

## **Regional Greenhouse Gas Initiative (RGGI): Goals, Proposed Tasks, and Short-Term Action Items**

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### **Program Goal**

Develop a multi-state cap and trade program covering greenhouse gas (GHG) emissions. The program will initially be aimed at developing a program to reduce carbon dioxide emissions from power plants in the participating states, while maintaining energy affordability and reliability and accommodating, to the extent feasible, the diversity in policies and programs in individual states. The goal is to have an agreement on program design by April 2005 or sooner. After the cap and trade program for power plants is implemented, the states may consider expanding the program to other kinds of sources.

### **Guiding Principles for Program Design**

1. The program will emphasize uniformity to facilitate interstate trading in GHG allowances and will build on successful cap and trade programs and mechanisms already in place.
2. The program will be expandable and flexible, permitting other states to seamlessly join in the initiative when they deem it appropriate.
3. The program will not unduly interfere with other national, state or regional emission trading programs and initiatives, but may serve as a platform and model for the implementation of future additional emissions trading programs and initiatives that individual or multiple states might deem appropriate.
4. The program shall start simply and develop over time. The initial phase of the cap and trade program will entail the allocation and trading of carbon dioxide allowances to and by sources in the power sector only. In a subsequent phase of the program, states and stakeholders will work together to develop reliable protocols for offsets (i.e., creditable reductions outside the power sector) that may be used to achieve compliance with the cap. States may be able to achieve greater emissions reductions as the number of sources

covered and the variety of compliance options increases, thereby reducing compliance costs.

### **Organization**

1. Establishment of a Staff Working Group. The development of the program shall be accomplished through the cooperative efforts of the participating states, acting principally through their designated representatives. Each state has been invited to designate a representative from each of its environmental and energy regulatory agencies. Collectively, these designated representatives make up the Staff Working Group.
2. Staff Working Group Leadership. The Staff Working Group will designate a Steering Committee comprised of representatives from three states that will serve for periods of six months at a time. For the first six months of the effort, the Staff Working Group has designated the representatives from Connecticut, New Jersey and New York to serve on the Steering Committee. In addition, for the first six months of the effort, the representatives from New York will chair the Staff Working Group for purposes of coordinating overall program activities and facilitating communication.
3. Task and Subgroup Leadership. Leadership for specific tasks needing to be accomplished in the development of the program shall be assumed by specific state representatives, who shall work closely with the other state representatives who have committed to assist with the task.
4. Agency Chief Executives. State commissioners and secretaries shall monitor the efforts of the Staff Working Group, and shall meet on a regular basis to track the Staff Working Group's efforts and confer on key policy decisions.
5. Observers to Staff Working Group. States and Canadian provinces that are not presently committed to the development of a GHG cap and trade program for their jurisdictions may take part in meetings of the Staff Working Group and Subgroups as observers. Such

states or provinces may join as participating states or provinces in the future.

### **Initial Tasks and Projected Completion**

#### Learning Phase Tasks (Months 0-6).

1. Sharing of State Experiences. (Due September 26, 2003). Each state's environmental representative will provide the Staff Working Group with a short briefing on that state's recent legislative, regulatory and administrative initiatives relating to the control of GHG emissions. To the extent applicable, the briefings shall include electronic copies of or links to websites for currently available reports, legislation, rules and other related information.
2. Scheduling of Targeted Expert Briefings. (Due October 31, 2003). Schedule briefings for the Staff Working Group by outside expert sources that are focused on issues related to program design for a multi-state GHG cap and trade program for power plants. NY and CT will work together to schedule expert briefings on Development Phase 1 topic areas (identified below) before the end of April 2004. Expert briefings on Development Phase 2 topics (identified below) shall take place after the briefings on Phase 1 topics have been completed.
3. Define State Legal Mechanisms for Action. (Due by September 29, 2003). Each state's environmental representative will report to the Staff Working Group any issues associated with state mechanisms for action prior to the due date. VT will coordinate the work of state representatives on this task.

#### Development Phase 1 Tasks (Months 0-20).

1. Data Gathering and Technical Analysis. (Plan Due by December 31, 2003). The Subgroup assigned to this task will propose a plan for data gathering and technical analysis. The plan shall include an assessment of what data and analysis will be required,

- how that gathering and analysis will be accomplished, and when. CT will lead the Subgroup, which will also consist of representatives from NH, NJ and NY.
2. Development of Model Rule. (Outline Due December 31, 2003). The Subgroup on model rule development shall propose a model rule outline for consideration by the Working Group, and identify policy decisions that must be made prior to completion of the model rule. MA will lead the Subgroup also consisting of representatives from NH, NJ and NY.
  3. Stakeholder Process. (Plan Due October 31, 2003). The Subgroup on the stakeholder process shall draft a proposed plan for receiving, organizing and responding to input from stakeholders. NJ will lead the Subgroup also consisting of NH, NY and DE.
  4. Monitor NESCAUM Registry Efforts. (Ongoing). Each state's representatives are charged with closely monitoring the efforts of the Northeast States for Coordinated Air Use Management (NESCAUM) in designing a regional GHG registry, with the goal of harmonizing the two efforts to facilitate possible future integration or interaction.
  5. Economic Cost & Benefit Analysis. (Plan Due December 31, 2003). The Subgroup responsible for economic cost and benefit analysis shall be responsible for (a) the assessment of the need for data gathering and analysis (in cooperation with the Data Gathering Subgroup); and the (b) development of a plan for assessment of costs and benefits of the program. MA will the lead the Subgroup made up of CT, NJ and NY.
  6. Website Development. (Proposal Due October 31, 2003). The Subgroup on website development will develop a proposal for building a website for the effort. NY will lead the Subgroup with the help of NJ.

Initial Development Phase 1 proposals will specify a schedule for completing sub-tasks. Proposals will be designed to accomplish overall Phase 1 development work within the first 20 months (April 2005) of the effort.

Development Phase 2 Tasks (Commencing Approximately Month 6).

Subgroup leaders and members for the Phase 2 tasks will be identified upon commencement of work on Phase 2 tasks. Phase 2 tasks will be accomplished on a staggered but partially concurrent schedule with Phase 1 tasks, commencing at the end of month 6 of the effort.

1. Development of Offset Requirements. After development of the cap and trade program covering power sector emissions, a Subgroup will be formed to design one or more offset components for the program.
  
2. Possible Future Program Extensions. The Working Group may consider potential ways to expand the cap and trade program to include sources other than power plants. The Working Group may also consider other policies or programs that will facilitate implementation of the cap and trade program.