



***Regional Greenhouse Gas Initiative:
States Stepping Up to
Address Climate Change***



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Overview



- A Policymaker's Perspective on Climate Science
- Understanding What is at Stake
- Brief Snapshot of Climate Change Policies of Northeast States
- Regional Greenhouse Gas Initiative
- Takeaways

Climate Science

We know enough to act now



Joint National Academies of Science Statement June 2005

“The scientific understanding of climate change is now sufficiently clear to justify nations taking prompt action.”



Climate Impacts

Understanding What's at Stake



A topographic map of the Northeastern United States, showing state boundaries and terrain. The map uses a color gradient from green (low elevation) to brown and purple (high elevation). The Appalachian Mountains are visible in the western part of the region, and the Atlantic coast is on the right. The title 'Climate Change in the U.S. Northeast' is overlaid in the upper left.

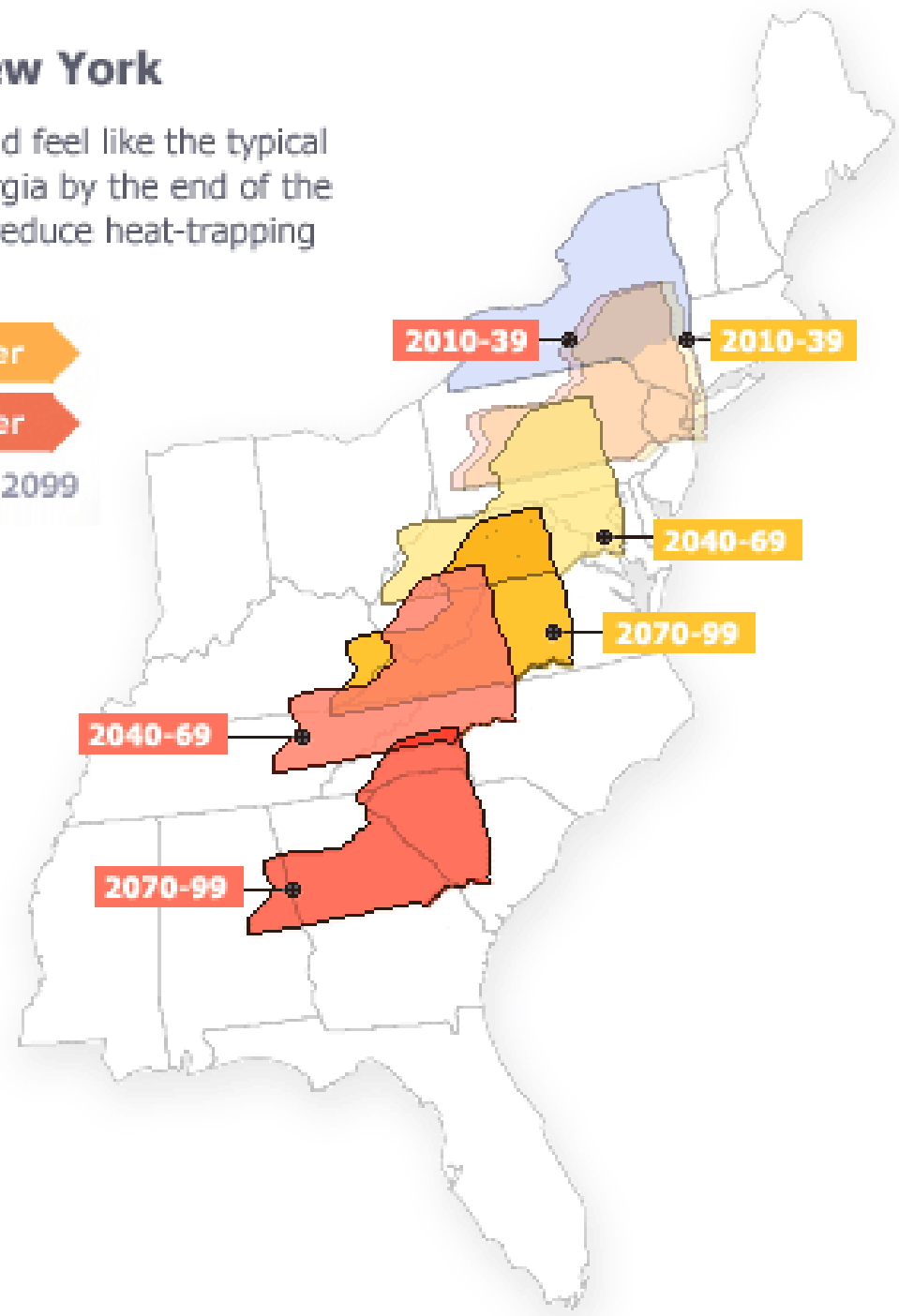
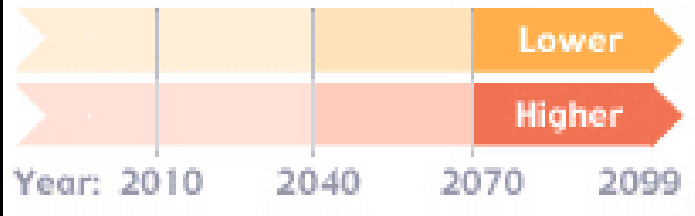
Climate Change in the U.S. Northeast

A Report of the
Northeast Climate Impacts
Assessment

October 2006

Summers in Upstate New York

Summer in Upstate New York could feel like the typical summer in South Carolina or Georgia by the end of the century unless we take action to reduce heat-trapping emissions today.



Potential Impacts

- Extreme weather events—heat, storms
- More precipitation in fewer events—floods & infrastructure
- Sea level rise and storm surges
- Agricultural disruptions—droughts, changes in growing seasons
- Unpredictable changes in ecological systems

**2ND-QTR SIZZLE
PROFITS AT 900
COMPANIES** (P. 74)

**PAYING FOR COLLEGE
BEWARE OF THOSE
HIGH 529 FEES** (P. 96)

**TERRORISM WHAT
COMPANIES STILL
NEED TO DO** (P. 26)

The McGraw-Hill Companies

BusinessWeek

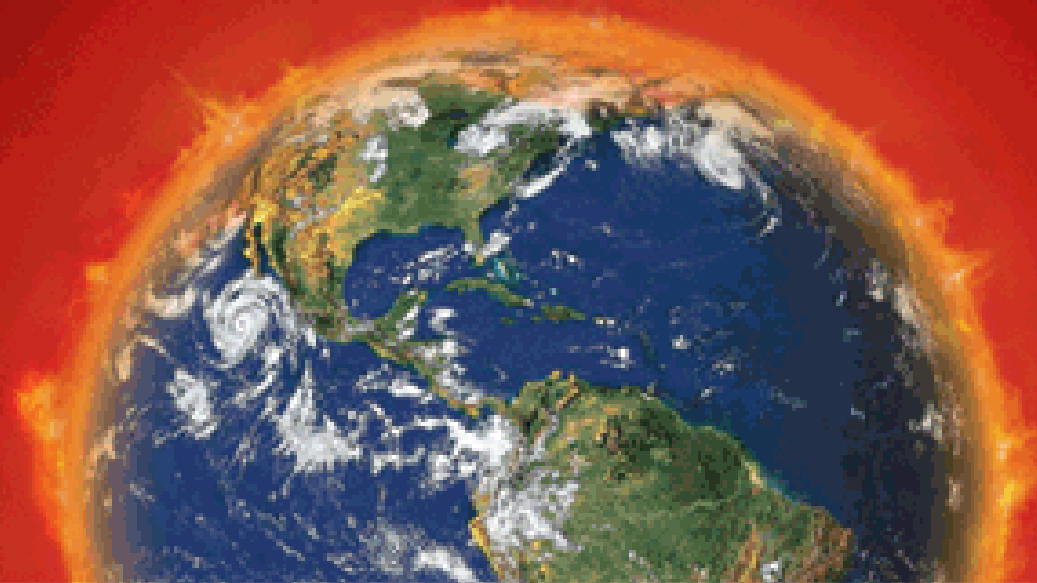
AUGUST 31, 2004

www.businessweek.com

GLOBAL WARMING

Why Business Is Taking It So Seriously

BY JOHN CAREY (P. 60)



SPECIAL REPORT GLOBAL WARMING

TIME

**BE
WORRIED.
BE **VERY**
WORRIED.**

Climate change isn't some vague future problem—it's already damaging the planet at an alarming pace. Here's how it affects you, your kids and their kids as well

EARTH AT THE TIPPING POINT

HOW IT THREATENS YOUR HEALTH

**HOW CHINA & INDIA CAN HELP
SAVE THE WORLD—OR DESTROY IT**

THE CLIMATE CRUSADERS



The Economist

SEPTEMBER 8TH-15TH 2006

www.economist.com

The Blair leadership crisis

The new boss at Ford

An honest in-flight announcement

Catastrophe looms in Darfur

Fancy a Swedish model?

The heat is on

A special report on climate change



CARBON DOWN
PROFITS UP
SECOND EDITION 2005



New York's Oil & Gas Consumption Means Billions Leave the State Each Year

***NY Spent
\$55 Billion
on Energy
in 2005***



State Climate Policies

Climate and Energy Policy Options

Reduce Energy Consumption

Promote Non-Carbon-Emitting Energy

De-Carbonize Fossil Fuel Energy

Increase Sequestration in Carbon "Sinks"

RGGI States on Climate

- State Climate Action Plans with Reduction Targets
- Significant Renewable Portfolio Standards
- Significant Energy Efficiency Programs
- Greenhouse Gas Tailpipe Standards (CA LEV)
- Track Record of Successful Cooperation
 - NE Governors' Climate Pact; Ozone Transport Commission on NOx & VOCs

Regional Greenhouse Gas Initiative



*The Nation's First
Mandatory
Cap-and-Trade Program
for Carbon Dioxide*

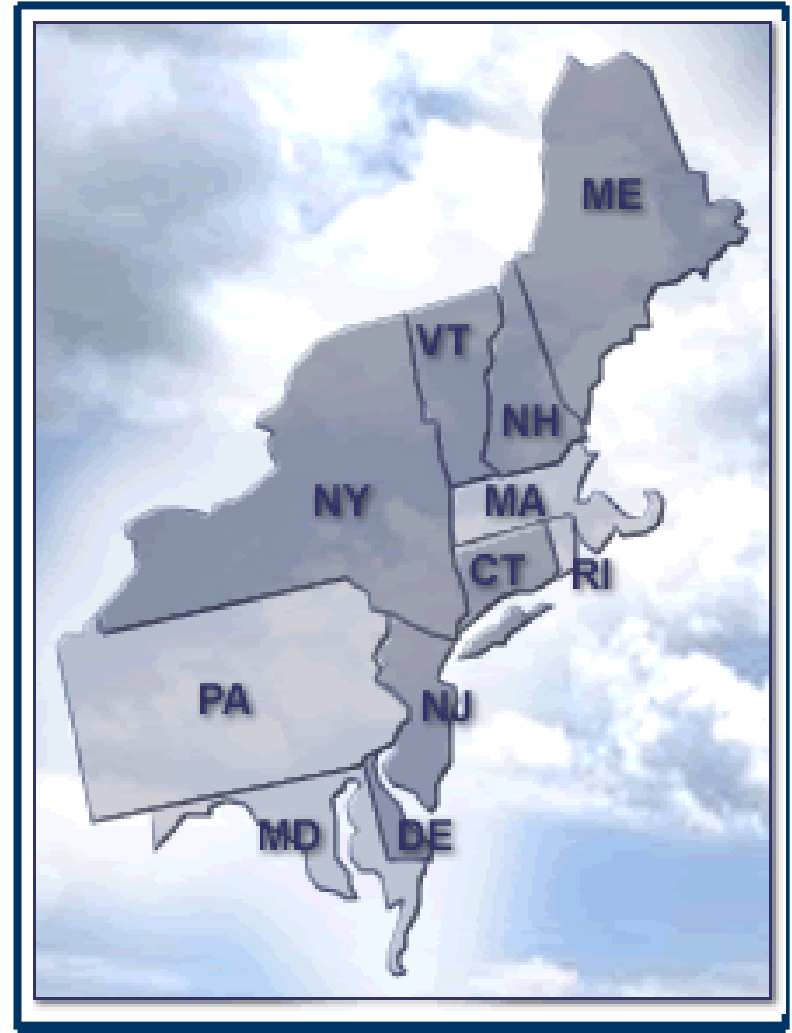
*Launch Date:
Jan. 1, 2009*





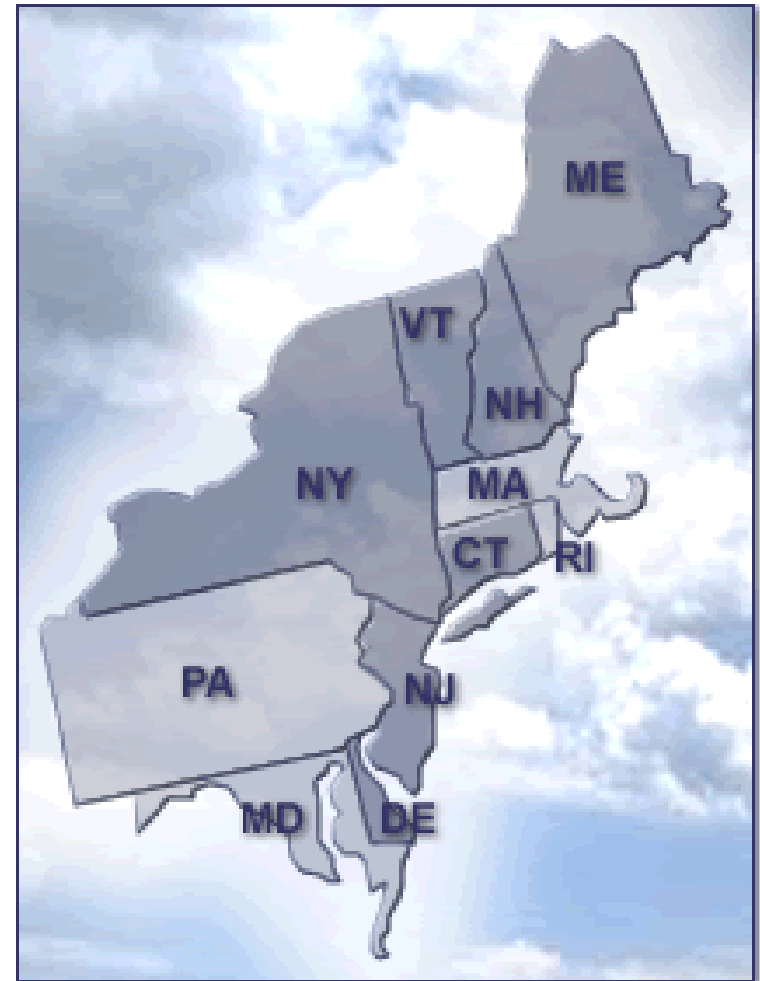
Background

- April 2003 Invitation
- 3 Year Design Process
- December 2005 Memorandum of Understanding (7 States)
- Model Rule Complete
- MD & MA to Join



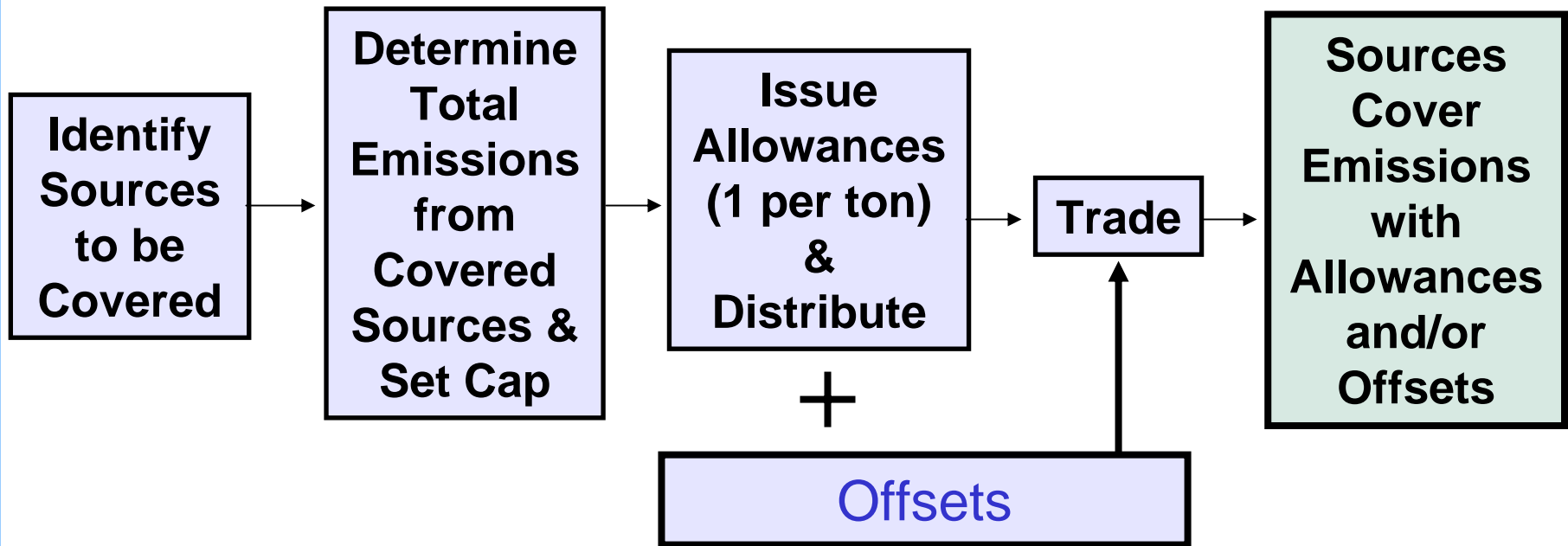
The Region at a Glance

- *39.4 million people—
(13% of US Population)*
- *11th largest emitter in
the world*
- *\$1.8 trillion economy
(15% of U.S.)*





Designing RGGI: A Cap-and-Trade Program



Reduction Requirements

- Stabilize emissions at current levels through 2014;
- then reduce by 10% by 2019
- ~13% below 1990 levels
- ~35% below business as usual



RGGI Innovations

- Allowance Allocations:
 - 25% or more of the allowances will be set-aside for Auction for Consumer Benefit and/or Strategic Energy Purpose
 - Many States—like New York—will go higher than 25%
- Firing Biomass/Biofuel a “control” method
- Offsets



Key Program Features

- Offsets “Valve”
- Offsets—5 Initial Types:
 - Natural Gas, Propane, Heating Oil Efficiency;
 - Land to Forest;
 - Landfill Gas Capture & Combustion;
 - Methane Capture from Animal Operations
 - SF₆ Leak Prevention;
- International Credits from EU or CDM allowed if allowance price is \$10 or more

Market Drives Innovation

- Carbon price will promote:
 - reduction in fossil fuel consumption
 - non-emitting renewable energy
 - development of abatement technologies
 - innovation yet unknown

RGGI + California

- MOU among RGGI States Welcomes Participation by Additional States
- RGGI + California =
 - 24% of U.S. Population
 - 28% of U.S. Economy
 - 3rd Largest World Economy
 - 15% of U.S. Emissions
 - 6th Largest Emitter Worldwide



RGGI Next Steps

- Implement RGGI
- Bring Maryland & Massachusetts On
- Add Additional States—RI, PA?
- Link with West Coast—CA, OR, WA, AZ, NM?
- Next Area of Multistate Cooperation: Harmonize RPSs? Energy Efficiency Portfolio Standard?

Summary

- We Know Enough About the Science to Act Now
- There is Too Much at Stake Not to Act
- Good Energy & Economic Reasons to Act Now
- States are Acting and Prospering
- Regional and Multi-State Cooperation Makes Sense



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