

# Chapter 3

## Cross-Cutting Issues

### Overview of Cross-Cutting Issues

Developing policies to mitigate greenhouse gases (GHG) in some cases requires consideration of options that affect many sectors. The Alaska Climate Change Mitigation Advisory Group (MAG) not only established sector-specific Technical Working Groups (TWGs), but also launched a Cross-Cutting Issues (CC) TWG to consider policy options of relevance or benefit across several or all of the sector-specific TWGs. In addition to evaluating emission mitigation activities that cut across sectors, the CC TWG examined policies that enable or provide overall support for other climate actions. The specific GHG reductions and costs of these cross-cutting policies are generally difficult to quantify. Nonetheless, if successfully implemented, these activities will support implementation of other policy recommendations described in the various chapters of this report and contribute to GHG emission reductions overall.

The CC TWG developed six policy recommendations (see Table 3-1) that were then reviewed and revised by the MAG. The MAG members present and voting at the final meeting approved all of the options presented at the meeting.

**Table 3-1. Summary list of Cross-Cutting policy recommendations**

Policy No.	Policy Recommendation	GHG Reductions (MMtCO <sub>2</sub> e)				Net Present Value 2010–2025 (Million 2005\$)	Cost-Effectiveness (\$/tCO <sub>2</sub> e)	Level of Support
		2015	2020	2025	Total 2015–2025			
CC-1	Establish an Alaska Greenhouse Gas Emission Reporting Program	<i>Not Quantified</i>						Unanimous, but on hold
CC-2	Establish Goals for Statewide GHG Emission Reduction	<i>Not Quantified</i>						Majority
CC-3	Identify and Implement State Government Mitigation Actions	<i>Not Quantified</i>						Unanimous
CC-4	Integrate Alaska’s Climate Change Mitigation Strategy With the Alaska Energy Plan	<i>Not Quantified</i>						Unanimous
CC-5	Explore Various Market-Based Systems to Manage GHG Emissions	<i>Not Quantified</i>						Unanimous
CC-6	Coordinate Implementation of Alaska’s Efforts to Address Climate Change	<i>Not Quantified</i>						Super-majority

GHG = greenhouse gas; MMtCO<sub>2</sub>e = million metric tons of carbon dioxide equivalent; \$/tCO<sub>2</sub>e = dollars per metric ton of carbon dioxide equivalent.

## Key Challenges and Opportunities

Similar to many other states and regions, Alaska recognized the need for action to address climate change, and initiated the development of state-level climate policies. Recent recognition of climate change at the federal level may provide national guidance to states, as well as reinforce state-level activities. However, the undefined time frame for emerging federal rules is presenting challenges for Alaska and other states. The U.S. Environmental Protection Agency (EPA) published a draft rule for mandatory reporting of GHG emissions from large sources on April 10, 2009<sup>1</sup>, but it is unclear when a final rule will be approved. In addition, the U.S. Congress is working to establish national GHG goals and a market-based climate program, with an unknown implementation schedule. In the interim, states such as Alaska, face the challenge of developing policies that will address climate change mitigation interests at the state level, while being sufficiently flexible to complement expected federal rules.

The MAG is aware of this timing conflict. Various means have been used to address it in various ways in recommending cross-cutting (CC) issue policies. In policy recommendation CC-1, the TWG recommended that Alaska create a mandatory GHG reporting program, but the MAG has put the policy on hold until the federal rule is released in its final form. Regarding CC-2, the MAG concurred with the TWG's recommendation that Alaska adopt aspirational GHG emission reduction goals. These goals, detailed in Table 3-2, are based on and consistent with the goals of other states, as well as the recommendations of the United Nations Intergovernmental Panel on Climate Change (IPCC), and will be met with a combination of the activities laid out in this strategy and continuing efforts to reduce Alaska emissions. The MAG recognizes that if other federal goals are adopted, Alaska may need to reconsider these goals.

**Table 3-2. Mitigation Advisory Group recommended goals for GHG reduction**

Year	Reduction From 1990 Levels
2012	Begin Reductions
2020	20% Below 1990
2050	80% Below 1990

CC-3 suggests ways to implement and identify activities for Alaska to continue to “lead by example” in energy reduction measures. Additional coordination across agencies within Alaska is needed to accomplish these types of actions to realize the potential GHG emission reductions from state government activities. One way to do this is proposed in CC-4, which recommends coordinating the Alaska Climate Change Mitigation Strategy and the Alaska Energy Plan. Additionally, CC-6 proposes formal coordination in implementation of all policy recommendations across the various sectors within state agencies, by designating a lead and/or establishing a coordinating committee. This coordinating entity will also address the need to provide outreach and education to the state's citizens on state climate change efforts. Finally, the MAG, in policy CC-5, recommends the commission of a study to understand the potential impacts of different market-based programs on Alaska. Again, a federal program could be adopted before this study is complete, but given that Alaska poses many unique conditions,

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<sup>1</sup> U.S. Environmental Protection Agency. *Proposed Mandatory Greenhouse Gas Reporting Rule*. Available at: <http://www.epa.gov/climatechange/emissions/ghgrulemaking.html>.

better understanding the effects of market-based programs on the state is important even as federal efforts proceed.

Alaska is continuing to participate as an observer to the Western Climate Initiative (WCI).<sup>2</sup> The WCI provides a forum for Alaska to observe regional climate negotiations and proceedings, and potentially join as a partner. Watching both federal and regional efforts, Alaska will be better able to position itself to collaborate on initiatives that offer opportunities to reach its goals and support regional and national objectives in GHG reductions.

## Overview of Policy Recommendations

The MAG recommends all six CC actions. All are enabling activities that do not directly contribute to GHG mitigation, and are not quantified in terms of metric tons of GHG reduction or costs.

Detailed descriptions of the individual CC policy recommendations presented by the TWG and approved by the MAG can be found in Appendix F of this report. The following section provides highlights of the MAG recommendations.

### Cross-Cutting Issues Policy Descriptions

#### CC-1. Establish an Alaska Greenhouse Gas Emission Reporting Program

The TWG recommended the establishment of an Alaska GHG reporting program, along with the associated administrative, reporting, and database needs. The MAG forwards this recommendation to the Climate Change Sub-Cabinet, with the caveat that any further action on it be held until more information on timing and implementation of the recent federal proposal is available. If the draft rule released by EPA is adopted in its final form, it will likely require the mandatory reporting of GHG emissions from large sources (i.e., those emitting at least 25,000 metric tons of carbon dioxide equivalents [tCO<sub>2</sub>e]). Components of this recommendation will still likely require implementation, such as reporting structures at the state level to comply with the federal rule, but other components may need reconsideration.

Under the proposed Alaska GHG reporting program, Alaska's Department of Environmental Conservation (DEC) would collect, verify, and analyze GHG emissions data to establish a baseline of anthropogenic (human-caused) GHG emissions for Alaska, and identify the types and magnitude of anthropogenic GHG emission sources in Alaska and their relative contributions. These data would be used to inform state leaders and the public on statewide GHG emission trends, identify opportunities for reducing GHG emissions, and allow the state to assess its climate change mitigation efforts over time.

The MAG unanimously approved this policy, but also recommended that implementation be delayed until the proposed federal program is resolved.

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<sup>2</sup> Western Climate Initiative. More information is available at: <http://www.westernclimateinitiative.org>.

## CC-2. Establish Goals for Statewide GHG Emission Reduction

The MAG recommends that Alaska adopt a GHG emission reduction goal, by starting now to reduce GHG emissions, with reductions of 20% below 1990 GHG emissions levels by 2020, and 80% below 1990 levels by 2050. The 2050 goal is consistent with the IPCC recommendation to keep atmospheric CO<sub>2</sub> levels at 450 parts per million or lower to avoid major irreversible damage to the planet's ecosystems. In addition, Alaska should establish a baseline of emissions that will help measure progress toward these goals.

These goals were developed in the context of federal actions, other states' efforts, and Alaska's GHG footprint. Almost half of all U.S. states have established state-specific goals and targets to reduce their emissions, with many setting aspirational goals of reducing emissions up to 80% below 1990 levels by 2050.<sup>3</sup> In the federal budget released in February 2009 for fiscal year 2010, the Obama Administration proposed a 14% reduction in emissions below 2005 levels by 2020.<sup>4</sup> In addition, the American Clean Energy and Security Act of 2009, commonly referred to as the Waxman-Markey bill, proposes a number of measures related to U.S. climate policy, including the establishment of nationwide goals associated with a cap-and-trade system. The current language proposed in the bill calls for a 20% reduction in GHG emissions below 2005 levels by 2020, a 42% reduction by 2030, and an 80% reduction by 2050.<sup>5</sup> Finally, leaders at BP America, Shell Oil, and ConocoPhillips have all issued statements or public goals for reducing GHG emissions in their operations.

This policy could be implemented in Alaska through either legislation or executive order. For example, in Oregon, the Climate Change Integration Act established Oregon's GHG reduction goals in statute.<sup>6</sup> In Washington, the state's GHG reduction goal was established in 2007 when Governor Gregoire issued Executive Order 02-07; it was later committed to legislative statute. Other policy recommendations approved by the MAG will help meet these aspirational goals.

This policy was approved by the MAG with a majority vote. Members' objections noted that many of Alaska's emissions are caused by activities out of the state's control, and that the Sub-Cabinet, rather than the MAG, should be the body that establishes goals.

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<sup>3</sup> States with state-specific goals and targets include Arizona, California, Colorado, Connecticut, Oregon, Florida, New Mexico, Illinois, Minnesota, Utah, and Washington. At this time, California is the only state with a mandatory economy-wide emissions cap that includes enforceable penalties. The Pew Center Web site contains detailed information on emission targets and other activities at the state level at: [www.pewclimate.org/what\\_s\\_being\\_done/in\\_the\\_states/state\\_action\\_maps.cfm](http://www.pewclimate.org/what_s_being_done/in_the_states/state_action_maps.cfm).

<sup>4</sup> U.S. Office of Management and Budget. *A New Era of Responsibility: Renewing America's Promise—Budget for Fiscal Year 2010*. Accessed at: [http://www.whitehouse.gov/omb/assets/fy2010\\_new\\_era/a\\_new\\_era\\_of\\_responsibility2.pdf](http://www.whitehouse.gov/omb/assets/fy2010_new_era/a_new_era_of_responsibility2.pdf).

<sup>5</sup> U.S. Congress. American Clean Energy and Security Act of 2009. House Resolution 2454. Accessed at: [http://energycommerce.house.gov/Press\\_111/20090331/acesa\\_discussiondraft.pdf](http://energycommerce.house.gov/Press_111/20090331/acesa_discussiondraft.pdf).

<sup>6</sup> Oregon Department of Environmental Quality. "GHG Reporting Rule." Oregon Administrative Rule 340-215-0010. Accessed at: <http://www.deq.state.or.us/aq/climate/docs/FinalGHGRule.pdf>.

### **CC-3. Identify and Implement State Government Mitigation Actions**

The MAG recommends that Alaska “lead by example” by identifying and implementing no-cost and low-cost “early actions” that can be taken without new funding or legislative approval in the immediate future to reduce the state’s GHG emissions footprint. These actions provide a first step toward implementing more complex and expensive actions by the state and also set an example and demonstrate the state’s willingness for action. The MAG recommends that the state publicize the successes of this effort through a “Report Card” to encourage others to act and to generate political momentum.

The objective of this policy is for state agencies to implement actions within their purview and authority, with a priority toward immediate and meaningful reductions in GHG emissions by changes in day-to-day state activity. To facilitate this, the CC TWG has developed a preliminary matrix outlining potential lead-by-example actions, time frames, needed resources and authorities, potential GHG reductions, and potential savings (see Appendix F). State agencies can use this list as a starting point and develop additional policies suitable for their operations.

This policy recommends that DEC initially take the lead to communicate and implement the immediate actions, using ideas and feedback from other state climate offices and relevant non-governmental organizations. In the future, if any state climate change program or coordinating body is established, it would take over the function of implementing and coordinating state lead-by-example actions, including identifying, tracking, and implementing more complex and expensive actions.

This policy was unanimously approved by the MAG.

### **CC-4. Integrate Alaska’s Climate Change Mitigation Strategy With the Alaska Energy Plan**

In January 2009, the Alaska Energy Authority (AEA) released a plan for managing Alaska’s energy resources in local communities to support the goals of energy independence, economic vitality, and energy conservation. This plan is built on past AEA energy plans and provides specific information for local communities interested in developing new energy projects or improving existing ones.<sup>7</sup>

The MAG recommends that the state develop Alaska’s 10-year “Climate Protection & Energy Plan” immediately, to commence in 2010. This plan will provide the structure to achieve Alaska’s Climate Change Mitigation Strategy objectives and energy consumption goals through the year 2020. Both the Alaska Energy Plan and the strategic direction of Alaska’s energy and climate goals incorporated in the Alaska Climate Change Strategy should be incorporated.

To support this effort of tracking and managing Alaska’s energy use and resultant climate effects, this policy also recommends the development of an energy database that will track

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<sup>7</sup> Alaska Energy Authority. *Alaska Energy Report*. January 2009. Accessed at: <http://www.aidea.org/AEA/PDF%20files/AK%20Energy%20Final.pdf>.



commercial, residential, industrial, and transportation energy consumption and production, GHG emissions, and climate change mitigation actions throughout Alaska.

This policy was unanimously approved by the MAG.

#### **CC-5. Explore Various Market-Based Systems to Manage GHG Emissions**

The MAG recommends that a study be commissioned to explore the implications to Alaska of participating in the various market-based approaches for managing GHG emissions, including cap-and-trade programs, carbon taxes, and cap-and-dividend programs. The study would include investigation into the experiences of entities that have implemented market-based systems, such as the European Union and the U.S. -Northeast. The study could further make a recommendation on the type of market-based system that would be most beneficial to Alaska or the type of system that the state should prepare for based on likely or impending federal rules. An appropriately designed market-based program can help ensure that GHG emissions are achieved in the most cost-effective manner possible. Revenues generated from a market-based program can be used to cover program costs, generate jobs, establish loan or grant programs, or offset impacts.

This study would focus on the following pieces related to market-based climate programs:

- How a market-based program interacts with existing and proposed emission reduction measures, including regulations, performance-based standards, price subsidies, tax credits, and other technology promoting initiatives.
- How to oversee and manage revenues generated by any future market-based program and determine whether changes to existing laws will be needed.

In parallel and in coordination with this study, Alaska would continue to participate in federal and regional discussions on market-based approaches for managing carbon and GHG emissions.

This policy was unanimously approved by the MAG.

#### **CC-6. Coordinate Implementation of Alaska's Efforts to Address Climate Change**

The MAG recommends the establishment of a coordinating entity that could track climate change efforts across state agencies in Alaska; communicate between Alaska and other efforts (e.g., federal activities); provide focus to state agency efforts as recommendations from the Climate Change Sub-Cabinet are implemented; proactively engage with and respond to expected federal initiatives on climate change; provide access to information and education resources; and improve outreach to citizens and businesses on climate change. At a minimum, to accomplish this coordination, an individual would be designated at a high level within state government (e.g., within the Governor's office). This individual could bring together representatives of state agencies charged with responsibilities of carrying out the Sub-Cabinet recommendations to ensure that efforts are not duplicative and that progress is measured. With a strong coordination effort, resources and funding can be identified, secured, and leveraged to further Alaska's climate change policies and goals.

The MAG approved this policy by a supermajority. Members objecting to this policy noted that more government agencies are not needed, and that it could duplicate existing efforts.

**DRAFT**