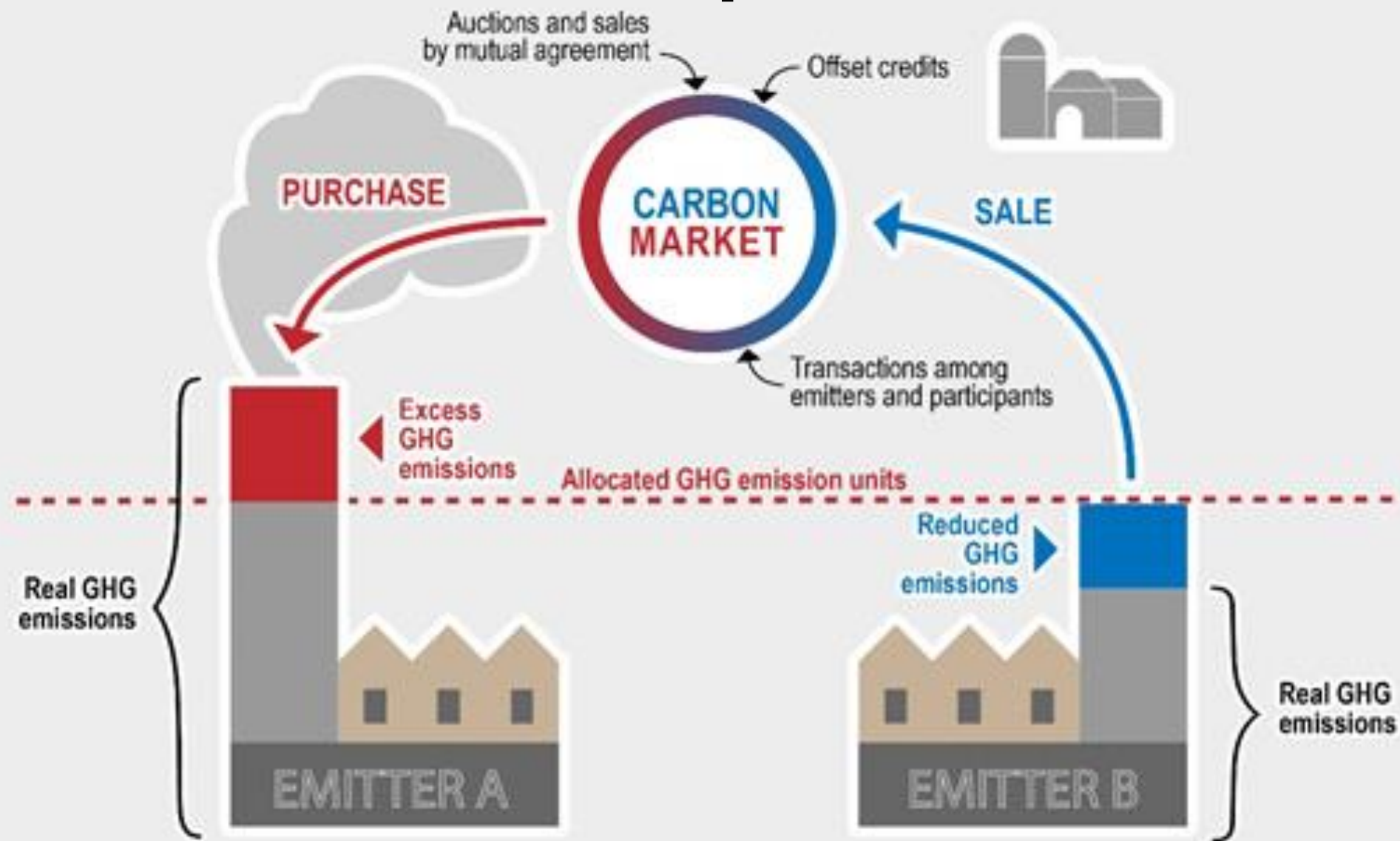


Greenhouse Gas Cap & Trade Program

Colin McConnaha, DEQ Senior Climate Policy Advisor
Jason Eisdorfer, PUC Utility Program Director



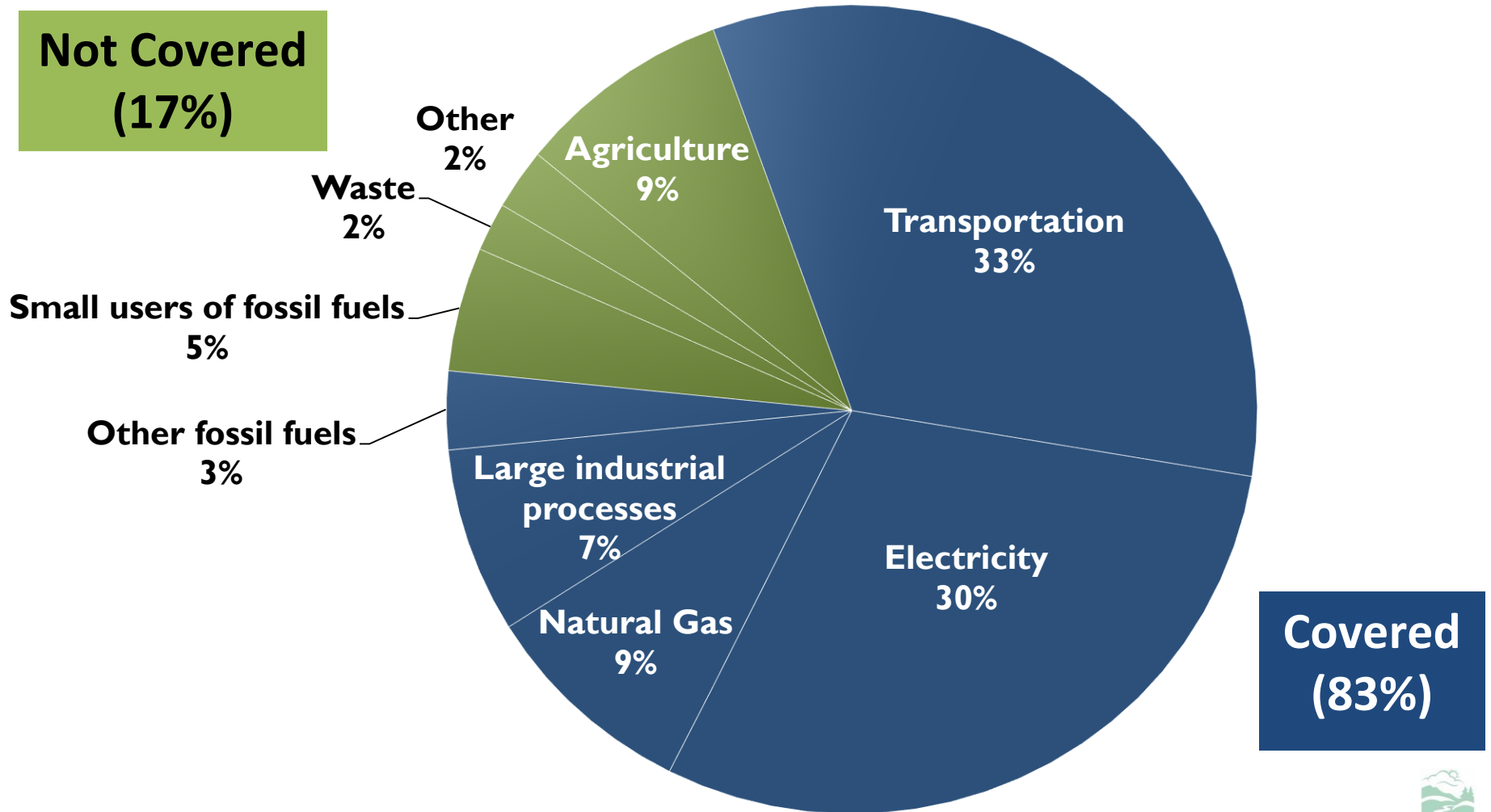
What is cap & trade?



Elements of a cap & trade program

- Scope
- Emissions cap
 - Point of regulation
- Allowance distribution
 - Revenue
- Cost containment
 - Offsets

Scope (covered emissions)



Points of regulation

Transportation fuels

- Terminal racks
- Importers

Natural gas

- Utilities
- Pipelines
- Large industrial users

Electricity

- In-state generators
- Importers

High emitting facilities

- Industrial process
- Large natural gas users

Emissions cap

- Align with Oregon's GHG targets
- Cap declines over time
- Key consideration for linkage with other jurisdictions

Allowance distribution methods

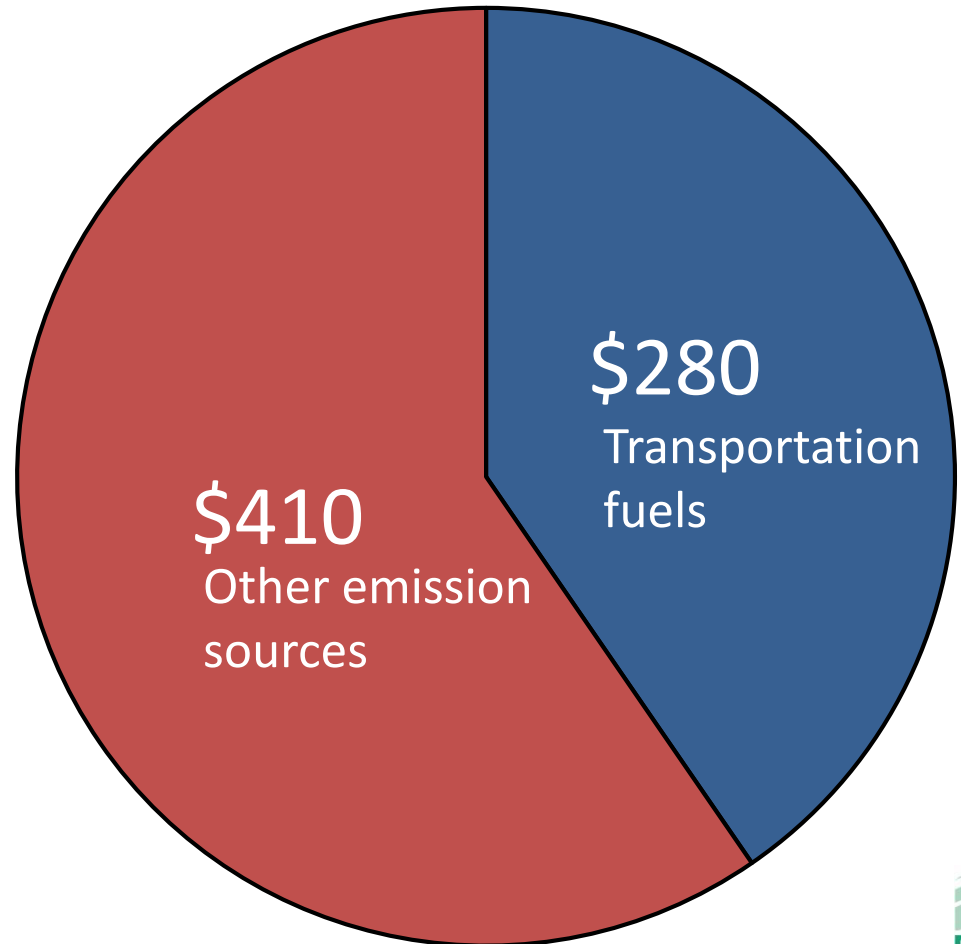
- Auction
- Free
- Consignment (hybrid)

Revenue

- Revenue from transportation may be restricted
- Remaining auction revenue could:
 - Benefit disadvantaged & rural communities
 - Minimize impacts to utility rates
 - Further reduce emissions
 - Other state priorities

Approx. revenue in 2021 (\$millions)

VERY rough
estimate of
potential revenue
generated by
auction of
allowances



Cost containment

- Banking
- Linkage
- Price floor
- Price ceiling
- Offsets

Considerations for utilities

- IOUs & COUs
- Consignment vs free allocation
- Interaction with 1547 and RPS
- Covering imported electricity
- Covering natural gas
 - Suppliers
 - Large users

Interaction with existing IOU regulation

- Existing policies might achieve much of the emissions reductions for the electric IOUs that a cap and trade could
- Capping statewide GHGs would send a price signal to customers and serve as an emission backstop
- There are ways to mitigate the costs to electric and natural gas customers
- Cap-and-trade connects policies in the transportation, electricity, and natural gas sectors

Questions?

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