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# Climate Office

- FY 07-08 budget authorized 12 positions to address climate change
- Science and Analysis
- Programs and Partnerships



# Climate Office

- Science and Analysis
  - Economist
  - Engineer
  - Climatologist
  - Research Scientist



# Climate Office

- Programs and Partnerships
  - Community outreach
  - Public involvement
  - Inter- and Intra-agency partnerships
  - Communications



# Initiatives

- Regional Greenhouse Gas Initiative
- The Climate Registry
- Next steps



# The Regional Greenhouse Gas Initiative (RGGI)

- Regional effort among 10 states to cap and reduce carbon emissions
- Focus on power sector
- Regionwide and state specific caps
- Auction rather than allocation based allowance distribution



# The Region at a Glance

*(CT, DE, MA, ME, MD, NH, NJ, NY, RI & VT)*

- 48.8 million people  
(16% of US)
- 10% of U.S. emissions
- world's 8th largest emitter
- \$2.4 trillion economy  
(19% of U.S.)



# *Reduction Requirements*

- Start in 2009
- Stabilize emissions at current levels through 2014
- then reduce by 10% by 2019  
(~16% below 1990 levels)
- Three year compliance periods
- Banking allowed



# *Auction of Allowances*

- States' MOU: minimum 25% public benefit allocation
- New York and most other RGGI states have proposed 100% auction
- Purpose:
  - restore value of program to the public
  - promote goals of program



# *Auction Design Issues*

- Provide allowances to those who need them
- Prevent collusion
- Prevent hoarding
- Minimize volatility
- Not maximize revenues

What to watch: secondary market/trading



# Preliminary Recommendations

- Combination of auction types
- Frequent auctions: quarterly
- Reserve price



# Auction Design Phase II

- How to reduce hoarding (driving prices upward)?
  - limit participation in some auctions?
  - reissuance of unused allowances?
- How to reduce collusion (keeping prices down)?



# Offsets

- Requirements: real, surplus, verifiable, permanent and additional
- Purpose
  - price relief
  - expand beyond power sector
- Cautions
  - ensure integrity
  - acknowledge modest cap level



# Offsets Framework

- Initially each source may “cover” up to 3.3% of its total reported emissions, anywhere in U.S.
- Limit increased to 5% if allowance prices exceeds \$7 (\$2005)
- Limit increases to 10% if allowance price exceeds \$10 (\$2005); and international currencies accepted

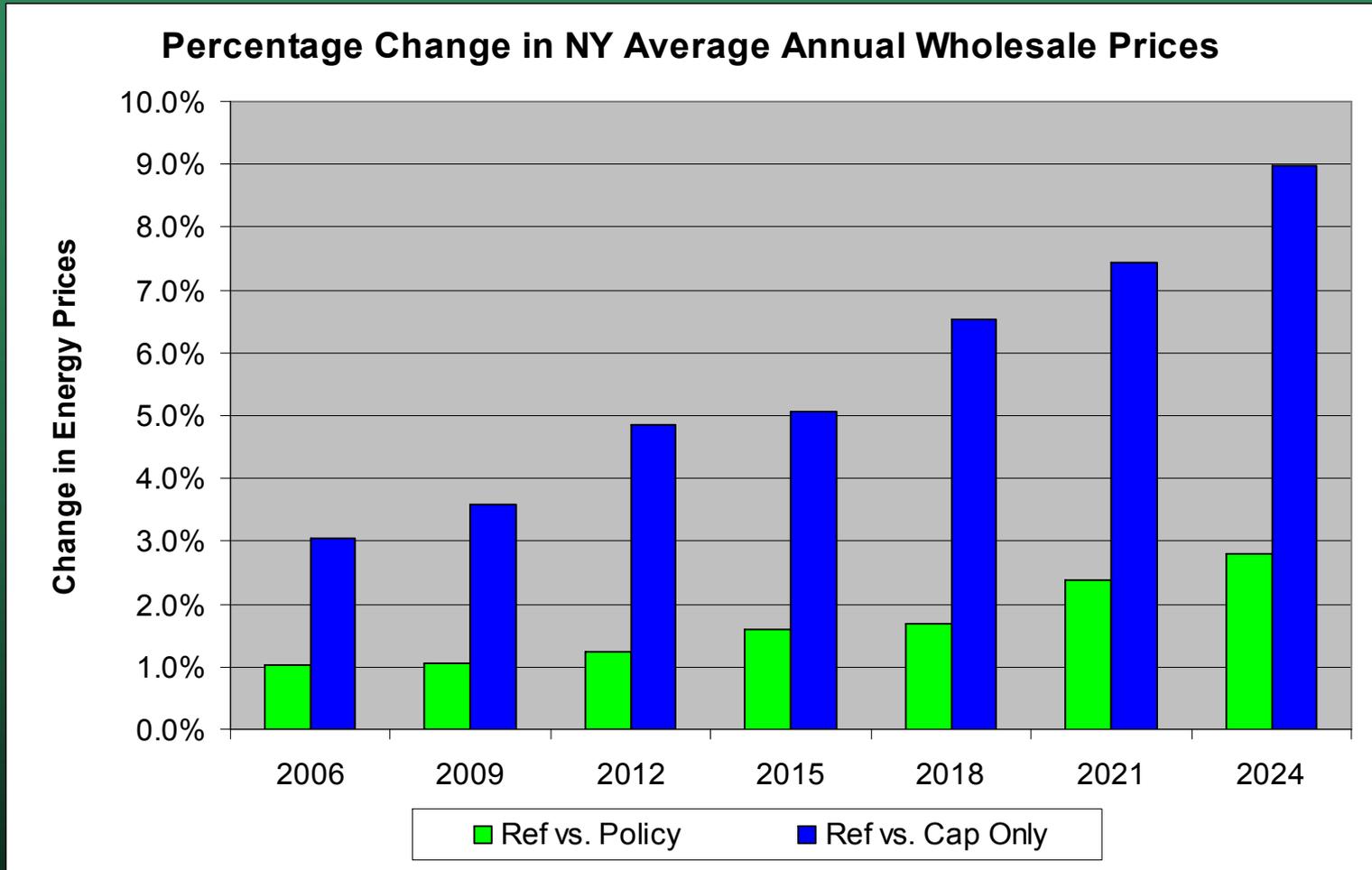


# Modeled Allowance Prices

- \$ 2/ton in 2009
- \$ 3/ton in 2015
- \$ 4.50/ton in 2021
- No plants in RGGI are shutdown and all stay revenue positive



# Modeled Wholesale Prices



**Cap Only = Impact of Cap without Offsets and Energy Efficiency**  
**RGGI "Package" = Impact of Carbon Cap with EE and Offsets**



# Modeled Retail Prices

- Increase of 0.7% which translates into monthly bill increase of \$0.78 for 2015
- Increase of 1.0% which translates into a monthly bill increase of \$1.13/month for 2021



# RGGI Key Dates

- Formation of RGGI, Inc. September 25<sup>th</sup> (NYS is Chair)
- Release of final auction research report—October 26<sup>th</sup>
- Regional Stakeholder session in Albany on November 7<sup>th</sup>
- Rules out for comment this month



# What next for RGGI?

- Start date: January 2009
- Expand to other states?
- Integrate with other programs?
- Federal program:
  - sunset RGGI? Or Not?





# Climate Registry

THE CLIMATE REGISTRY is a collaboration between states, provinces and tribes aimed at developing and managing a common greenhouse gas emissions reporting system with high integrity that is capable of supporting various greenhouse gas emission reporting and reduction policies for its member states and tribes and reporting entities. It will provide an accurate, complete, consistent, transparent and verified set of greenhouse gas emissions data from reporting entities, supported by a robust accounting and verification infrastructure



# Climate Registry

- Multi-state common registry
- Voluntary reporting of entity-wide greenhouse gas emissions
- Graduated fees for reporting



# Climate Registry

- Reporting entities can:
  - Document early action
  - Demonstrate leadership
  - Identify and manage GHG risk/opportunities
- Voluntary reporting of high quality data
- Standardize best practices



# Climate Registry

- Reporting protocol out for comment in November
- Informational session for those interested in reporting—early December



# Climate Initiatives

- Updating the inventory
- Assessing methodologies
- Modeling impacts
- Supporting adaptation measures
- Analyzing greenhouse gas emissions reduction measures



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