

Comments of the Independent Energy Producers Association
In Response To
CARB Offsets Workshop
Convened April 4, 2008

The Independent Energy Producers Association ("IEP") is pleased to offer these comments in response to the CARB Workshop regarding GHG Offset Policy convened on April 4, 2008.¹ IEP represents over 20,000 MWs of independently owned generation resources in the west, particularly California and Nevada. IEP offers its written comments below in response to the discussion and topics raised during the workshop.

The principles that IEP view as necessary for the proposed offset program are as follows:

- offsets must be additional and verifiable,
- "a ton is equivalent to a ton" from the perspective of emission reductions, such that an offset is equal to an allowance,
- offsets should be permanent with no vintaging,
- offsets should be exchangeable/tradable within the WCI Partnership, including non-contiguous entities deemed to be partners by the WCI, including the EU, RGGI, et cetera.

IEP recommends the establishment of a CARB/WCI policy endorsing an offset program for use within the WCI Partnership. Assuming that offsets entering the WCI GHG program arena will be required to meet CARB/WCI-adopted standards regarding "additionality" and "verification," then CARB and the WCI can and should articulate now the collective support for including offsets as a matter of policy even though the specific definition of "additionality" and the specific guidelines affecting "verification" are yet to be determined. The absence of these standards and/or guidelines today need not impede adoption of the general programmatic goal and design, particularly if the principals of "additionality" and "verification" are concomitantly endorsed as a matter of policy. However, it is important to provide some market signals and a measure of commercial/regulatory certainty as soon as possible to attract the investment capital critical to making the GHG emissions reduction program a success.

Regarding the specific issue of whether a "top down" (i.e. technology specific) or "top up" (i.e. facility specific) approach should be employed regarding offsets, IEP recommends employing a hybrid approach. Employing a hybrid approach will allow the CARB/WCI to send market signals quickly, on a technology specific basis, for development projects that have the capacity to produce verifiable offsets. On the other hand, the hybrid approach will provide

¹ IEP submitted essentially similar comments to the WCI Offset Subcommittee on April 16, 2008.

the needed flexibility to adapt and/or adjust to new, project-specific proposals as they arise over time in light of the standards for "additionality" and "verification." Thus, the hybrid approach will simultaneously send critical market signals while accommodating the innovation in technology development so necessary to success in achieving GHG emissions reductions.

Respectfully Submitted

A handwritten signature in black ink that reads "Steven Kelly". The signature is written in a cursive style with a large, sweeping "K" and a long, horizontal stroke at the end.

Steven Kelly
Policy Director
Independent Energy Producers Association
1215 K Street Suite 900
Sacramento, CA 95814
(916) 448-9499
steven@iepa.com

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