Overview of Western Climate Initiative
Essential Requirements Mandatory Reporting
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

• 2\textsuperscript{nd} 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 form 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 MTCO2e
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