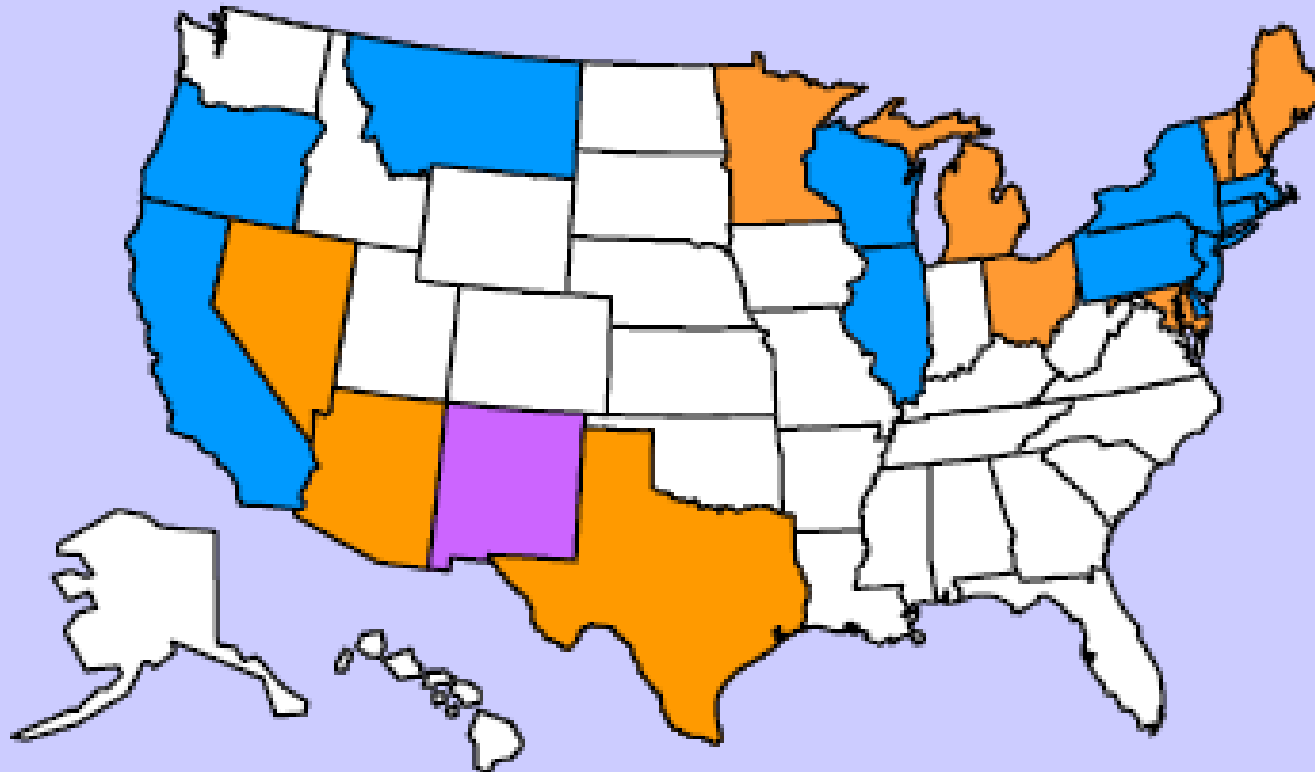
Renewable Portfolio Standards






Source: Pew Center on Global Climate Change

[†]IL implements its RPS through voluntary utility commitments

Energy Efficiency & Renewable Energy Funds



-  Funds that Support Energy Efficiency and Renewable Energy
-  Funds that Support Energy Efficiency
-  Funds in Development

Vehicle Tailpipe Standards

- California Statute & Federal Clean Air Act
- Approximately 30% Reduction by 2016
- States (14) that have adopted or are poised to adopt: AZ, CA, CT, MA, MD, ME, NJ, NM, NY, OR, PA, RI, VT, WA
- Utah? British Columbia? Manitoba?



Binding Emissions Caps

- Early Efforts in Massachusetts & New Hampshire on power plants
- The Northeast Regional Greenhouse Gas Initiative (RGGI) on Power Plants—
December 2005
- California Economy-Wide Cap, AB 32—
Summer 2006
- Emerging Western Climate Initiative (WCI)

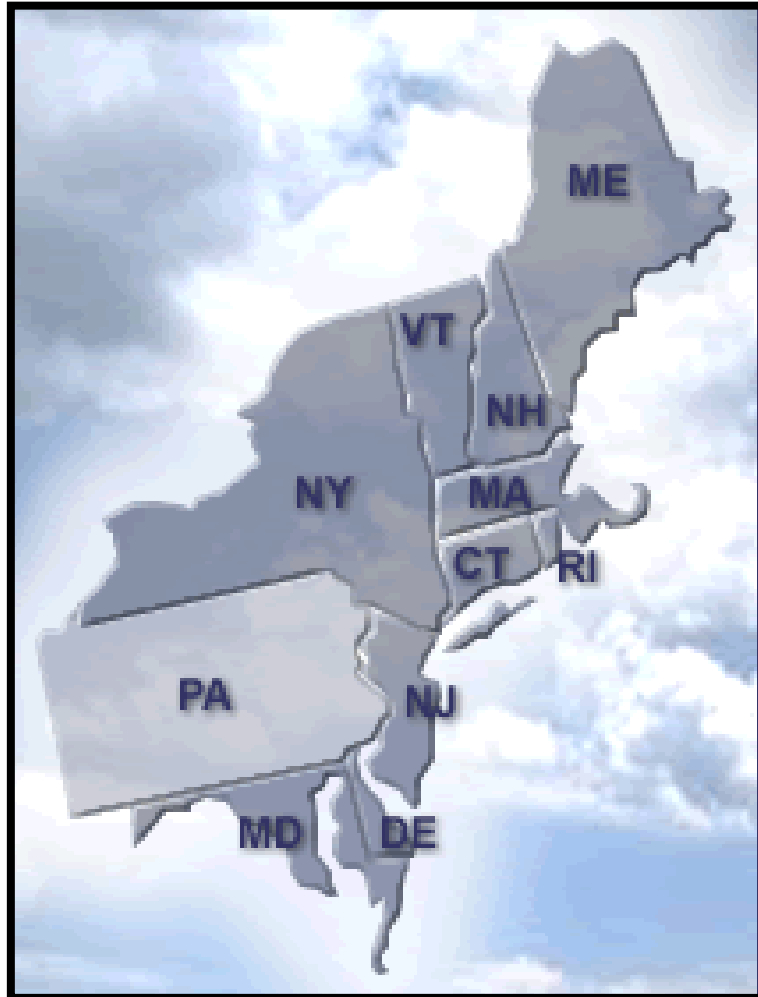


Emerging Emissions Markets



W R I

NE Regional Greenhouse Gas Initiative



- 10 States
- Power Plants
- Emissions source-based like EU ETS
- Stabilize emissions through 2014; 10% Reduction by 2018
- 13% Below 1990 Levels by 2019



W R I

RGGI Offsets

- Quantitative Limit on Offsets: The RGGI “Offsets Valve”
 - Initial 3.3% limit on offset use
 - \$7 trigger increases to 5.0%
 - \$10 trigger increases to 10%
- Offsets—5 Initial Types with Clear Requirements:
 - Natural Gas, Propane, Heating Oil Efficiency;
 - Land to Forest;
 - Landfill Gas Capture & Combustion;
 - Methane Capture from Animal Operations; &
 - SF₆ Leak Prevention.
 - Add additional types over time as appropriate.
- Geography: Initially inside the United States; but recognition of CDM Offset Credits above \$10



RGGI Allowance Distribution

- Allocations
 - States agreed to propose minimum 25% “public benefit allocation” in MOU
 - Most states will auction 100%, including Connecticut, Maine, Massachusetts, New Jersey, New York, and Vermont
 - Delaware, Maryland, New Hampshire, & Rhode Island yet to decide
- Auction Design in Progress



Other RGGI Features

- 3-year compliance period.
- Emissions from combustion of sustainably harvested biomass or bio-fuel not subject to compliance requirement.
- No cost-containment mechanism beyond offsets component
- Linking with other mandatory caps desired



RGGI Status

- Legislation in 5 of 10 States
- Rulemakings underway
- Program Launches January 2009
- First Auction in 2nd Quarter 2008



Western Climate Initiative

- 6 U.S. States + 2 Canadian Provinces--
AZ, CA, NM, OR, WA, UT, BC & MB
- Observers include: Colorado, Kansas, Idaho,
Nevada, Wyoming, Ontario, Quebec
- *August 2007: regional reduction goal*
- *August 2008: design of a “regional market-based,
multi-sector mechanism”*
- *All participants committed to CA vehicle tailpipe
standards*



Key Considerations for WCI

- “Multi-sector” Cap-and-Trade--will sectors be phased in?
- Electricity sector--will WCI take an emissions-source approach, a load-based approach, or a hybrid approach?
- How will offsets be incorporated into the program design?



Other Key Initiatives



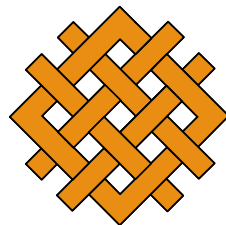
W R I

Developments to Watch

- Multi-state “national” climate registry--
”The Climate Registry”
- Florida Republican Governor Charlie Christ’s Executive Orders
- Midwest Regional Potential
- How do state efforts inform the federal debate in Washington, DC?



Questions?



Franz T. Litz
Senior Fellow
World Resources Institute
flitz@wri.org
franzlitz@mac.com

RGGI Region at a Glance

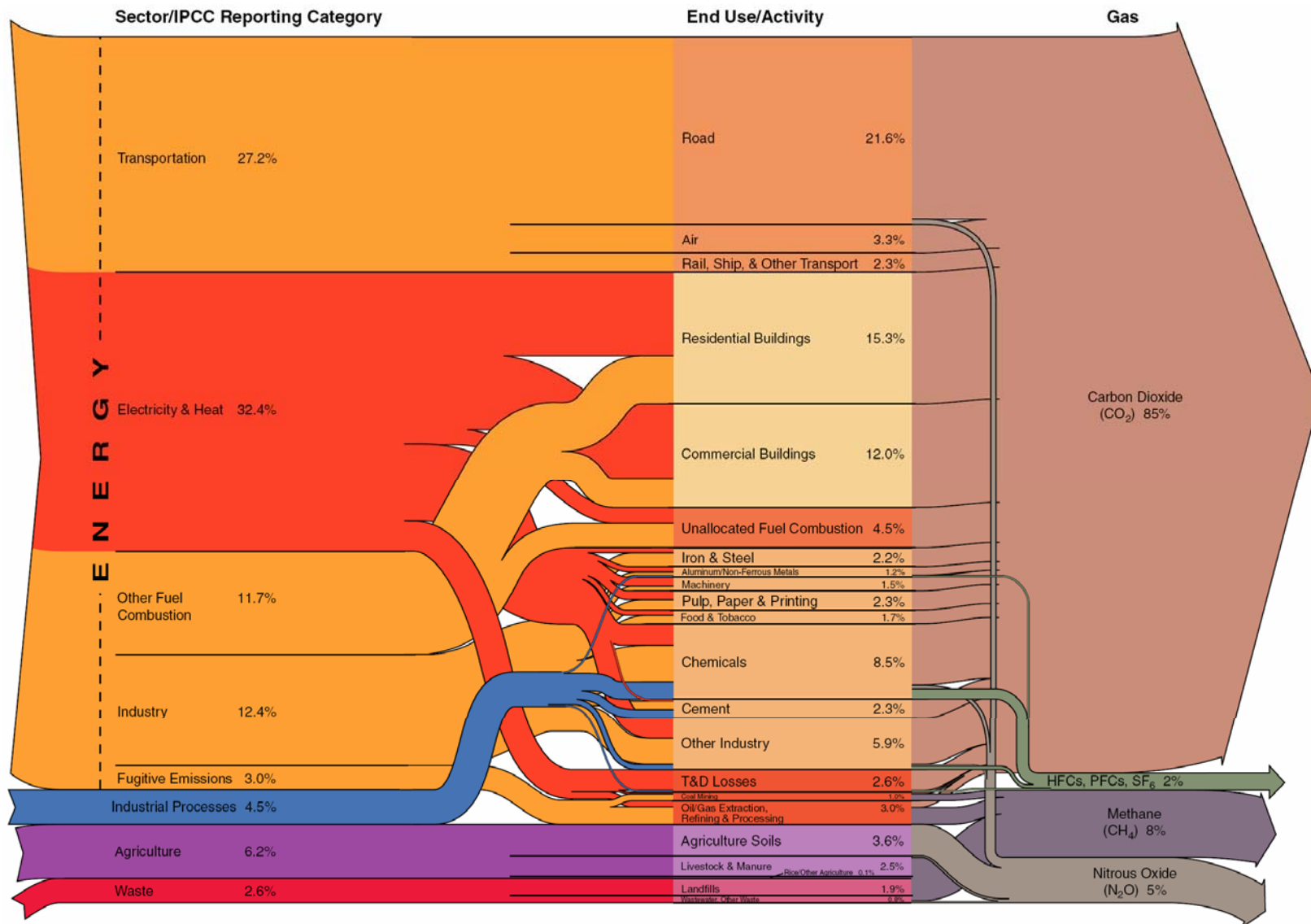
(CT, DE, MA, ME, MD, ME, NH, NJ, NY, RI & VT)

- *48.8 million people—
(16% of US Population)*
- *10% of U.S. Emissions*
- *8th largest emitter in the world*
- *\$2.4 trillion economy (19% of U.S.)*



W R I

US GHG Emissions



Source: WRI, Submission to US Senate, April 2006