

Focus On: The Western Climate Initiative

The Western Climate Initiative (WCI) is a collaboration between western states, Canadian provinces, and Mexican states to reduce greenhouse gases in our region.

The Initiative was originally signed on February 26, 2007 by the governors of **Washington, Oregon, California, Arizona** and **New Mexico**. It invited other states, provinces, Mexican states and Indian Tribes to join as partners or observers. The provinces of **British Columbia** and **Manitoba** and the states of **Utah** and **Montana** have formally joined as partners. **Kansas, Wyoming, Nevada, Colorado, Alaska, Idaho**, the provinces of **Quebec, Saskatchewan** and **Ontario** and the Mexican states of **Sonora, Tamaulipas, Baja** and **Chihuahua** are all observers.

The Initiative directs the staff of the partners (signatories) to accomplish three tasks:

1. Set a regional greenhouse gas reduction goal that is consistent with each partner's individual reduction goal;
2. Join a multi-state registry to track, manage and credit entities that report their greenhouse gas emissions and the reductions they make; and
3. Develop a design for a regional multi-sector market-based mechanism, such as a load-based cap and trade program, to help achieve the emission reductions. This design is to be completed by August 26, 2008, eighteen months after the Initiative was signed by the five founding partners.

WCI Work Status

The partners have accomplished two of the three tasks: a regional reduction goal has been established and all partners (and observers) have joined The Climate Registry, the only multi-state registry in the United States.

Regional Reduction Goal: Working with the emissions inventory and projection for each of the partner jurisdictions, the WCI determined that a 15 percent reduction from 2005 levels by 2020 was consistent with all of the partners' individual goals. With each partner

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reaching its own goal, the region is assured of achieving this level of reduction. For Washington, the regional goal is consistent with the goals set out in Executive Order 07-02 and Senate Bill 6001.

The Climate Registry: The Climate Registry is developing standard protocols to ensure consistent, accurate and verifiable reporting of greenhouse gases. These protocols will ensure that a ton of carbon, wherever emitted or reduced, is counted in the same way, giving assurance to any carbon trading markets that have formed or will form.

The Climate Registry is a non-profit corporation whose Board of Directors is made up of each of the governments that are its members. Currently, there are 39 states, the District of Columbia, three Canadian provinces and four Mexican states that are members. (All 13 Canadian provinces have committed to join.)

Cap and Trade: Currently, five subcommittees have been formed to analyze the technical aspects of creating a cap and trade program and make recommendations to the partners. The subcommittees and their initial responsibilities are to address:

- *Scope* – Which sectors of the economy, which emission sources and greenhouse gases should be covered in a cap and trade program? What is the right point of regulation for each?
- *Electricity* – Given the unique nature of the electricity sector in the west, how should the program be designed to best include that sector in a cap and trade program?
- *Allocations* – How will the regional cap on greenhouse gas emissions be determined and allocated between the partners and/or between sectors? How should credit for early reduction actions be given?
- *Offsets* – What is the role of an offset in this cap and trade program and how should it be designed to ensure offset projects are credible?
- *Reporting* – What is the best design for reporting that can ensure maximum consistency throughout the partner jurisdictions for reporting sources and for the states and provinces? What should be the role of The Climate Registry and how should that be set up to make reporting administratively simple for reporting sources and for government?

The WCI will be issuing a contract for an economic analysis and modeling of the various cap and trade design options.

What We Expect to Deliver

Recommendations will be delivered in the form of a Memorandum of Agreement. It will indicate where the partners believe consistency between the states and provinces is crucial to ensure a seamless carbon trading market as well as those design features where consistency is not as critical. It will also indicate where the partners believe more work is necessary. In Washington, these recommendations will be forwarded to the 2009 legislature for its consideration.

How WCI Works

The WCI works through subcommittees and operates on a consensus decision-making model. Each of the partners participates in monthly staff-level work sessions of the group. Partners and observers participate on the subcommittees. The Center for Climate Strategies is under contract to WCI to provide technical analysis. Support is also provided by the Pew Center on Climate Change, the World Resources Institute, the New America Foundation and the United Kingdom. The Western Governors Association is under contract to the WCI to provide overall project management.

Stakeholder Outreach

In addition to hosting a website and a list serve, WCI partners hold regional teleconferences with stakeholders after each monthly working session. There are educational webinars hosted by the WCI technical advisors on the basics of cap and trade. The WCI work plan and each subcommittee’s initial design issues have been submitted for public review and comment. One regional face-to-face stakeholder meeting has been held and more are planned. The subcommittees are identifying opportunities to provide their initial recommendations for public review and comment. A comprehensive draft of the recommendations will be made available for public input in May 2008. The draft design will be made available in July 2008.

Each state and province is also conducting its own WCI stakeholder process. In Washington, we meet regularly with WCI stakeholders in person and via teleconferences. We regularly post information on our list serve and maintain a comprehensive climate change website with WCI and The Climate Registry information. We are also working with our stakeholders to try to find common ground on the major design options being considered by the subcommittees.

Other Efforts in the United States

The Regional Greenhouse Gas Initiative is a cooperative effort between ten eastern states to establish a regional cap and trade program for the electricity sector. In addition, six mid-western governors have signed an agreement to create a multi-sector market-based mechanism for their states. A model rule is to be developed by August 2008.

MORE INFORMATION

Washington State’s Climate Change web site

www.ecy.wa.gov/climatechange

Western Climate Initiative (WCI) Stakeholders

www.ecy.wa.gov/climatechange/wci_stakeholders.htm

Western Climate Initiative

www.westernclimateinitiative.org/

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