

## **MIDWESTERN GREENHOUSE GAS REDUCTION ACCORD**

### **THE SCOPE AND ELECTRICITY SUBGROUP**

#### **DRAFT WORK PLAN**

#### **OBJECTIVE**

The objective of this work plan is to outline the design questions, work tasks and schedule for the Scope and Electricity Subgroup. The Subgroup will make recommendations to the Tier IV Advisory Group on the appropriate scope of the regional cap-and-trade program, as well as the point of regulation or compliance within each covered sector.

#### **DESIGN QUESTIONS**

The Scope and Electricity Subgroup is tasked with developing well thought out answers to the following design questions:

- (1) What sectors or fuels will the cap-and-trade program cover?
  - Electricity sector?
  - Industrial sector?
    - Which industrial source categories?
  - Transportation sector?
  - Buildings sector?
  - Forestry?
  - Agriculture?
  - What fuels? (coal, natural gas, oil)
- (2) Will all sectors be brought in at once or will they be phased in?
- (3) What greenhouse gases will be included?
- (4) What will be the point of regulation – i.e., What entities will be covered in each sector?
  - Upstream entities? Downstream entities? Midstream entities?
  - Which electricity entities?
    - Generators? First sellers? Load-serving entities? Or fuel providers?
  - Which industrial entities?

- Which transportation entities?
  - Which building sector entities?
- (5) How will the complementary policies developed and implemented in the region affect the scope of the cap-and-trade program?
- (6) Will the program link to other existing emissions trading programs?
- What criteria will apply to linking decisions?
  - Will the program link to the European Union Emissions Trading System (EU ETS), to the Northeast Regional Greenhouse Gas Initiative (NE RGGI), to the UNFCCC Clean Development Mechanism (CDM), or to the Western Climate Initiative (WCI)?

## WORK TASKS

In order to accomplish the objectives of this work plan and recommend thoughtful answers to the Advisory Group on each of the design questions outlined above, the Subgroup has identified the following tasks:

**Task 1. Identify Options.** Identify the scope and point of regulation options for the regional cap-and-trade program.

**Task 2. Determine Information Needs.** Determine what information and/or analysis is necessary to evaluate the options, including:

- What data is available?
- What thinking already exists on this subject?
- Are expert briefings needed?
- To what extent will the modeling analyses affect scope and point of regulation decisions?

**Task 3. Prepare Descriptions.** Prepare detailed descriptions that flesh out each of the major options being considered, including:

- General description of the option, including the sectors, sources, and GHGs covered, and the point(s) of regulation.
- Estimate of the portion of the total emission inventory included, with estimates for each state and the region as a whole.
- Estimate of the number of entities expected to have compliance obligations, by state and for the region as a whole. If possible these data should be estimated by sector.
- Assessment of the potential interactions with other regulatory initiatives or programs, including other initiatives reducing GHG emissions.

- Administrative complexity and burden.

**Task 4. Develop evaluation criteria.** These may include general design principles and/or specific criteria, such as:

- The significance of sectors/sources in the overall inventory
- The ability to measure/monitor emissions adequately
- The existence of reasonable points of regulation
- The existence or expectation of other regulatory approaches for the source or sector
- The potential for competitive displacement or emissions leakage
- The potential for influencing federal policies and/or ease of transition to national program(s).

**Task 5. Option Evaluation.** Evaluate each of the major options using the detailed descriptions and evaluation criteria.

**Task 6. Option Recommendation.** Develop a consensus recommendation from the Scope Subgroup to the Advisory Group.

### TIMELINE

The Scope Subgroup will endeavor to meet the following timeline for completing its tasks:

<u>Task or Milestone</u>	<u>Steps</u>	<u>Schedule</u>
Subgroup Work Plan	Draft	April 8, 2008
	Final	April 15, 2008
Deliberations	Identify Options	April 8, 2008
	Determine Information Needs & Gather Information	April to May
	Prepare Descriptions	April to June
	Develop and Apply Evaluation Criteria	June to July
Make Initial	Develop and Convey	July

Recommendation

Recommendation

Revise  
Recommendation per  
Advisory Group

July to August