



Joint ICAP/NA2050 Public Workshop “Developing Industrial Benchmarks”

September 24, 2012 – New York
Pace University, 1 Pace Plaza, NY 10038

Multipurpose Room

Version of 19 September 2012

Background

In major OECD countries, direct and indirect emissions of GHG from industry account for up to one-third of total end-use greenhouse gas (GHG) emissions. Policymakers at a variety of government levels are considering policies to address these emissions. Benchmarking, which assesses GHG emissions performance across facilities or against a common standard, can be used in various policy approaches, including:

- Regulation of GHG emissions through a cap-and-trade program, along with free allocation of emissions allowances to industry sectors in proportion to output based on an emissions performance benchmark;
- Regulatory GHG performance standards, where individual facilities are required to meet an emissions performance standard;
- Energy efficiency targets, either regulatory or voluntary; and
- Voluntary performance goals, in which participating companies commit to achieving a particular emissions benchmark by a particular year.

Against this background, the North American greenhouse gas (GHG) regulatory landscape has recently been evolving at both federal and sub-national levels, putting GHG emissions benchmarks up on the agenda of U.S. states and Canadian provinces committed to reducing their emissions. Beyond North America, other jurisdictions are also developing benchmarks as a means to reduce GHG emissions, particularly in the European Union as part of the revision of its emissions trading system (ETS) in preparation of Phase III.

Workshop Objectives

- Explore approaches to developing industrial greenhouse gas emissions benchmarks that could inform either allowances allocation under a GHG cap and trade program or performance-based GHG (i.e. performance standards) regulations;
- Gain understanding of current approaches to industry benchmarking, including those being implemented in the EU, California and elsewhere;
- Examine international best practices to identify appropriate sectors with which to begin benchmarking and how to design benchmarks;
- Identify benefits of coordinating benchmarking approaches, *inter alia* with regard to competitiveness and leakage issues;
- Generally foster broader communication and collaboration on climate policy by the example of benchmarking; and
- Identify possible next steps for continued collaboration between NA2050 and ICAP.

Format

1 day public workshop in New York City with presentations and participation from ICAP and NA2050 representatives and from selected experts from various backgrounds (academia, non-profit, industry). Presentations will be followed by open discussions amongst the participants. About 60 attendees are expected.

Participants

- Representatives from ICAP members and observers engaged in and/or interested in developing benchmarks for allocation in an emissions trading system;
- Government officials from U.S. States and Canadian provinces, e.g. from RGGI, WCI and NA2050 jurisdictions, as well as from the U.S. and Canadian federal governments;
- Industry representatives e.g. from the refinery, steel, cement, pulp and paper sectors;
- Representatives from the non-governmental sector and from academia.

Co-hosts: International Carbon Action Partnership (ICAP) and the North America 2050 Initiative (NA2050)

For further information, please visit www.icapcarbonaction.com or na2050.org, or contact us at events@icapcarbonaction.com.

Agenda

8:00 – 9:00	Registration and Welcome Breakfast
9:00 – 9:15	<i>Welcome and introductions</i> <i>Objective:</i> Welcome speakers and participants. Outline objectives for the workshop. Provide overview of the agenda. <ul style="list-style-type: none">• Jared Snyder, N.Y.S. Department of Environmental Conservation and ICAP Co-Chair• Stuart Clark and/or Craig Golding, NA2050 Industry Working Group Co-Chairs
9:15 – 10:15	<i>Session 1: The Context/Rationale for Benchmarking</i> <i>Chair:</i> Hans Bergman, European Commission <i>Objective:</i> Provide a theoretical introduction by defining the concept, key elements and rationale of benchmarking in current regulatory contexts in North America, Europe and elsewhere. <ul style="list-style-type: none">• Franz Litz, Pace Energy and Climate Center Overview of status, context and rationale of benchmarking• Hubert Fallmann, Austrian Federal Environment Agency Theoretical key considerations on benchmarking, incl. main design elements and comparison to other instruments such as baselines and standards
9:45 – 10:15	Discussion / Q&As facilitated by session chair
10:15 – 10:30	<i>Coffee Break</i>
10:30 – 12:15	<i>Session 2: Existing and Innovative Approaches to Benchmarking Policy around the World</i> <i>Chair:</i> Dirk Weinreich, German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety <i>Objective:</i> Provide an overview of current approaches to benchmarking around the world with a focus on policymaking, while exploring similarities and differences while exploring similarities and differences among existing programs. Present the general approach to elaborating benchmarks. Discuss reasoning behind decision to utilize benchmarking and compare to alternatives. This session will also touch on potential uses of benchmarking not yet put in practice. <ul style="list-style-type: none">• Maarten Neelis, Ecofys General overview on benchmarking in the EU ETS with a focus on the approach per sector• Elizabeth Dutrow, U.S. Environmental Protection Agency Benchmarking under the Energy STAR Industrial Sector

	Partnership
	<ul style="list-style-type: none"> • Ian Bingham, Arizona Department of Environmental Quality Arizona voluntary stewardship recognition programs • Mark Wenzel, Climate Change Unit, California Environmental Protection Agency (possibly via webcast) Latest developments in developing benchmarks for California's cap-and-trade program
11:45 – 12:15	Discussion / Q&As facilitated by session chair
12:15 – 13:15	<i>Lunch Break</i>
13:15 – 15:00	<p>Session 3: Constructing Benchmarks</p> <p><i>Chair:</i> Pete Erickson, Stockholm Environment Institute</p> <p><i>Objective:</i> Focus on the technical aspects of benchmark construction and implementation in selected industry sectors. Highlight similarities and differences among existing programs and industry sectors and why these differences exist.</p> <ul style="list-style-type: none"> • Erika Guerra, Holcim Cement industry perspective including benchmarking used internally, as part of EU ETS, and any other program • Nate Aden, World Resources Institute Pulp and paper industry perspective • Alan Reid, CONCAWE Oil industry perspective on the elaboration of benchmarks for the refinery sector for EU-ETS Phase III
14:30 – 15:00	Discussion / Q&As facilitated by session chair
15:00 – 15:15	<i>Coffee Break</i>
15:15 – 17:15	<p>Session 4: Implementation Challenges and Lessons Learned</p> <p><i>Chair:</i> Justin Johnson, Vermont Department of Environmental Conservation</p> <p><i>Objective:</i> Reflect on the challenges encountered in the implementation of benchmarks and on lessons learned, both from a regulator's and industry's perspective. Discuss the benefits arising from benchmarking programs, and how industries have changed their practices.</p> <ul style="list-style-type: none"> • Jasmin Ansar, Union of Concerned Scientists Perspective of non-governmental organizations on the benefits of benchmarking in decarbonizing the industry and energy sectors • Christophe Ewald, French Ministry of Ecology, Sustainable Development and Energy Initial experiences from the first EU ETS allocation based on

GHG benchmarking

- Denise Viola, Shell
Experience with and lessons learned from using benchmarks in the refinery sector
- Michelle Ward, New Zealand's Environmental Protection Agency (via webcast)
NZ Experience with benchmarking for industrial allocation under the NZ ETS
- Alexander Caroly and Jeewantha Karunaratna, Australian Department for Climate Change and Energy Efficiency (via webcast)
Assistance for industry under Australia's carbon pricing mechanism: Overview and general approach

16:45 – 17:15

Discussion / Q&As facilitated by session chair

17:15 – 18:00

Session 5: Conclusions and Outlook

Chair: Judi Greenwald, Center for Climate and Energy Solutions

Objective: Lessons learned from international experiences on benchmarking application in various policy contexts, sectors and countries. Review how challenges were overcome and if those solutions are applicable in all jurisdictions.

Exchange views and discuss possible features that allow for comparable benchmarks at international scale, and appropriate sectors with which to begin benchmarking. Discuss the replicability / transferability potential of examples presented during the workshop to other policy areas, approaches and sectors.

Open discussion facilitated by session chair

18:00 – 20:00

ICAP 5 Year Anniversary Evening Reception