

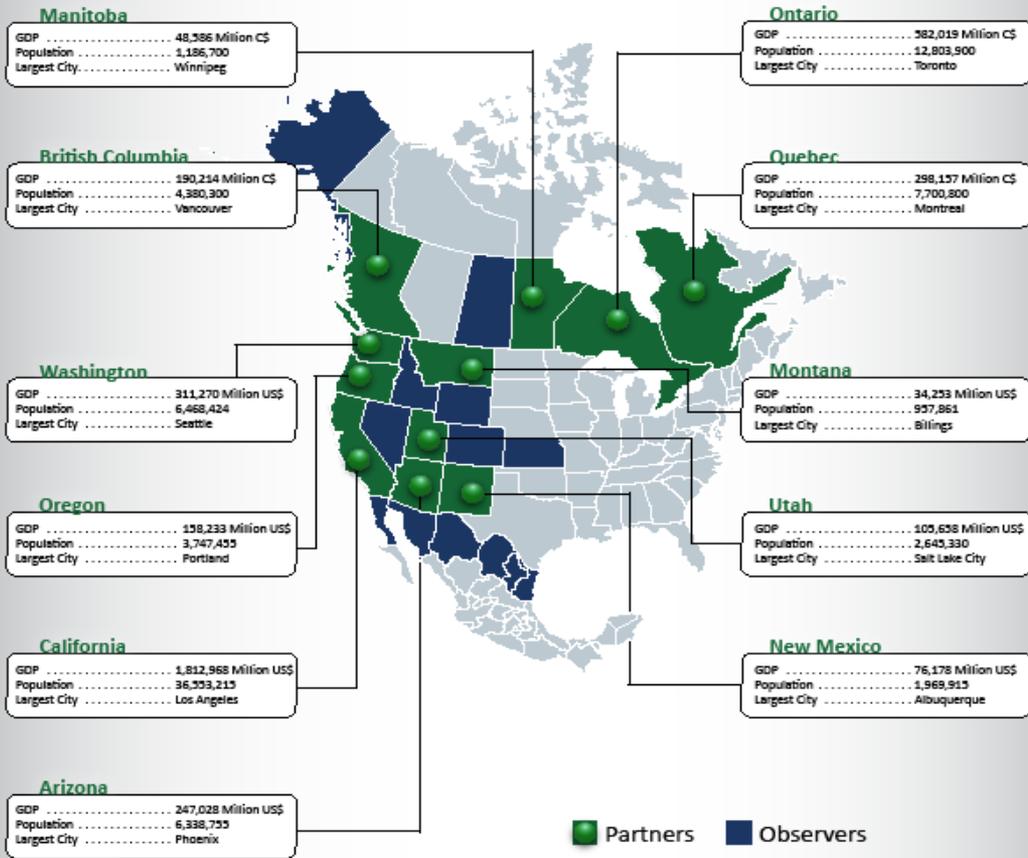


Climate Change

global warming

Overview of Western Climate Initiative
Essential Requirements Mandatory Reporting

Western Climate Initiative



WCI OBSERVERS		
CANADA	UNITED STATES	MEXICO
Saskatchewan	Alaska	Baja California
	Colorado	Chihuahua
	Idaho	Cosahuila
	Kansas	Nuevo Leon
	Nevada	Sonora
	Wyoming	Tamaulipas

All figures for 2007
 Source for US data: US Census Bureau and US Bureau of Economic Analysis
 Source for Canadian data: Statistics Canada

Initiative Collaboration Includes

Joint work 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

Three specific directives:

- Set a regional emissions reduction goal
- Join a multi-state registry to track, manage and credit reductions
- Design a regional multi-sector market-based mechanism

WCI Organization

- Partner Jurisdiction Program Design Team
- Subcommittees
 - Allocation
 - Electricity
 - Offsets
 - Scope
 - Reporting
- Economic Modeling Team
- Legal Group

WCI Design

- Released 9/23/08
- Most expansive cap and trade program designed to date
 - Regional Greenhouse Gas Initiative (RGGI) = CO₂ from electricity only
 - EU ETS = CO₂ from electricity, industrial combustion and process emissions
- Will cover nearly 90% of the region's emissions by 2015
 - RGGI = ~28% of emissions
 - EU ETS = ~40% of emissions

What the design is and isn't

- It is
 - the Policy framework
 - what must be the same between jurisdictions for this regional program
- It isn't
 - the specific details; they will come through legislative and rule processes

What has to be the same

- **Basic reporting requirements**
- Sectors, gases and thresholds (generally)
- Points of regulation
- Quantification methods
- Setting regional caps
- Establishing partner budgets
- Compliance periods; banking; borrowing

Design Recommendations

- Regional Cap
 - Annual caps set before program begins
 - 2012 cap = Based on best estimate of expected emissions
 - Reported emissions
 - Population and economic growth
 - 2015 cap = Add best estimate from transportation and residential, commercial and industrial fuels below threshold
 - 2020 cap = Regional goal (1990 levels for WA)

Reporting essential elements

- 2nd draft of reporting requirements released 9/30/08
- 9 categories of essential requirements for mandatory reporting
 - Definitions
 - Pollutants
 - Applicability
 - Timing
 - Confidentiality
 - Report content and submittal
 - Compliance
 - Emission quantification and monitoring
 - Verification and quality assurance

Definitions

- Need common definitions among WCI states to facilitate communication
- Recommends an initial list of definitions
 - Stationary Combustion Unit
 - Facility
 - Carbon Dioxide Equivalent
 - Continuous Emissions Monitoring System
 - Greenhouse gas
 - Global warming potential
 - HFCs & PFCs

Pollutants

- Cover the 6 main GHGs (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆)
- Adopt GWP factors from the IPCC report

Applicability

- Emissions covered:
 - Electricity generation
 - Combustion at industrial/commercial facilities
 - Industrial process emission sources
 - Residential, commercial & industrial fuel combustion at facilities below WCI thresholds*
 - Transportation fuel combustion from gasoline & diesel*
- * These are reported in the 2nd compliance period and are upstream emissions

Applicability

- Biomass & biofuels: CO₂ from carbon neutral biomass and biofuels combustion not in the cap, but reporting is required
- Assess how to include upstream emissions from biofuels & fossil fuel production
- Establish quantification methods
- Threshold: annual emissions > 10,000 MTCO_{2e}

Applicability

- Point of Regulation
 - Industrial sources with emissions $>$ threshold:
point of emission
 - Electricity: first jurisdictional deliverer
 - RCI fuel combustion with emissions $<$ threshold:
where the fuels enter commerce in WCI
(upstream)
 - Transportation fuel combustion: same as RCI

Applicability – Future Decisions

- Complete which source categories will be subject to mandatory reporting
- Complete detailed definitions of each source category to address POR and clarify what has to be reported
- Determine what will be excluded from reporting
- Determine by source category who will report by entity, facility, or process level

Timing

- Report calendar year 2010 emissions in 2011
- Staggered reporting deadlines for 2010 and 2011 emissions
 - Some will report by April 1, others by May 1
 - Staggering allows spreading out workload for initial reporting & verification
- For 2010 & 2011, verification required no later than 5 months after reporting deadline

Confidentiality

- In general, emissions data submitted are publicly available
- WCI is still considering whether a general policy for emissions data and public disclosure is needed in addition to those in WCI jurisdictions

Report content & submittal

- Use a version of TCRs Climate Registry Information System to collect and manage WCI emissions data
- Emissions reports to the responsible jurisdiction or agent
- Jurisdiction will transfer data to the WCI regional database

Compliance

- Each WCI jurisdiction will enforce compliance using existing authorities
- Lots of additional decisions needed
 - Which actions will be considered violations of the reporting rule
 - Guidelines to promote consistent administration and response to non compliance
 - Which records must be kept & for how long

Emission quantification & monitoring

- Will establish quantification methods for emission sources
- Still need to:
 - Select the methods and provide the details
 - Determine whether to allow *de minimis* and how to set it and estimate *de minimis* emissions
 - Specify procedures for missing data
 - Consider requiring reporting as estimated by best practice estimates for emission sources categories that lack accurate quantification methods

Verification & quality assurance

- Require third party verification of emissions reported from entities/facilities that are under the cap
- Evaluate the CA regulation to lay out a standardized approach for verification
 - Accreditation of verifiers
 - Core verification services
 - Conflict of interest requirements