

# Western Climate Initiative



## Western Climate Initiative: An Overview

July 2010

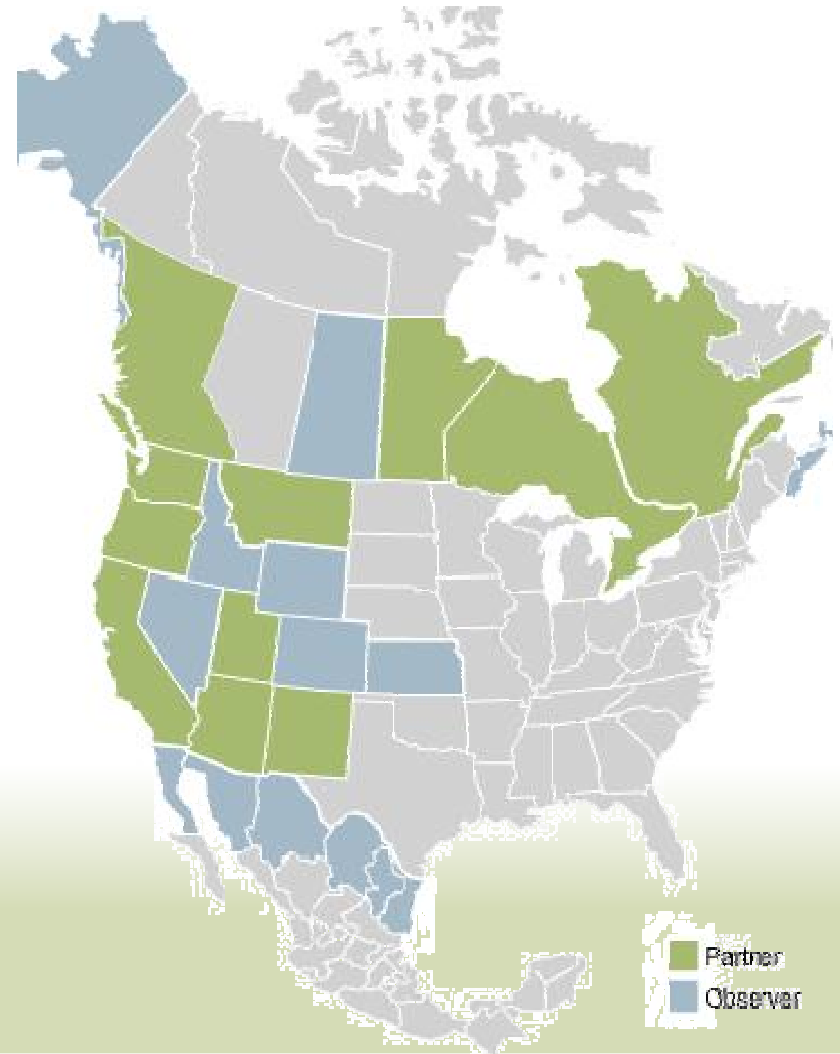
[www.westernclimateinitiative.org](http://www.westernclimateinitiative.org)

# 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: Alaska, Idaho, Colorado, Kansas, Nevada, Wyoming
  - Canadian provinces: Nova Scotia, Saskatchewan, Yukon
  - 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)	\$US 2,329	\$Can 1,010	\$3,339
	20%	76%	26%
Greenhouse Gas Emissions (MMTCO <sub>2</sub> e)	928	377	1,305
	13%	50%	17%



# AB 32

38564. The state board shall consult with other states, and the federal government, and other nations to identify the most effective strategies and methods to reduce greenhouse gases, manage greenhouse gas control programs, and to facilitate the development of integrated and cost-effective regional, national, and international greenhouse gas reduction programs.

# 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

# Benefits of Collaboration

- Developing a regional cap-and-trade program:
  - Larger total emission reductions
  - Reduces overall cost of the program by providing a wider range of low-cost reduction opportunities
  - Reduces risk of leakage of jobs and emissions
- Coordinating broader climate program:
  - Larger marketplace for low-carbon technologies
- Increased influence on federal and international efforts

# WCI Regional Goal (August 2007)

- Goal is 15% below 2005 levels by 2020
  - Sum of 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
- Approximately the same as California AB 32  
2020 emissions target: return to 1990 levels

# WCI Cap and Trade Design Recommendations

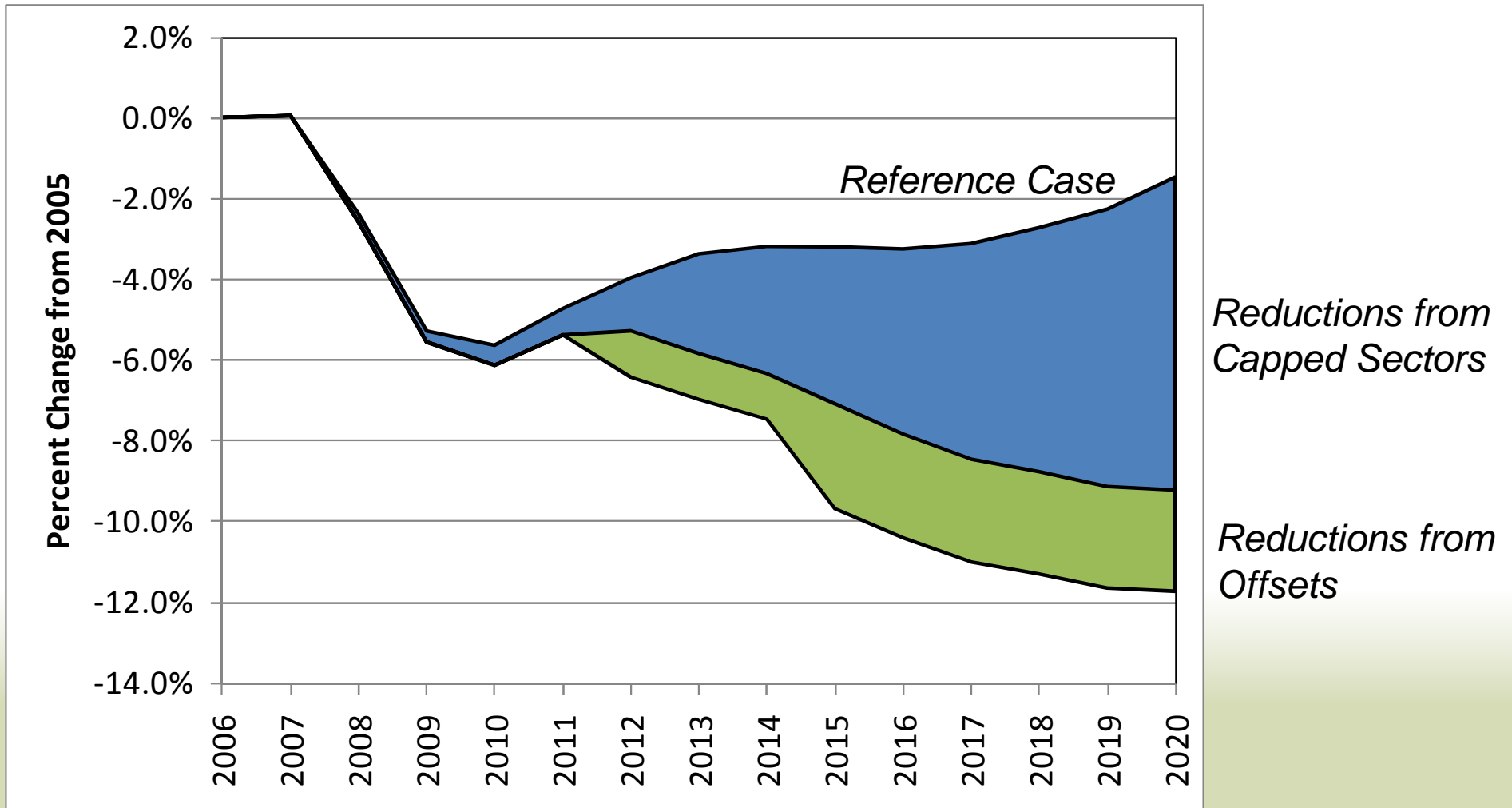
- Informed by ARB staff deliberations
- September 2008 Policy Recommendations
- Implementation Details in July 2010
  - Harmonizing Reporting
  - Setting Emission Limits
  - Enhancing Competitiveness and Preventing Leakage
  - Electricity Sector
  - Compliance Flexibility and Program Adaptability
  - Designing for High-Quality Offsets
  - Ensuring a Well Functioning Market and Auctions
  - Linking Programs
  - Coordinating Program Administration



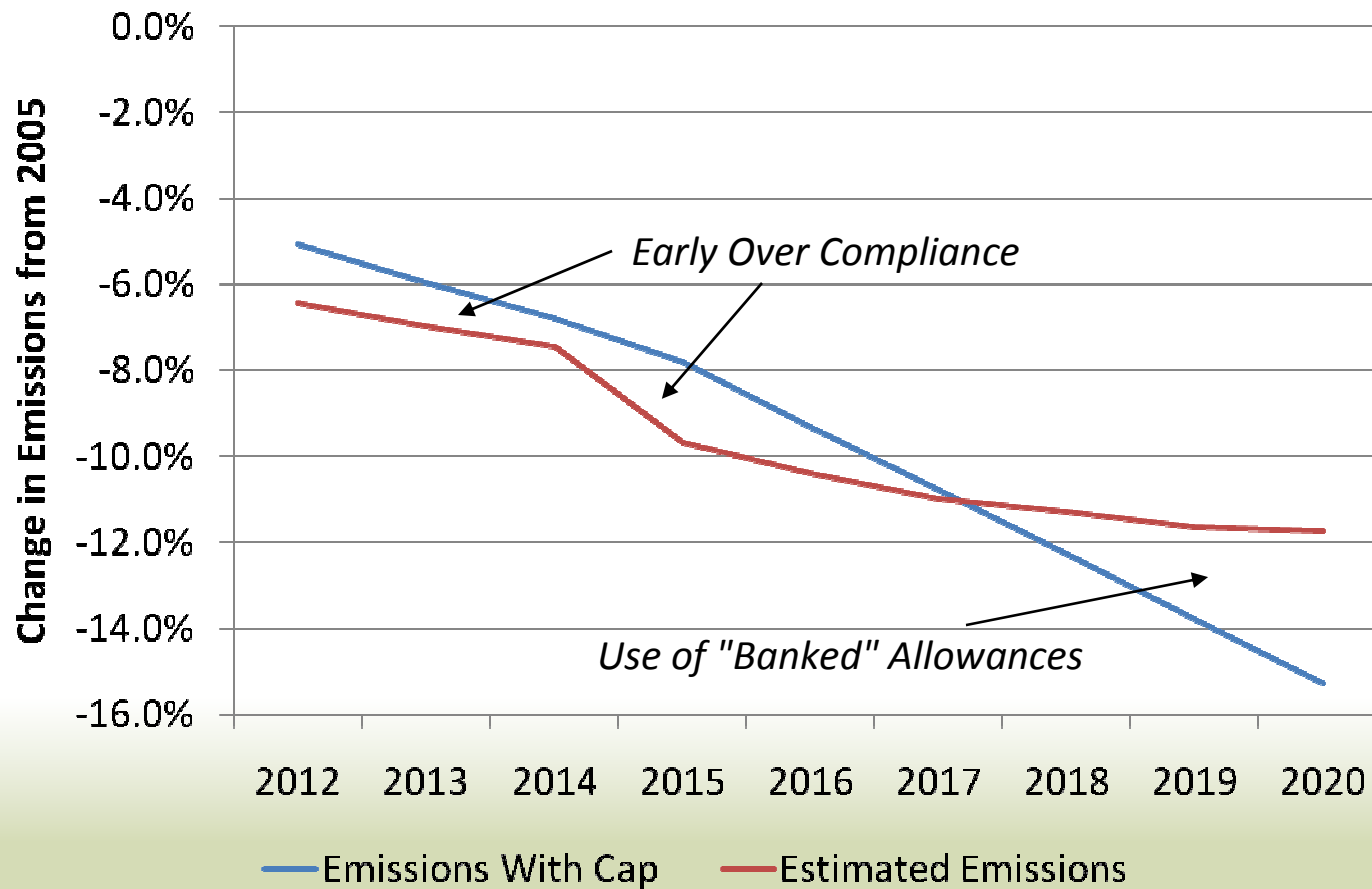
# WCI Economic Analysis

- New economic analysis of the WCI cap-and-trade program released July 7, 2010
- Results continue to show that WCI emissions reduction goal can be met with modest savings
  - 15% below 2005 emissions levels by 2020
- Policies implemented in conjunction with cap-and-trade help reduce emissions and limit costs
- Results similar to ARB Study (March 2010)

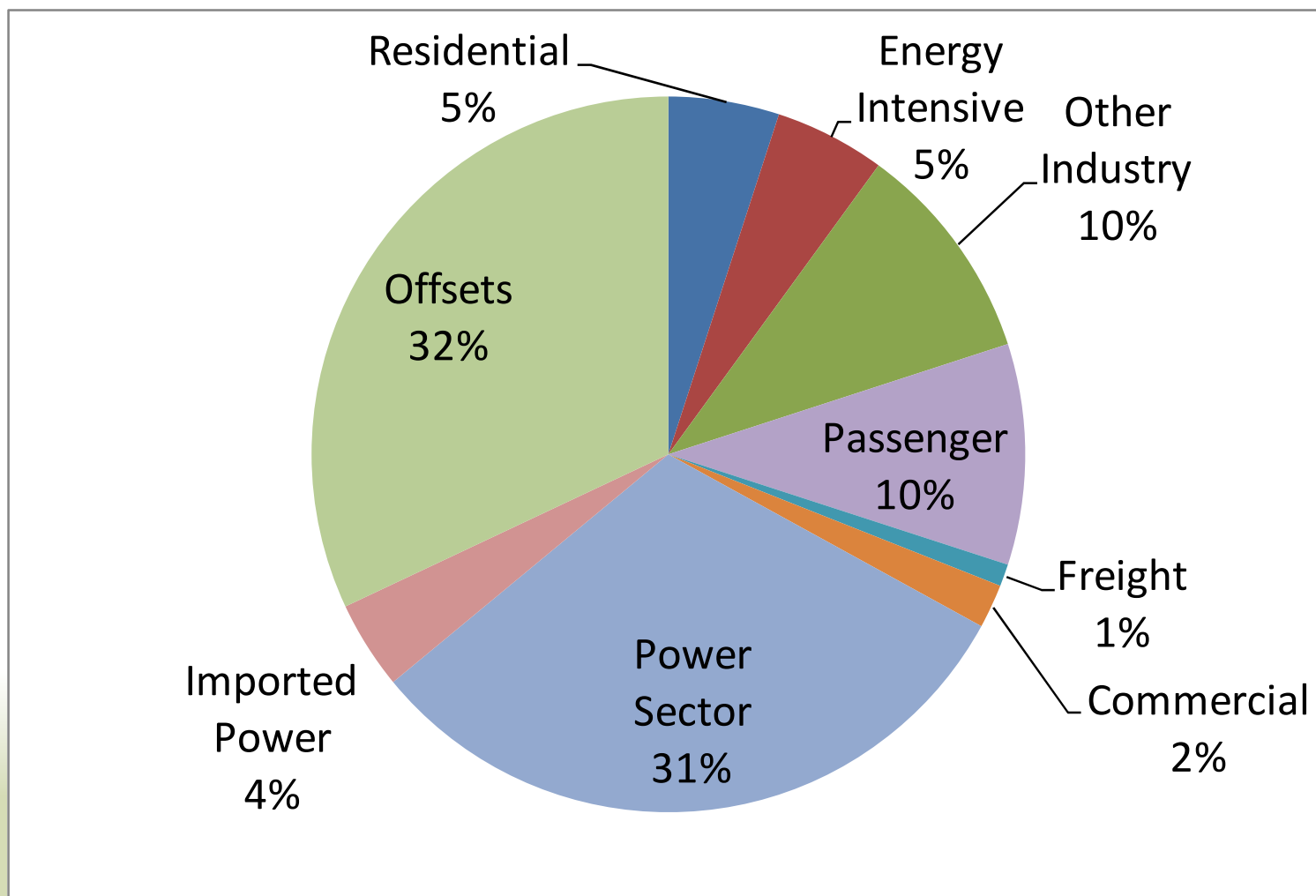
# GHG Emissions Reductions Under the Cap (Main Policy Case)



# Estimated Early Over Compliance



# Share of Reductions Below Reference Case (Main Policy Case, 2012-2020)



# Additional Study Findings

- Compliance flexibility affects cost estimates:
  - Allowance “banking” and offsets
  - Others
- Complementary policy impacts are estimated to be significant
- Adaptability to changing conditions appears important

# Ongoing WCI Activity

- Details for Implementing the Design Recommendations
- Evaluating complementary policies
- Working with stakeholders
- Discussions with other regional initiatives:
  - Regional Greenhouse Gas Initiative (RGGI)
  - Midwest Greenhouse Gas Reduction Accord
- Discussions with federal governments

# For More Information

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

- WCI Partner Representatives
- WCI documents and stakeholder comments
- WCI listserv