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November 15, 2007
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
The Regional Greenhouse Gas Initiative (RGGI)

- Regional effort among 10 states to cap and reduce carbon emissions
- Focus on power sector
- Region wide 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 BAU)
- 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
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 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
What next for RGGI?

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

- Comment period closes on December 24th
- Hearings set for 12/10 (Albany), 11 (Raybrook), 12 (NYC) and 13 (Avon)

http://www.dec.ny.gov/regulations/38974.html
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