

**CARBON ALLOCATION TASK FORCE SUBCOMMITTEE
REVISED AGENDAS FOR UNRESOLVED ISSUES¹**

June 23

1. Banking

- Allow banking of excess allowances with a requirement that LSEs surrender oldest allowances first, i.e. “first in-first out.”

2. Multi-year compliance periods with possible hydro-based extension

- 3-year compliance period; annual allocation and annual or semi-annual auction of allowances

3. Alternative compliance payment of \$40 tonne.

- Any ACP revenues would be used to further the goal of reducing carbon emissions.
 - Details on what qualifies as furthering the goal.
- Identify mechanism for use of revenues or leave to rulemaking?

July 6

1. Trading

- Will trading among Oregon covered entities be allowed?
- Any limits on purchasers of Oregon allowances?
- Process for certifying other allowance systems that LSEs could buy

2. Offsets

- CCAP placeholder and alternatives

3. Role of renewable portfolio standard

- How would mechanics of RPS compliance conform to compliance with carbon cap, especially regarding unbundled RECs?

July 27

1. Finish offset issues and any other July 6 issues

2. Borrowing

- None

3. Circuit breaker/accelerator

- Allow circuit breaker that delays the decline in the cap and an **accelerator** that tightens it?

¹ Updated versions of earlier agendas are at the end of the document.

4. Adjustments and updates

- Allocated (free) allowances would transfer with load that **shifts** between two load-serving entities (LSEs).
- **New large single loads**
- **New large self generators**
- Provide for **hydro mechanism** that extends the compliance period (for example add one year for each year of "exceptionally bad hydro generation" (to be defined), e.g. it would allow averaging over four years instead of three. This does not change the annual allocation or cap. (Provide authority for rulemaking?).
- **Index** for updating allocations based on unusual socio-economic driven changes in load, still zero sum. (Provide authority for rulemaking?)

August 11

1. What **others sectors** should the legislation address?
 - Public purpose charge for gas customer of natural gas utilities?
 - What would be the form of the cap for different sectors?
 - How would sectors be phased in?
 - Would we start with mandatory reporting for new sectors?
2. Should legislation provide for including other greenhouse gases in additional to CO₂—CH₄, N₂O, PFCs, SF₆, and HFCs—in designing caps for other sectors?
3. What would be the threshold for including self-generators in a load-based cap?
 - 5 to 25 MW nameplate capacity?
4. What are the administrative roles for commissions, agencies, non-governmental organizations, and consultants?
5. How will administrative costs be covered?
6. Would there need to be new statutory authority for the Oregon Public Utility Commission in considering the requirements of the load-based cap in integrated resource planning and rate recovery for investor-owned utilities?
7. How would an Oregon cap fit with potential national schemes?
8. Review any unresolved issues.

August 21

1. Prepare **draft proposal** to forward to CATF

June 15 (updated)

1. Discussion of level of detail needed for final **legislative concepts** recommendations
2. **Applicability** of load-based cap to electricity sector
 - Load serving entities include consumer-owned and investor-owned electric utilities, energy service suppliers, and self-generators.
3. Should legislation provide for allowing reductions in **other greenhouse gases** in addition to CO₂ for compliance with the load-based cap?
 - CH₄ N₂O PFCs SF₆ HFCs
4. **Base years** for cap and allocation
 - Base years for determining initial cap on emissions and basis for allocation of allowances, based on Oregon Public Utility Commission emissions label and Washington's method for COUs: average of 2002, 2003, 2004, and 2005 emissions, or some combination those years.
5. **Rate of decline** in the cap
 - Three options:
 - Straight-line decline from 2009 to 2020 target
 - Hold cap level from 2009 through 2011, then straight-line decline from there to 2020 target
 - Hold cap level from 2009 through 2014, then straight-line decline from there to 2020 target.
6. **Allocation**
 - Mechanisms for calculating allowances that the state would distribute for free would be 100 percent based on average CO₂ emissions in the base period.
7. **Auctions.** Options for auctioning allowances:
 - Zero auction—no allowances auctioned; all distributed for free
 - 5 percent auctioned, 95 percent distributed for free
 - 20 percent auctioned, 80 percent distributed for free
 - Specify minimum percentage, leave actual level to rulemaking
8. **Use of revenues** and mechanisms for handling revenues from auction, if any:
 - Use revenues to further the goal of reducing carbon emissions.
 - Detail of what uses would qualify.
 - Further need to identify mechanism for use of revenues or leave to rulemaking?