



RGGI Stakeholder Workshop on Apportionment and Allocation

October 14, 2004

Introduction

**Apportionment and Allocation
Workshop for RGGI
Stakeholders**

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Welcome and Goals for the Day

- Clearly lay out choices, pros and cons
- Draw lessons from experience
- Examine economic implications
- Discuss alternative views of fairness
- Develop common understanding, e.g. “Apportionment” vs. “allocation”

National Context: GHG allocation in proposed federal legislation

Carper: 4P bill; electricity only

- CO₂ allocation: output based for fossil, renewables, and incremental nuclear (since 1990)
- Updating – allowances based on previous 3 years output
- New renewable and fossil units receive allocations; EPA has to develop methodology

+ National context (cont'd)

+ McCain-Lieberman

- + • Economy-wide cap and trade; all six greenhouse gases
- + • Punted on allocation → Secretary of Commerce
- + • Establish Climate Change Credit Corporation
- + • Provides allocations for early reductions

+ McCain-Lieberman (cont'd)

+ In allocating, Secretary of Commerce must consider:

- + – Impacts on distribution and efficiency
- + – Impacts on corporate income, taxes, and asset value
- + – Impact on household income and energy use
- + – Ability of covered entities to pass through compliance costs to their customers
- + – How allocations should decrease over time
- + – Maintaining international competitiveness and avoiding U.S. manufacturing job loss

+ McCain-Lieberman (cont'd)

+ Secretary also required to:

- + • Encourage investments that increase the efficiency of the processes that produce ghgs
- + • Minimize the costs to the government of allocating tradable allowances
- + • Not penalize anyone for emissions reductions made before 2010 and registered
- + • Provide sufficient allocation for new entrants

+ McCain-Lieberman (cont'd)

- + Climate Change Credit Corporation buys and sells allowances
- +
 - To reduce costs borne by consumers
 - To provides transition assistance to dislocated workers and communities
 - To establish technology deployment programs
 - IGCC/geological carbon storage
 - Agricultural programs
- +
 - To establish technology deployment programs
- +
 - To establish technology deployment programs

Agenda

8:30 – 8:45	Welcome, Introduction and Workshop Overview Judi Greenwald, Pew Center
8:45 – 9:30	Session 1A. Apportionment and Allocation Choices Overview David Harrison, NERA.
9:30 – 10:15	Session 1B. A Review of Apportionment and Allocation Choices Made in Existing Programs and Lessons Learned U.S. SO₂ Program: Judi Greenwald, Pew Center U.S. NO_x Program: A. Denny Ellerman, MIT EU Emissions Trading System: Olivia Hartridge, European Commission
10:15 – 10:30	Discussion Moderator: Joe Kruger, RFF Break

Agenda, cont.

10:30 – 12:15

Session 2. Implications of Alternative Approaches to Allowance Apportionment and Allocation

Opening Presentation: Dallas Burtraw, RFF

Response: Dale Bryk, NRDC

Response: Bruce Braine, AEP

Response: Mark Younger, Slater Consulting

Response: Christopher Van Atten, MJ Bradley

Discussion Moderator: Billy Pizer, RFF

12:15 – 1:15

L U N C H

1:15- 2:15 pm

Session 3. Apportioning the Regional Cap Among States

Derek Murrow, Environment Northeast

Discussion Moderator: Joe Kruger, RFF

Agenda, cont.

2:15 –4:00

Session 4. Options for Allocating to
Utility Generators

Opening Presentation: Rob LaCount,
CERA

Response: Daniel Cunningham, PSE&G

Response: Mark Buzel, AES

Response: Rich Cowart, RAP

Discussion Moderator:
Jonathan Pershing, WRI

4:00 – 4:30

Wrap Up: Jonathan Pershing, WRI

Final point: Please don't be shy about participating.