



Regional Greenhouse Gas Initiative
An Initiative of the Northeast & Mid-Atlantic States of the U.S.

**Presentation
to
New York Stakeholders**

September 12, 2005

Meeting Objectives

- Recap 2-Year Process & RGGI Design Principles
 - Present Details of Latest SWG Proposal to Agency Heads
 - Detail Projected Impacts of this Proposal
 - Hear Feedback on Proposed Design Choices
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The RGGI Process

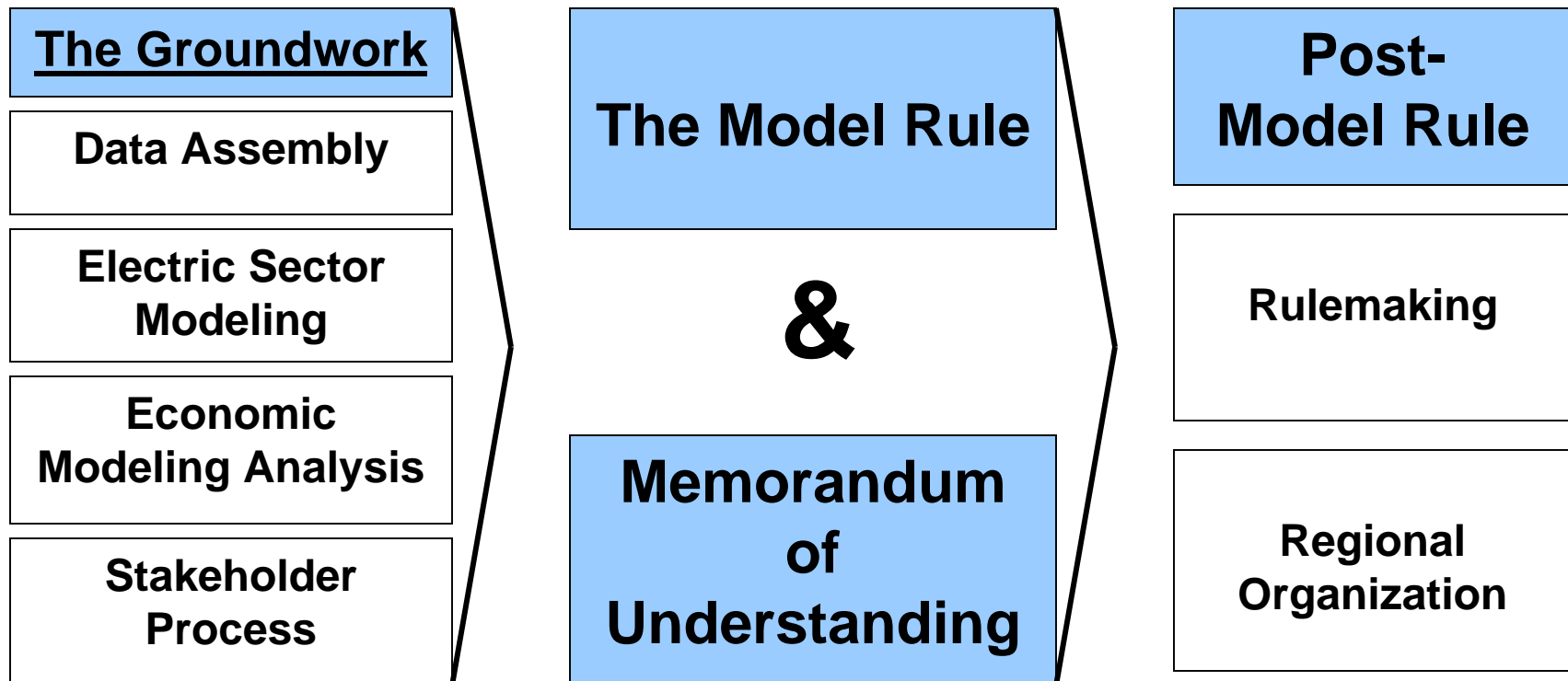
Recap Process

- Governor's April 2003 Invitation
 - July 2003 Launch Announcement
 - Action Plan Announced after September 2003 Meeting of RGGI Agency Heads
 - Formal Stakeholder Process Initiated on Regional (and NY State Levels
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Recap Process

- Meetings of the Staff Working Group
 - Meetings of RGGI Agency Heads
 - 9 Meetings of Regional Stakeholder Group; 3 Expert Workshops
 - 6 Meetings of NY Stakeholder Group
 - Many Informal Meetings with Stakeholders
 - Website: www.rggi.org
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Key Program Components



Recap Design Principles

- Reduce CO2 with flexible, market-based program to achieve least cost reductions.
 - Create model for federal program.
 - Maintain electricity affordability, reliability and fuel diversity.
 - Make expandable to other states.
 - Build on programs in place.
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The Revised SWG Proposal

SWG Proposal

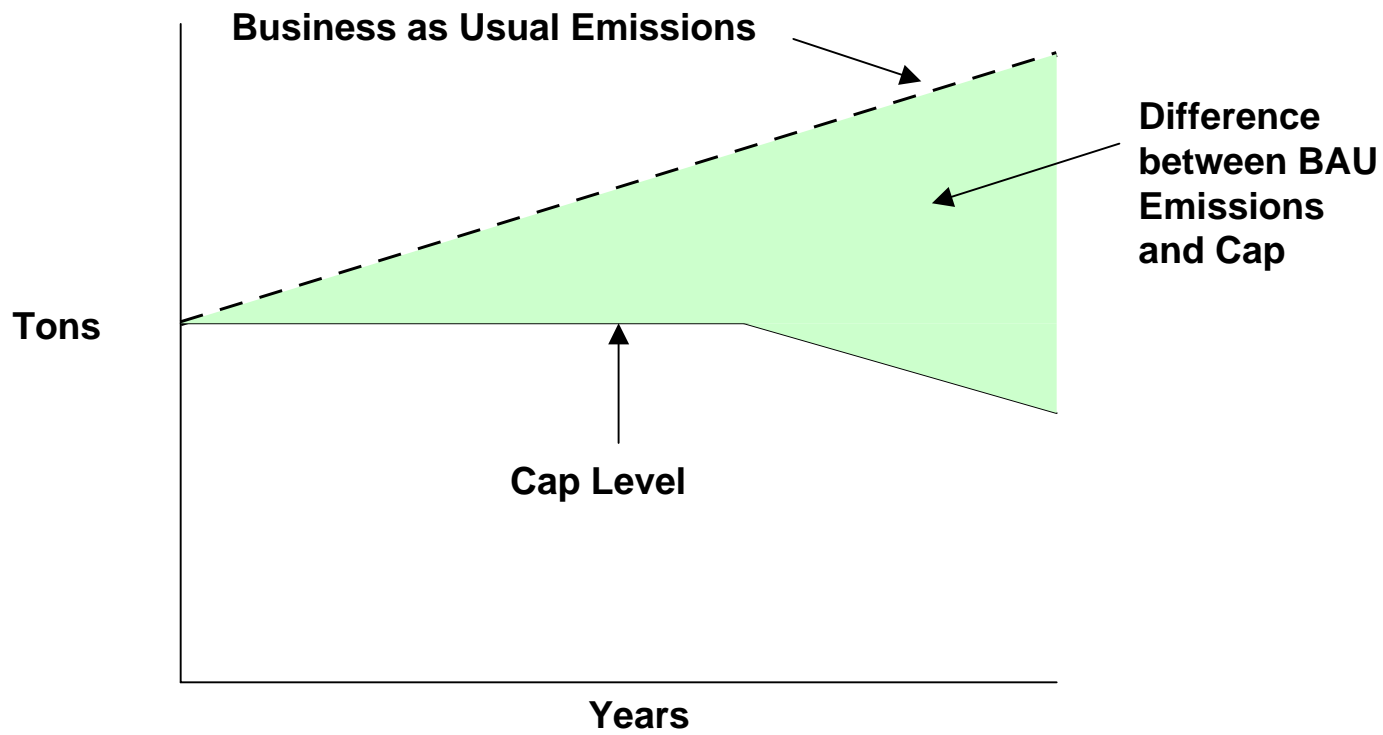
- Start Date of 2009.
 - Two-Phase Cap—stabilization at approximately 150 million tons through 2015; 10% reduction by 2020.
 - Built-in Review of Program in 2015 to Assess:
 - Program progress in meeting emissions reductions goal
 - Price impacts
 - Numerical limits on offsets
 - Imports and associated leakage
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SWG Proposal

- **State Allowance Budgets** as agreed among states using various metrics.
 - **Offsets**
 - Initial Offset Types:
 - landfill gas;
 - sulfur hexafluoride gas from electricity T&D;
 - natural gas/home heating oil/propane end-use efficiency; and
 - afforestation.
 - Additional offset types to be developed
 - CDM & EU allowances above sustained allowance price
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SWG Proposal

- Limit on the Use of Offsets equal to 50% of the Difference between BAU and Cap



SWG Proposal

- Allowance Allocations:
 - 20% “Public Benefit” Allocation
 - 5% Strategic Carbon Fund to achieve additional reductions
 - Remaining 75% left to states
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SWG Proposal

- 20% of Each State's Budget to Public Benefit Purposes:
 - “Public benefit purposes may include the use of allowances to promote energy efficiency, to directly mitigate electricity ratepayer impacts, promote renewable energy technologies, and/or to stimulate or reward investment in technologies that will reduce emissions of carbon dioxide from power generation in the state.”
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SWG Proposal

- 5% to Regional Strategic Carbon Fund:
 - Each state would contribute 5% of its emissions budget to the fund;
 - The fund would be administered by a regional organization to purchase additional project-based reductions, in part to offset emissions leakage;
 - The fund could also be used to develop new offset standards.
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SWG Proposal

- On Emissions Leakage:
 - States will implement strategic carbon fund to offset emissions leakage;
 - States will monitor imports and attempt to quantify leakage.
 - As part of 2015 review, states will consider the significance of any leakage and whether additional measures to address emissions leakage should be implemented.
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SWG Proposal

- Other Program Components:
 - 3-year Compliance Period
 - Allow Early Reductions
 - Allow Banking
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Discussion