



U.S. States, Canadian Provinces Announce Regional Cap-and-Trade Program to Reduce Greenhouse Gases

First comprehensive approach to achieving emissions reductions will bring environmental and economic benefits

[September 23, 2008] – The Western Climate Initiative (WCI) today announced recommendations for the design of a regional market-based cap-and-trade program. The program will slash climate-changing greenhouse gas emissions, spur growth in new green technologies, help build a strong clean-energy economy and reduce dependence on foreign oil.

The cap-and-trade design is an important element of a comprehensive regional effort by the governors and premiers of seven U.S. states and four Canadian provinces to promote environmental sustainability and economic growth by reducing greenhouse gas emissions by 15 percent below 2005 levels by 2020.

The new, multi-sector program will be the most comprehensive carbon-reduction strategy designed to date. It will cover nearly 90% of the region's

emissions, including those from electricity, industry, transportation, and residential and commercial fuel use. Together, the seven states and four provinces represent over 70 percent of the Canadian economy and 20 percent of the U.S. economy.

The cap-and-trade program will require emitters to cut their pollution by setting a limit (“cap”) on emissions and then allowing the market to identify the least-cost ways to achieve the limit. Through extensive collaboration and consultation with a broad range of stakeholders, the WCI Partners decided upon recommendations for the design of a regional program which maximizes total benefits throughout the region. These include reducing air pollutants, diversifying energy sources, and advancing economic, environmental, and public health objectives while avoiding localized or disproportionate environmental or economic impacts.

The cap-and-trade program design is a significant milestone in the WCI’s effort to reduce global warming pollution. Intense study of existing programs, economic analysis and extensive stakeholder consultation were instrumental in the design of a program which will permit the WCI Partners to achieve the planned reductions.

The design recommendations reflect the diversity of the WCI Partner economies, including energy production and consumption patterns, and create the foundation for a regional program by building on the strength of local approaches while providing each Partner with flexibility in program implementation.

By including features such as allowance banking and offsets, the WCI Partners are recommending a strong and balanced cap-and-trade program that takes advantage of a wide range of economic opportunities from reducing greenhouse gas emissions.

The WCI Partners have agreed to begin reporting emissions in 2011 for emissions that occur in 2010. The first phase of the cap-and-trade program will begin on January 1, 2012, with a three-year compliance period. The second phase will begin in 2015, when the program is expanded to include transportation fuels and residential, commercial and industrial fuels not already covered in the first phase.

The WCI is one of several greenhouse gas cap-and-trade programs being designed and implemented around the world, including the Regional Greenhouse Gas Initiative (RGGI) and the Midwestern Greenhouse Gas Reduction Accord in the northeastern and mid-western United States.

Continued leadership in developing a regional cap-and-trade program permits the WCI Partner jurisdictions to take important action now while continuing to advocate for national and international greenhouse gas emission reduction programs that are consistent with the WCI cap-and-trade design principles.

About the Western Climate Initiative

The Western Climate Initiative (WCI) is a collaboration launched in February 2007 by the Governors of Arizona, California, New Mexico, Oregon and Washington to develop regional strategies to address climate change. The initiative expanded to include the states of Montana and Utah and the Canadian provinces of British Columbia, Manitoba, Ontario and Quebec.

The WCI is identifying, evaluating and implementing collective and cooperative ways to reduce greenhouse gases in the region.

Formal observers of the WCI include the states of Alaska, Colorado, Idaho, Kansas, Nevada, and Wyoming, the Canadian province of Saskatchewan, and the Mexican States of Baja California, Chihuahua, Coahuila, Nuevo Leon, Sonora, and Tamaulipas.

For more information on WCI visit www.westernclimateinitiative.org.

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