



NARUC

*Serving the consumer interest
by seeking to improve the
quality and effectiveness
of public utility regulation
in America.*

State and Regional Energy Regulatory Responses to Climate Change

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<http://www.state.vt.us/psb/>

**EU-US Energy Regulators Roundtable
December 5-6, 2007, Athens, Greece**



Outline

- ⌘ **Climate Change**
- ⌘ **The Debate in the United States**
- ⌘ **Addressing the problem:**
 - ☑ **Principles**
 - ☑ **The Work Underway**



The Science

According to the Intergovernmental Panel on Climate Change (IPCC), global temperatures will increase. With that, expect:

- ⌘ A rise in sea levels;
- ⌘ Extreme weather events;
- ⌘ More drought; and
- ⌘ Loss of species



The Science cont.

⌘ If carbon emissions are left unabated, climate change will have tremendous negative consequences for our respective countries and our world.



The Science cont.

- ⌘ Most of the observed increase in globally averaged temperatures since the mid-20th century is very likely due to the observed increase in anthropogenic greenhouse gas concentrations.

IPCC's Fourth Assessment Report



The Debate...

The Risk is Widely Acknowledged:

- ⌘ Seven in ten Americans now say they want more federal action on global warming.

Krosnick, Stanford July 2007.

- ⌘ 522 U.S. mayors intend to reach the U.S. Kyoto target of a 7-percent reduction in emissions in their cities by 2012, relative to 1990 levels.



The Debate...

The Risk is Widely Acknowledged cont.

- ⌘ United States Climate Action Partnership (USCAP), a group of businesses and environmental organizations, historical adversaries, are asking the U.S. federal government to enact national legislation requiring significant reductions of greenhouse gas emissions.
- ⌘ USCAP members include: Alcoa, BP, Caterpillar, Chrysler, ConocoPhillips, Dow, Duke Energy, DuPont, Environmental Defense, Exelon, Ford, General Electric, General Motors, National Wildlife, PepsiCo, PG&E, Shell, Siemens, World Resources Institute, and Xerox.



Climate Change is a Substantial Risk

All nations will be affected by climate change, but the poorest countries will suffer earliest and most.

Stern Review



Risks likely to be varied and widespread

- ⌘ Declining crop yields in much of Africa;
- ⌘ Melting glaciers, initially creating flood risk, then reducing water supplies on the Indian sub-continent, parts of China and the Andes in South America;
- ⌘ Increased deaths from malnutrition and heat stress;
- ⌘ Greater occurrence of vector-borne diseases like malaria and dengue fever;
- ⌘ Rising sea levels resulting in more flooding in South East Asia, including Bangladesh and Vietnam, small Caribbean and Pacific islands, and large coastal cities such as Tokyo, New York, Cairo, and London.



Delay Will be More Expensive than Taking Action Now

- ⌘ The benefits of strong, early action considerably outweigh the costs.
- ⌘ Unabated climate change could cost the world at least 5% of GDP annually, while the cost of reducing emissions could be limited to around 1% of global GDP.

Stern Review



Regulatory Principles

- ⌘ Coordinate Air and Energy Regulation
- ⌘ Include All Sectors of the Economy
- ⌘ Market Mechanisms and Global Markets



Regulatory Actions

- ⌘ March 2007, NARUC established the Task Force on Climate Policy to study how climate policies being debated in Congress could impact retail electricity
- ⌘ Comprised of 10 State regulators from geographically diverse parts of the country and key NARUC Committees—Electricity, Gas, Energy Resources and the Environment, and Critical Infrastructure
- ⌘ July 2007, Resolution on Implications of Climate Policy for Ratepayers and Public Utilities



Regulatory Actions cont.

- ⌘ November 2007, NARUC adopted two new climate resolutions:
- ⌘ Federal Climate Legislation and Cap-and-Trade Design Principles (from NARUC *Task Force on Climate Change*) and
- ⌘ State Regulatory Policies Toward Climate Change (NARUC *Committee on Energy Resources and the Environment*)



State and Regional Actions cont.

- ⌘ The Western Regional Climate Action Initiative;
- ⌘ The Western Governors' Association Clean and Diversified Energy Initiative;
- ⌘ Powering the Planes; and
- ⌘ The New England Governors and Eastern Canadian Premiers Climate Action Plan, a commitment to develop and coordinate short-and long-term greenhouse gas emission reduction goals, and other similar comprehensive climate plans in over 20 other States.
- ⌘ Regional Greenhouse Gas Initiative (RGGI)

Regional Greenhouse Gas Initiative -- RGGI

- ⌘ The first cap-and-trade system in the nation to cover power plant carbon dioxide emissions, and the Eastern Climate Registry, a greenhouse gas registry
- ⌘ Developed by the States of Maine, New Hampshire, Vermont, Massachusetts, New York, Connecticut, Rhode Island, New Jersey, Delaware, and Maryland.



RGGI Continued

- ⌘ Start date of January 1, 2009
- ⌘ Covers fossil-fired electric generating units 25 megawatts and larger
- ⌘ Two-phase cap: stabilize emissions through 2014; reduce 10% by 2018
(cap start point 4% above avg. 2000-2004 annual emissions)
- ⌘ Comprehensive program review in 2012





Vermont Initiatives

⌘ Vermont's Energy Efficiency Utility (EEU)

⌘ The Sustainably-Priced Energy Enterprise Development (SPEED) Program



Closing Observations

⌘ During transitional periods, more than ever, continued cooperation, mutual support, and the sharing of knowledge will be the keys to success.



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