



**Regional Greenhouse Gas Initiative**  
An Initiative of the Northeast & Mid-Atlantic States of the U.S.

# **Proposed Staff Working Group Approach to Assessing Potential Offsets**

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## Overview

### A. SWG Analytical Approach to Assessing Potential RGGI Offsets

Categories and/or Project Types:

- Evaluation Process
- Evaluation Criteria

### B. Program Structure Issues

- Model Rule
- Guidance Protocol(s)
- Program Administration



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## Goals

### A. Offsets Evaluation Matrix:

- Identify potential offsets viable on priority basis (near-term)
- Identify potential offsets viable for development in mid-term

### B. Roadmap for coordination among states in the ongoing development of potential offsets



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## GHG offsets workshop held on June 25, 2004

Participants generally felt that two elements were critical to success of a RGGI offsets program:

- Start small and increase incrementally
  - develop credible protocols
  - ensure environmental integrity
  
- Develop standardized approaches where feasible and desirable
  - reduce transaction costs
  - ensure all parties understand the requirements of the program at the onset



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## Evaluation Process--General Guidelines

Priority basis for offsets category evaluation:

1. Offsets available in RGGI region ( w/ high environmental integrity and substantial low-cost supply)
2. Offsets available in the U.S. (w/ high environmental integrity and substantial low-cost supply)
3. Offsets available internationally (w/ high environmental integrity and substantial low-cost supply)



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Once this screen is applied, potential offsets categories will be evaluated based on additional criteria:

- Use of standardized guidelines and protocols is viable (initial ease of implementation screen)
- Provides significant environmental co-benefits
- Provides valuable experience that would support future expansion of RGGI
- Projects in category good candidates for wider market adoption (market transformation impacts)



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## Detailed Evaluation Process

Evaluation Approach:

- Technical and economic evaluation
- Program evaluation
- Implementation evaluation



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## **Technical and economic evaluation:**

- Estimate technical potential (available supply in tons) in U.S and within RGGI region
- Assemble and/or develop offset supply curves (\$/ton) for specific project categories and project types in U.S. and within RGGI region
- Estimate technical and economic international potential if warranted and data available

## Program evaluation:

- Does the proposed offset type provide significant economic and social benefits to the RGGI region?
- Does the proposed offset type build momentum for Phase II expansion of RGGI?
- Does the proposed offset type build political support for RGGI?



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## **Implementation evaluation:**

- Identify availability of existing implementation protocols and/or requirements for developing new protocols
- Assess environmental integrity of available protocols and impact on project transaction costs
- Initial screen for ease of implementation
  - anecdotal evidence of transaction costs using existing protocols and/or project requirements
  - stakeholder acceptance of existing protocols



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## Program Structure--Basic Criteria:

Reciprocity is primary State recourse for ensuring environmental integrity of offsets

### Standardization Across States

- Ensures Environmental Integrity
- Ensures Fungibility of Offsets

### Coordinated Process for Development & Acceptance of Program Requirements

- Model Rule
- Guidance Protocol(s)



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## Possible Program Design Options

### Key Questions:

What would need to be incorporated in Model Rule and what should be included in Offsets Protocol(s)?

What would the process be for coordinated development of Offsets Protocol(s) acceptable to all participating states?