

## WRI FACT SHEET

# Midwest Coal States Endorse Aggressive Regional Climate Action

**Congress is debating national climate and energy legislation, with the goal of shifting the United States toward a clean energy, low-carbon economy. President Obama has said he wants a climate bill and its centerpiece will likely be a federal cap-and-trade program to reduce U.S. greenhouse gas emissions — among the highest, per capita, in the world.**

**A**s Congress designs and negotiates a climate bill, valuable lessons can be learned from the 23 U.S. states and 4 Canadian provinces, covering over half the U.S. population, already developing three regional cap-and-trade agreements. Their experience and approaches can inform the policy and technical design of a federal program. This fact sheet provides an overview of the Midwestern Greenhouse Gas Reduction Accord (MGGRA) — its players and platform, and the rationale expressed by coal state governors and legislators in supporting tough caps on fossil fuel emissions.

## WHO

Beginning in 2012, six U.S. states and a Canadian province plan to implement a multi-sector cap-and-trade program that will reduce their reliance on foreign fossil fuels and aims to cut greenhouse gas emissions 15%–25% by 2020, and 60%–80% by 2050.

The bipartisan consortium of participating Midwestern states (see box) is notable for its leadership on this issue because, as a region, the U.S. Midwest:

- Relies on coal to generate 60% of its electricity;
- Has diverse, but greenhouse gas-intensive industries;

## GREENHOUSE GAS REDUCTION ACCORD MEMBERS

*Participants:* Illinois, Iowa, Kansas, Manitoba, Michigan, Minnesota, Wisconsin.

*Observers:* Indiana, Ohio, Ontario, South Dakota.

- Would be the 7<sup>th</sup> largest emitter greenhouse gas emitter worldwide if it were an independent country;
- Has been significantly affected by job losses and slow economic growth in recent years.

*“The new energy economy is, singularly, Michigan’s greatest opportunity to create thousands of new jobs, attract new investment and diversify our economy.”*

—Governor Jennifer Granholm (D), Michigan

## WHAT

In November 2007, Democratic and Republican U.S. governors and the Premier of Manitoba signed the Midwestern Greenhouse Gas Reduction Accord in Milwaukee, Wisconsin. “The effects of climate change present growing economic, social and environmental risk in the Midwest and the world,” it stated. “We must begin to take action now.”

MGGRA members stated their aim as reducing greenhouse gas emissions and the region's heavy reliance on foreign fossil fuels, while simultaneously stimulating economic growth. The program's specific design was designated to an advisory group, made up of representatives from affected industries and environmental organizations, as well as state officials. In November 2008, this advisory group released its preliminary recommendations, which consider:

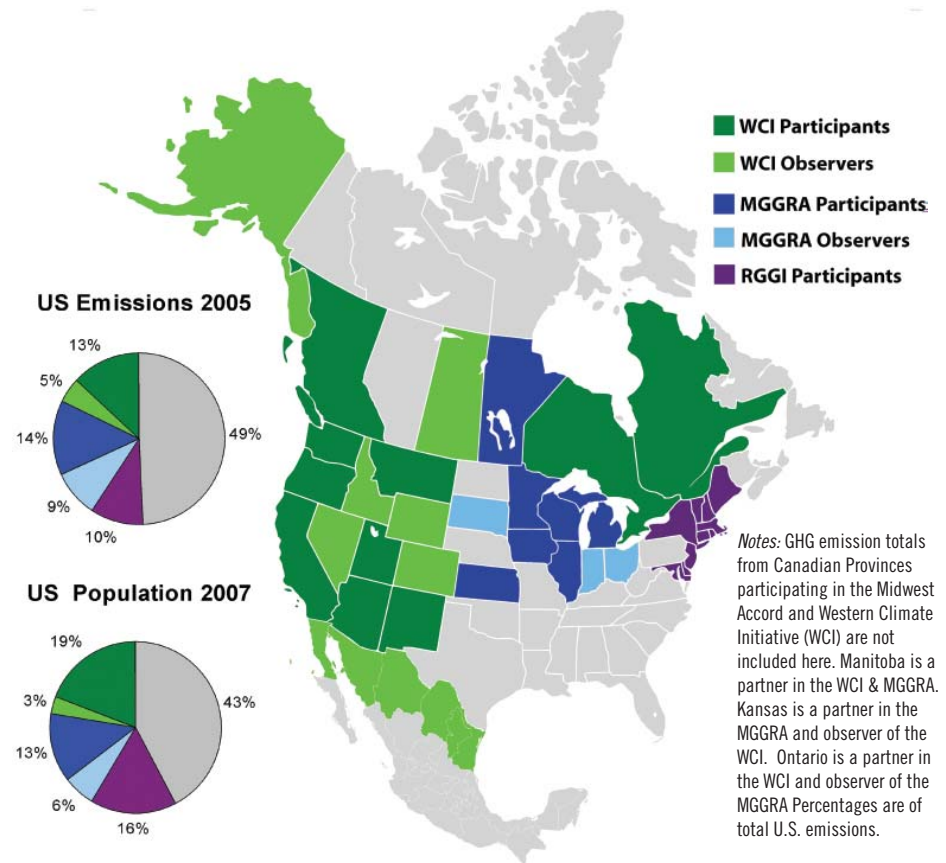
- Reductions of 15%–25% in GHG emissions by 2020, and 60–80% reduction by 2050, making it potentially the most stringent of the regional initiatives to date; and
- A nearly economy-wide program covering electricity generation and imports, industrial emissions, and residential and commercial buildings. (The inclusion of transportation fuels is also under discussion).

*“America can no longer rely on business-as-usual to meet its energy needs, and the nation’s governors are prepared to lead the way in crafting a sensible, sustainable clean energy future.”*

— Governor Tim Pawlenty (R), Minnesota

**Complementary Policies:** A cap-and-trade system addresses climate change most effectively when supplemented by complementary policies. Complementary policies aim to drive technology changes and achieve cost-effective reductions that are not expected to be obtained through carbon prices alone (i.e., the cap). For example, the Midwestern states are collaborating on policies to facilitate energy efficiency programs, the deployment of carbon capture and sequestration, the generation of renewable power, and the development of biofuels. These policies will also increase the region's energy security by reducing reliance on foreign imports of fossil fuels.

## REGIONAL CAP-AND-TRADE INITIATIVES



These provisions would make the Midwestern program one of the most ambitious climate programs proposed at the regional or federal levels. The Midwest design expands on the Regional Greenhouse Gas Initiative (RGGI), which is the cap-and-trade program designed by the Northeastern states. RGGI began formal carbon trading last September, and limits its scope to large electricity generating facilities. Details of the MGGRA cap-and-trade program are expected to be finalized by early summer 2009, and then submitted to the states' governors and legislatures for approval. The program is scheduled to launch on January 1, 2012.

### WHY

Midwestern governors, both Democratic and Republican, have set the bar high in confronting head-on the climate change and energy security challenges facing their region. Their rationale for doing so is based on the need to create new forms of employment; promote

innovation; reduce reliance on foreign energy sources, and reduce the Midwest's contribution to climate change, the impacts of which will be felt within the region and worldwide.

*“With our vast agricultural and forestry resources, our strong research institutions and our strong manufacturing base, I want the Midwest to become the Saudi Arabia of renewable energy.”*

—Governor Jim Doyle (D), Wisconsin

The World Resources Institute (WRI) is assisting the Midwestern states develop a cap-and-trade program by providing research and data-driven analysis. WRI has recently assessed the GHG emission profiles of eight Midwestern states (five of which signed the accord) and has worked with these and others to develop The Climate Registry. For more information please contact Nicholas Bianco at [nbianco@wri.org](mailto:nbianco@wri.org) or (202) 729-7715.