



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

Regional Greenhouse Gas Initiative (RGGI):

NYS Stakeholder Meeting

May 18th, 2004

RGGI Staff Working Group

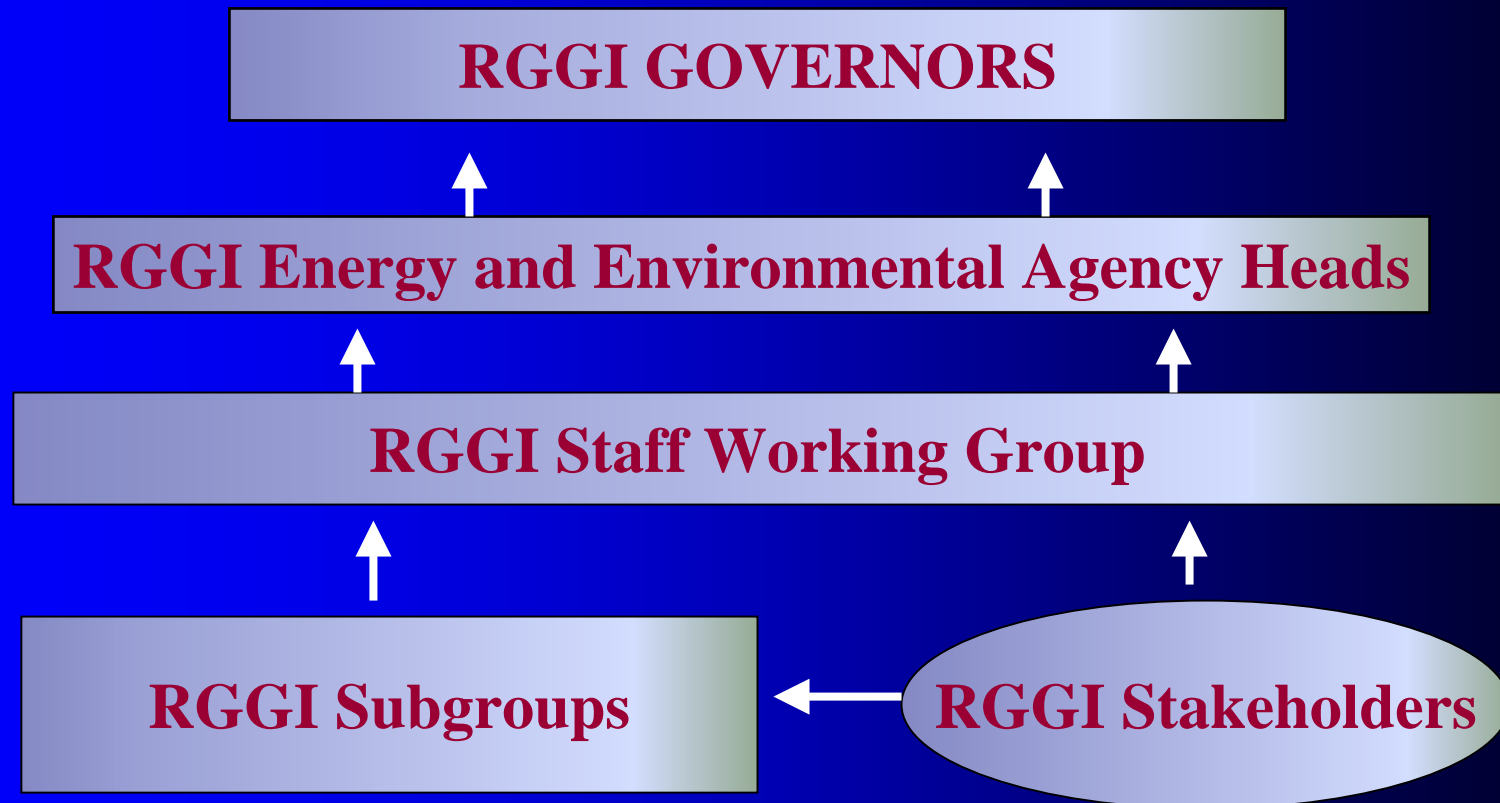
Structure and Process

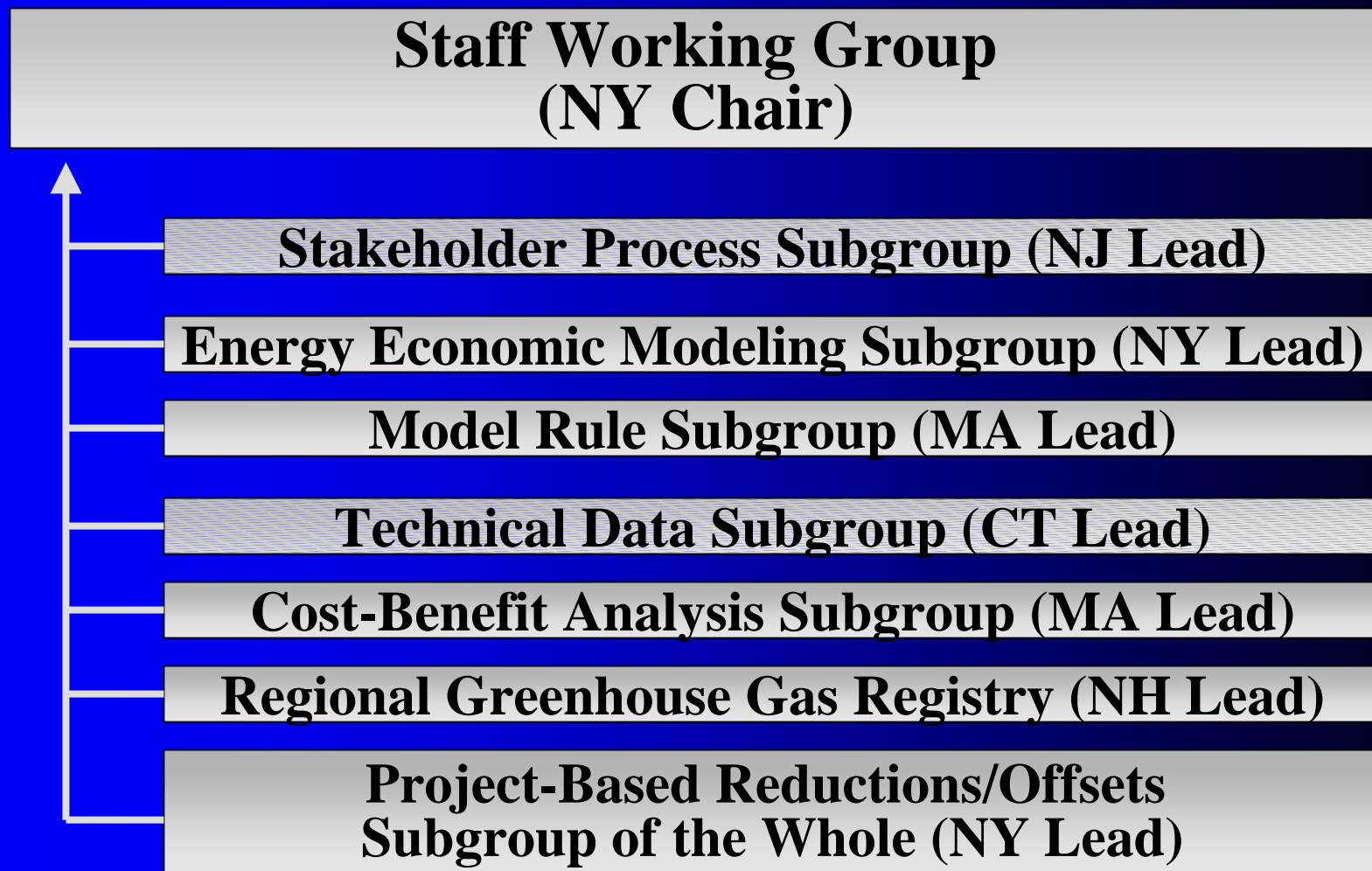
Franz Litz

New York State Department of
Environmental Conservation

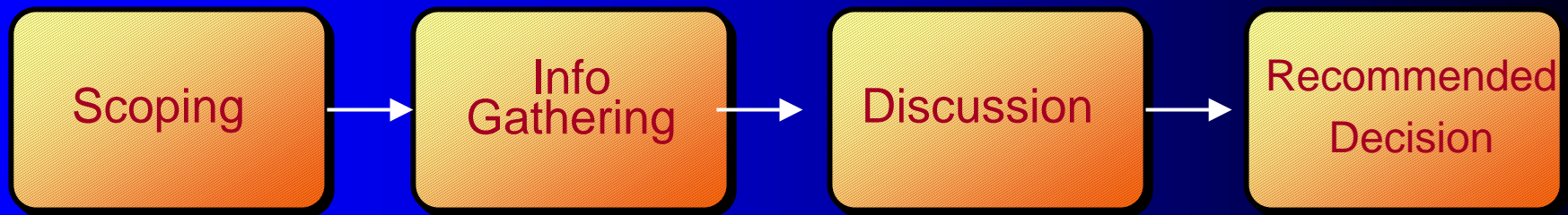


Structure and Process





Decision Making Process



RGGI Stakeholder Process

Goals, Structure, Timeline & Ground Rules

Mark Lowery

New York State Department of
Environmental Conservation



Objectives (cont'd)

- Afford additional opportunities for stakeholders to provide input directly to New York agencies participating in the RGGI effort;
- Maintain an ongoing dialogue among New York agency staff participating in the RGGI process and New York stakeholders;
- Provide preliminary input and scoping of issues prior to official New York State rulemaking.

Activities

- Prepare list of stakeholders for purposes of providing notice of regional and state events
- Establish NYS RGGI website at www.dec.state.ny.us/website/dar
 - RGGI website (www.rggi.org)
 - RGGI listserv

NYS RGGI Stakeholder Meetings

Scheduled between RGGI stakeholder
group meetings

Tentative NYS RGGI Stakeholder Meeting Dates

August 4, 2004

October 7, 2004

December 2, 2004

February 2, 2005

March 16, 2005

NYS RGGI Stakeholder Meetings

Ground Rules

Membership

- Active status limited to residents of New York State and representatives of organizations based or maintaining a significant presence in New York State.
- Designated leads

NYS RGGI Stakeholder Meetings

Ground Rules (cont'd)

Roles and Responsibilities

- Attend all meetings
- Review all materials
- Participate in good faith
- Speak only on own behalf

NYS RGGI Stakeholder Meetings

Ground Rules (cont'd)

- Agendas two weeks prior to scheduled meeting
- The commissioner of Environmental Conservation and the chairman of the Public Service Commission final authority on all process issues
- Meetings open to the public

Comments

nyrggi@gw.dec.state.ny.us

NYS-RGGI Group, NYSDEC
625 Broadway
Albany, NY 12233-4500

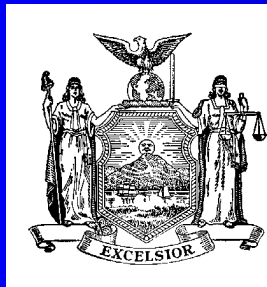
Fax: 518-402-9036

Mark Lowery 518-402-8044

RGGI Carbon Cap & Trade Framework – Key Policy Issues

Tina Palmero

New York State Department of
Public Service



Thomas McGuire

New York State Department of
Environmental Conservation



Initial Policy Foundation

The program goal outlined in the RGGI action plan endorsed by the RGGI agency heads on September 29, 2003, identified several key policy decisions, including:

- A. to develop a multi-state cap-and-trade program for greenhouse gas emissions (GHGs);
- B. initially cover carbon dioxide (CO₂) emissions;
- C. initially cover power plants;
- D. agree on program design by April 2005; and
- E. consider expanding the program to other kinds of sources in a future phase of the program.

Policy Issues and Questions

A. Technical Groundwork

- (1) What data sources will we use for assembling inventory?
- (2) What energy economic modeling should be done?
- (3) What macro-economic modeling and analysis should be done?

B. Program Applicability

- (1) What electric generators will be covered under the cap?
- (2) Will other stationary sources be permitted to opt-in under the cap, and under what conditions?

Policy Issues and Questions (cont'd)

C. Emissions Cap

D. Flexibility Mechanisms

- Offsets or Project-Based Reductions
- Other Flexibility Mechanisms (e.g., banking, borrowing)

Policy Issues and Questions (cont'd)

E. Allocations

- (1) How will each state's cap be allocated?
- (2) Will a uniform regional allocation method be chosen or will states choose different allocation methods?
- (3) Will auctions, output-based, input-based, or another allocation method be chosen?

Policy Issues and Questions (cont'd)

E. Allocations (cont'd)

- (4) Will allocations be made only to sources covered by the cap or will they be made to non-emitting generators?
- (5) How will new sources be handled?
- (6) How will retired sources be handled?
- (7) How will re-powering of units be handled?

Policy Issues and Questions (cont'd)

F. Regional Greenhouse Gas Registry (“RGGR”) and Emissions and Allowance Tracking

- (1) What role will the Regional Greenhouse Gas Registry (RGGR) play in relation to RGGI?
- (2) How will emissions and allowances be tracked under the program?

Policy Issues and Questions (cont'd)

G. Other Policy Decisions

- (1) Will there be interaction with other GHG trading systems?
- (2) If leakage is shown to be an issue, what policy mechanisms are available to control or mitigate leakage?
- (3) What measurement, monitoring and reporting requirements will apply to sources under the cap?
- (4) What enforcement penalties will be imposed for noncompliance?
- (5) How will ongoing administration of the program be financed?

RGGI Stakeholder Meetings

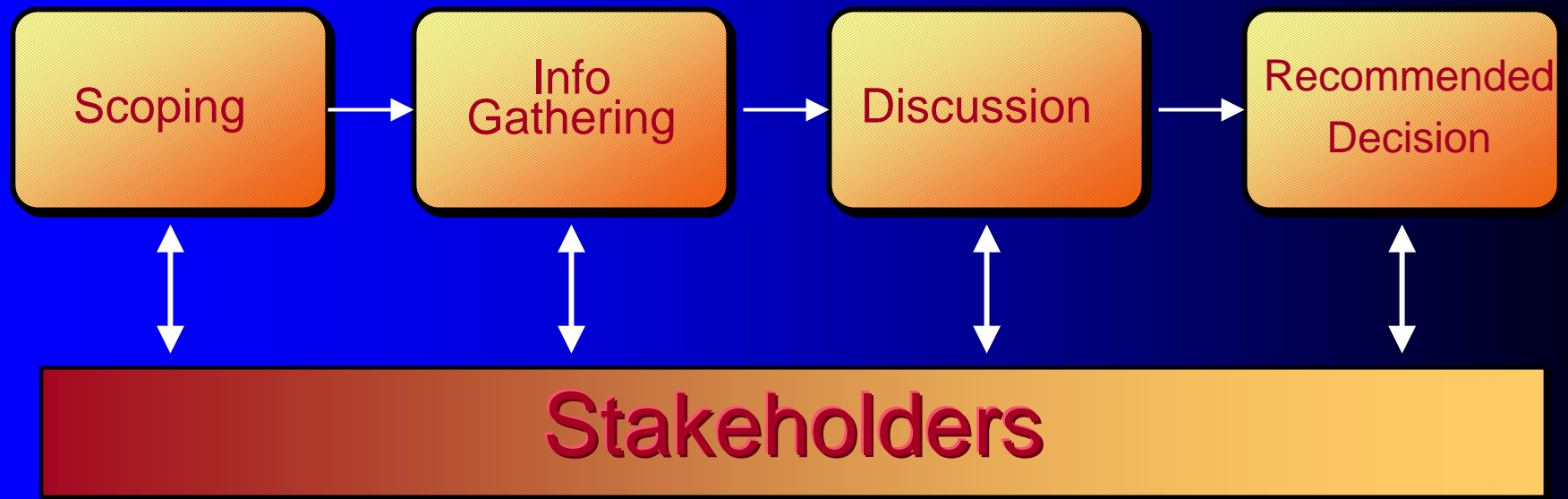
Schedule & Topics

Lois New

New York State Department of
Environmental Conservation



Decision Making Process



2004/05 Stakeholder Meeting Dates & Locations

Regional or NYS	Date	Location
R	April 2 (Fr)	New York
NYS	May 18 (T)	Albany
R	May 20 (Th)	Boston
R	June 24 (Th)	NYC
NYS	August 4 (W)	Albany

2004/05 Stakeholder Meeting Dates & Locations

Regional or NYS	Date	Location
R	Sept.13 (M)	TBD
NYS	October 7 (Th)	Albany
R	Nov. TBD	TBD
NYS	December 2 (Th)	Albany
R	Jan.12 (W)	TBD
NYS	February 2 (W)	Albany
R	Feb.23 (W)	TBD
NYS	March 16 (W)	Albany
R	Apr.6 (W)	TBD

2004-5 Stakeholder Meeting Sequencing - Preliminary

Month	April	May	June	September	November
Topics	<ul style="list-style-type: none"> ● Initial Policy Foundation ● Key Policy Issues and Questions ● Technical Groundwork ● Model Choices ● Overview of IPM Model 	<ul style="list-style-type: none"> ● Initial Cap Considerations ● Flexibility Mechanisms ● Review Applicability Threshold Initial Modeling Issues ● Building Model Scenarios 	<ul style="list-style-type: none"> ● Allocation Issues ● Other Policy Issues ● Cap/ Flexibility Mechanisms (continued) ● Model Assumptions 	<ul style="list-style-type: none"> ● Tentative Design Specs ● Review Initial Modeling Results 	<ul style="list-style-type: none"> ● Review Draft Model Rule ● Update Modeling

2005 Stakeholder Meeting Sequencing - *Preliminary*

Month	January	February	April
Topics	<ul style="list-style-type: none">● Revisit Issues● Packaging ● Update Modeling	<ul style="list-style-type: none">● SWG Draft Recommendations ● Finalize Modeling	<ul style="list-style-type: none">● Review Proposed Final Recommendations

Discussions of Key Policy Issues

- Technical Groundwork (Modeling)
- Program Applicability
- Emissions Cap
- Flexibility Mechanisms
- Offsets
- Allocations
- Registry
- Tracking
- Other

Assessing the Impacts of RGGI: Energy Economic and Macroeconomic Modeling

Karl S. Michael

New York State Energy Research &
Development Authority



Quantitative Impacts of a Regional Carbon Cap

- Carbon emissions
- Other emissions
- Electricity prices
- Total electricity system costs
- Fuel use and diversity
- Reliability
- Imports and exports of electricity

Modeling Plan

- Benchmark and Reference Case Scenarios
- CO₂ Cap and Trade Level Scenarios
- Policy, Structure, and Flexibility Scenarios
- Model Rule Scenario

Macroeconomic Impacts of a Regional Carbon Cap

- Model: Regional Economic Models, Inc. (REMI)
- Output = jobs, income, gross state product
- Input = results of the electricity sector modeling

Other Benefit/Cost Analysis

- Closer macroeconomic look at specific industry/sectors
- Air-shed modeling - NESCAUM

Initial Cap Considerations & Flexibility Mechanisms

Michael Sheehan

New York State Department of
Environmental Conservation



Emissions Cap & Initial Considerations

- What will collective regional CO₂ emissions cap be?
- Size of each state's CO₂ emissions cap?
- Will cap be instituted once or phased in over time?
- How will cap level be reassessed in the future?

Flexibility Mechanisms

- Should the banking of allowances be permitted?
- Should borrowing of allowances be permitted?
- How often will sources be required to spend allowances to cover emissions (i.e., “true-up”)?
- Will offsets be permitted?

Offsets

John D'Aloia

New York State Department of Public Service

*New York
State
Public
Service
Commission*



Offsets - Definition

- Initiatives or projects that sequester or reduce greenhouse gases independently of the source of the emissions that are being offset.

Potential Types of Offsets

- Emission reductions at sources not covered by the cap
- Sequestration of carbon
- Indirect reductions/avoided emissions

Pros & Cons

Pros

- Provides flexible, potentially less costly alternatives for cap compliance.
- Encourages GHG reduction and/or sequestration actions from facilities and sectors not covered by the cap.
- Develops a base of knowledge for future expansion of the cap to other sources and/or sectors.

Pros & Cons

Cons

- Administrative complexity
- Issues in ensuring that offsets are real (accurately measured and/or monitored), enforceable, additional, and are not double counted.

Issues

- How to incorporate with cap
- Verification & administration
- Geographic applicability