April 20, 2009

The Honorable Henry A. Waxman
United States House of Representatives
Chairman, Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20510

The Honorable Edward J. Markey
United States House of Representatives
Chairman, Committee on Energy and Commerce
Subcommittee on Energy and Environment
2125 Rayburn House Office Building
Washington, D.C. 20510

Re: American Clean Energy and Security Act of 2009

Dear Chairman Waxman and Chairman Markey:

The undersigned organizations, including the Carbon Markets & Investors Association, the Carbon Offset Providers Coalition, the Coalition for Emission Reduction Projects, and the International Emissions Trading Association greatly appreciate your leadership and tremendous work to develop a discussion draft of the American Clean Energy and Security Act of 2009. Our organizations welcome the opportunity to provide the following comments as you prepare to introduce the measure. A list of the members of these organizations is Attachment A to this letter.

The undersigned organizations are an alliance of the leading advocates for ensuring that there is an environmentally rigorous and efficient framework for the use of offsets in any federal cap-and-trade program. The organizations include leading companies in the carbon offsets, renewable energy, and clean tech markets, including those involved in financing, producing, generating, providing, aggregating and/or marketing greenhouse gas emission reductions for sale as offsets in existing and emerging voluntary and compliance greenhouse emission trading markets. The organizations also include companies that would be subject to the compliance obligations under the American Clean Energy and Security Act as drafted. For these companies – and the tens of millions of Americans who are their customers and shareholders – offsets are a necessary element of a cost-effective compliance strategy. We offer the following comments

based upon our members' experience in reducing millions of tons of carbon dioxide collectively, including experience from hundreds of offset projects in nearly all 50 states here in the U.S. and abroad.

Economic analyses by the U.S. Environmental Protection Agency ("EPA") and others have shown that incenting a robust market in offset reductions (*i.e.*, emissions reductions from diverse sources outside a mandatory cap) can dramatically reduce the overall cost to American taxpayers and consumers of meeting the goals of global warming legislation. Indeed, without offsets, the cost of compliance could be over 2 ½ times higher than with unrestricted use of offsets.[1] Accordingly, offsets provide critical cost-containment and price stability by providing flexibility to covered industries to find the lowest available cost emissions reductions across a range of options.

Apart from providing cost-containment and price moderation, by energizing innovation and market forces, offset projects provide an essential bridge to a transformative low-carbon economy. Offset projects are already providing jobs and opportunity for the U.S. economy through a robust voluntary market. Such projects have provided important incentives and revenue to many corners of the economy, including family farmers and small businesses. In addition to reducing carbon emissions, offsets have funded the development of commercially viable methods of sequestering carbon through tree planting, agricultural advances, and long-term storage of CO_2 in geologic formations.

Offsets also deliver important co-benefits over and beyond combating global warming, including reduction of conventional air pollutants, improved water quality, and energy security that improve the lives of all Americans. Many offset projects directly benefit disadvantaged urban and rural communities, such as urban tree canopy projects that reduce the "heat island effect" and beautify our inner cities. In addition, offset projects can incentivize the development and adoption of new, low-carbon technology developed by American industry and research institutions, which may be exported to the rest of the world.

Finally, offsets provide critical flexibility to those heavy industry sectors covered under an emissions cap as they transition to a new carbon-constrained economy. If properly incentivized, offset projects will be available to begin achieving greenhouse gas reductions immediately − giving regulated industry time to phase in new technology and capital investment while avoiding premature retirement of assets that could result in unnecessary economic hardship and avoidable environmental life-cycle costs.

In short, the potential of offset projects should be "unleashed" to help attain the ACES's goal of mitigating climate change and achieving America's energy independence. While the ACES, as currently drafted, establishes an overall annual ceiling for offset use in the range of 2 billion tons, several provisions currently in the bill would have the effect of significantly

[1] Source: U.S. EPA, Analysis of the Climate Stewardship and Innovation Act of 2007 (McCain-Lieberman, S. 280) (July 16, 2007); U.S. EPA, Analysis of the Low Carbon Economy Act of 2007 (Bingaman-Specter, S. 1766) (Jan. 15, 2008).

reducing the actual supply of environmentally robust and economically viable offset projects that could be used for compliance.

Accordingly, our organizations respectfully offer the following recommendations for adjustments to the American Clean Energy and Security Act of 2009 Discussion Draft.

1. Section 722: Multiple discounts issue**.**

The Discussion Draft goes to great lengths to ensure that offset projects are developed using rigorous, conservative, empirically-based methodologies to ensure that emission reductions provided by offset projects are real, verifiable, additional, and permanent. These methodologies—a conservative baseline, an additionality methodology with an adequate margin of safety, a buffer reserve, and the use of conservative assumptions—are specifically designed to account for any uncertainties associated with a specific offset project type, and will encourage the development of high quality offset projects.

In addition to these appropriately rigorous requirements, however, the Discussion Draft requires an additional "uncertainty methodology" to be applied to all offset projects, as well as a 20% penalty on the value of offset credits—regardless of the quality of the underlying project or the certainty of the emission reductions it supplies. These arbitrary and vague devaluations—wholly unconnected to any issues of certainty or quantification that already are addressed by the underlying methodologies—will make many offset projects uneconomic, constraining the offset supply. The effect will be to decrease the efficiency of emission reductions by undervaluing offset reductions, and increase the costs of climate regulation borne by society. Offset credits and emission allowances—fully equivalent environmentally—will be separately-priced commodities, complicating program implementation and oversight of the carbon market. We strongly encourage you to remove these unnecessary barriers to the production and use of offset allowances so that the offsets market can be a vibrant, productive source of cost-effective emission reductions.

Specifically, we recommend the elimination of the 20% offsets penalty. With regard to the "uncertainty" methodology, our concern is its arbitrariness. The determination of "uncertainty" is not linked to any element of the process of assessing an offset project, and therefore creates a risk of capricious rulemakings and endless legal challenges. As an alternative, we recommend a change to the provision on the reductions "measurement" methodology that would allow EPA to promulgate multiple measurement methodologies for a type of offset project, which could incorporate different discounts for uncertainty as appropriate. Under this approach, an offset project developer would have the ability to select from more than one measurement methodology – with the understanding that a less rigorous methodology might be subject to a discount.

- **Proposal:**
    - Amend Section 722(c)(1)(A) as follows:

"(1) OFFSET CREDITS.—

"(A) IN GENERAL.—A covered entity may satisfy a percentage of its compliance obligation by holding ~~1.25~~ *an* offset credit~~s~~ in lieu of an emission allowance.

- Amend Section 734(a)(1)(C) as follows:

  "(C) MEASUREMENT.—A standardized methodology *or methodologies,* for determining the extent to which greenhouse gas emission reductions*, destruction,* or avoidance, or greenhouse gas sequestration, achieved by an offset project of that type exceed a relevant activity baseline, including protocols for monitoring, *which methodologies and protocols may incorporate different discounts for uncertainty as determined by the Administrator*.

- Delete Section 734(a)(1)(E).

2. <u>Inclusion of Destruction Projects as Possible Offset Projects</u>

The Discussion Draft generally refers to offset projects as projects that involve the "reduction, avoidance, or sequestration" of greenhouse gas emissions. This formulation could inadvertently preclude offset projects that destroy greenhouse gas emissions and could otherwise qualify under the offset project standards to be developed by EPA, *e.g.*, landfill methane projects. In order not to foreclose these potential projects inadvertently, we recommend adding the term "destruction" to the relevant sections of the Discussion Draft.

- **Proposal:** Add the term "destruction" (or the terms "destroy," "destroys," or "destroyed" as appropriate) to references to reduction, avoidance, and sequestration in the following provisions: § 700(1); § 700(2)§ 728(b); § 731(c)(1)(A); § 732(b)(1); § 732(b)(2); § 733(b)(1); § 734(a)(1)(A); § 734(a)(1)(C); § 734(a)(1)(E); § 736(a); § 736(c)(2); § 737(a); § 737(b); § 740(a); § 740(c)(1); § 743(b)(2)(A); and § 743(c)(3)(A).

3. <u>Section 740: Early Action</u>.

Section 740 of the Discussion Draft provides credit to certain early offset projects, but only if developed under a program established under state or federal law prior to 2009, which in essence applies only to the California Climate Action Registry and the Regional Greenhouse Gas Initiative (under which few if any offset projects have been registered). Though the CCAR has

experienced growth, the number of projects that would qualify under this provision is severely restricted due to the limited number of methodologies developed by CCAR and RGGI and due to the low price for RGGI allowances. In addition, early action projects have been developed under a number of consensus-based industry standards, which were developed in advance of government action and are equal in rigor to standards developed under the CCAR and RGGI programs. These projects and registries should be recognized for the millions of tons of actual early-action emissions reductions that they have made and continue to make possible.

In order to appropriately recognize early actors that have invested in low-carbon projects and technologies and put America on the path to reducing its carbon footprint, and to encourage continued investment in emission reductions prior to the effective date of EPA regulations (i.e., for the next 3-4 years, which scientists say are crucial to avoiding severe climate related consequences), it is critical that investors, project developers, and covered entities/emitters be able to rely on a clear signal that existing early action projects will be credited. This is especially important given the multi-year planning horizon and investment time frame required to finance and build these projects. Investors that took early action to reduce greenhouse gases ought to be rewarded – rather than punished – for taking action. Without a clear signal that early investment will be recognized, there will be few if any additional reductions in greenhouse gases over the next three years until a mandatory cap takes effect.

Because EPA eligibility rules have not yet been written, early action and pre-existing projects should be credited even though they may not precisely meet every procedural or other standard that will be developed by EPA in future regulations, as long as they were developed through a program that provides sufficient environmental integrity.

- **Proposal:** Amend Section 740 as drafted, as follows:

‘‘SEC. 740. EARLY OFFSET SUPPLY.

‘‘(a) PROJECTS REGISTERED UNDER OTHER GOVERNMENT-RECOGNIZED PROGRAMS.—Except as provided in subsection*s* (b) *and (c)*, the Administrator shall issue an offset credit for each ton of carbon dioxide equivalent emissions reduced or avoided, or sequestered—

‘‘(1) under an offset project that was started after January 1, 200*0, or in the case of forest carbon projects, after January 1, 1990*; and

‘‘(2) for which a credit was issued under any regulatory or voluntary greenhouse gas emission offset program that the Administrator determines—

''(A) was established *or recognized* by *federal,*[2] State or tribal law or regulation prior to ~~January 1, 2009~~ *enactment*;

''(B) *was developed through a peer review or public consultation process or* has developed offset project type standards, methodologies, and protocols through a *peer review or* public consultation process;

''(C) has publicly published standards, methodologies, and protocols that require that credited emission reductions or sequestration are permanent, additional, verifiable, and enforceable;

''(D) requires that all emission reductions or sequestration be verified by a State regulatory agency or an accredited third-party independent verification body;

''(E) requires that all credits issued are registered in a publicly accessible registry, with individual serial numbers assigned for each ton of carbon dioxide equivalent emission reductions or sequestration; and

''(F) ensures that no credits are issued for activities for which the entity administering the program, or a program administrator or representative, has funded, solicited, or served as a fund administrator for the development of, the project or activity that caused the emission reduction or sequestration.

''(b) EARLY ACTION ALLOWANCE SET-ASIDE.—5% percent of the allowances established under section 721(e) this title for the first compliance year shall be set aside for

[2] The federal U.S. EPA Climate Leaders program has established a number of government-recognized protocols for development, measurement and crediting of early greenhouse gas reductions.

awards under an Early Action Offset Set-Aside, to be issued on a pro rata basis to early offset projects that have reduced greenhouse gases within the United States.[3]

"(1) REGULATIONS.—Not later than 12 months after enactment of this title, the Administrator shall promulgate regulations establishing an Early Action Offset Set-Aside which shall provide for the timely issuance[4] *of offset allowances for greenhouse gases reduced, sequestered, avoided or destroyed through offset projects under Qualifying Early Action Offset Programs.*

"(2) ISSUANCE OF ALLOWANCES.—The Administrator shall issue an allowance from the Early Action Offset Set-Aside for each carbon dioxide equivalent ton of emissions reduced, sequestered, avoided or destroyed under the rules of a Qualifying Early Action Offset Program.

"(3) EXCLUSION.—The Administrator may not issue Early Action Offset Allowances under this section for emissions reduced, sequestered, avoided, or destroyed:

"(A) before January 1, 2000;

"(B) outside the United States;

"(C) for which a credit or allowance has been retired or used for compliance with the requirements of a Qualifying Early Action Offset Program or any other offset program; or

---

[3] This provision would establish a set aside (from the first compliance year only) for crediting of early action investments in projects, where the project developer has not registered the project with a state-recognized or ISO-based program (such as when that program has not yet developed protocols) and does not wish to incur the extra administrative cost of seeking approval under the EPA offset program under Section 732.

[4] The bill ought to ensure that EPA distributes allowances reasonably quickly to those who have helped reduce America's carbon footprint.

"(D) for which offset credits have been issued under section 740(a) of this subtitle.

"(4) QUALIFYING EARLY ACTION OFFSET PROGRAM.—In this subsection, the term "Qualifying Early Action Offset Program" shall mean a program that, as determined by the Administrator,

(A) conforms to standards 14064 and 14065 of the International Organization of Standards; and

(B) meets the following requirements—

(i) requires independent third-party verifications of projects and reductions;

(ii) registers and tracks emissions reduced, sequestered, avoided, or destroyed; and

(iii) makes use of formal bodies for developing offset project methodologies; and such bodies consist of parties with substantial knowledge and expertise in evaluating the environmental integrity of offset projects.

"~~(b)~~*(c)* INELIGIBLE CREDITS.—Subsections (a) and *(b)* shall not apply to offset credits that *already* have expired or have been retired or canceled, or used for compliance under a program established pursuant to *federal,* ~~a~~ State*, or tribal* law.

''(~~c~~*d*) LIMITATION.—Notwithstanding subsection (a)(1), offset credits shall be issued under *subsection (a) of* this part—

‘‘(1) only for reductions or avoidance of greenhouse gas emissions, or sequestration of greenhouse gases, that occur after January 1, ~~2009,~~ *2000, or in the case of forest carbon projects, after January 1, 1990*; and

‘‘(2) only until the date that ~~is 3 years after the date of enactment of this title, or the date that regulations~~ a *standardized methodology* promulgated under section ~~732(a)~~ *734(a)* takes effect *for the relevant project type*, *or 10 years after the project commenced*, whichever occurs sooner.[5]

‘‘(~~d~~*e*) RETIREMENT OF CREDITS.—The Administrator shall seek to ensure that offset credits described in subsection (a)(2) *and (b)* are retired for purposes of use under a program described in subsection ~~(b)~~*(c)*.

“(f) EXCHANGE FOR OFFSET CREDITS.—

(1) EXCHANGE OF EARLY ACTION OFFSET ALLOWANCES FOR OFFSET CREDITS.—An offset project representative for an offset project that is approved under Section 735 may surrender Early Action Offset Allowances to the Administrator in exchange for offset credits issued under Section 737.

(2) ISSUANCE.—

(A) The Administrator shall promptly issue offset credits in exchange for Early Action Offset Allowances surrendered under subparagraph (A) in the

[5] The intent of this proposal is to allow investment in emissions reductions prior to development of an EPA offsets program by assuring investors that early-action reduction projects will be allowed to credit reductions during an economically reasonable crediting period, before re-applying for any subsequent crediting periods under EPA-established protocols. Absence of such a provision will quell investment in reductions over the next several years, and a provision that required re-certification under EPA methodologies at the time they are issued would result in a flood of reapplications.

amount of one carbon dioxide equivalent on of offset credits for each carbon dioxide equivalent ton of emissions reduced, sequestered, avoided, or destroyed.

"*(f) FEDERAL OFFSETS PROGRAM.—Nothing in this section shall preclude an offset project from being approved under Section 735.*

4. Section 731: Eligible Offset Project Types.

If offsets are to provide cost-containment and allowance price stability during the critical early years of the cap-and-trade program, offset developers must be given guidance about the types of projects that will be eligible to participate and the standards that will be used to evaluate them. One key means of providing guidance is to designate, in the legislation, a list of eligible projects and projects to be considered for inclusion.

Our organizations are developing a list of project types that we believe should be eligible for offset credits under any federal cap-and-trade system. We will be working within our coalitions and with other stakeholders to develop recommendations for a priority list.

5. Section 734: Project Start Date.

Section 734, as drafted, presents two related concerns. First, millions of dollars have been invested in emissions reductions projects that could continue to reduce greenhouse gas emissions in 2009 and after, but which will fail financially or be abandoned if they are unable to generate credits under the federal program. For example, putting aside for a moment the question of early action credit, a landfill gas project which would otherwise be eligible as an offset project had it been built today, would be disqualified from receiving credit for methane the project captures in 2009 and afterward, thus making continued operation of the project unviable. Accordingly, we recommend that the bill provide that those projects with installed infrastructure "on the ground" be eligible for credits for reductions emissions in years 2009 and forward, regardless of the date that the project was physically commenced, contingent on the Administrator determining that the project is consistent with regulations and methodologies ultimately developed for that project type.

Second, projects and activities that have reduced greenhouse gas emissions prior to 2009 should have an opportunity to show retrospectively, to the satisfaction of U.S. EPA, that the reductions were consistent with U.S. EPA's standards for crediting, as an alternative means of crediting to that provided in Section 740, which provides credits for early action reductions vetted through certain registry programs. In other words, a project should have the opportunity to show that it was of comparable quality to ultimate U.S. EPA's eventual project standards, and but for being an early actor and achieving greenhouse gas reductions prior to government taking action, would have been fully credited had the project been built today. Given the long

atmospheric residence times of greenhouse gases, there is ample policy justification for recognizing and crediting these high-quality early action projects.

For these reasons, we are recommending that such early projects have the ability to come into the federal offset program if they meet all of the relevant requirements, and also can have a crediting period that starts January 1, 2009.

- **Proposal:**
  - Amend Section 734 as drafted, as follows:

‘‘SEC. 734. REQUIREMENTS FOR OFFSET PROJECTS.

‘‘(a) METHODOLOGIES.—

‘‘(1) IN GENERAL.—As part of the regulations promulgated under section 732(a), the Administrator shall establish, for each type of offset project listed as eligible under section 733(a), the following:

. . .

‘‘(ii) were not commenced prior to January 1, 200~~9~~*0, or, for forest carbon projects, January 1, 1990; except that emissions reductions credited under section 740 of this title shall not be eligible for further crediting;* and

. . .

  - Amend Section 734(c) as drafted, as follows:

“(c) CREDITING PERIODS.—

. . .

“(2) DURATION.—The crediting period shall—

(A) be no less than 5 and no greater than 10 years for any project type other than those involving sequestration, *which shall be no less than 20 and no greater than 30 years; and*

(B) shall start on January 1, 2009, or a date selected by the offset project representative, whichever is later.

6. Section 743: International Offsets, Requirement of Agreement.

The Discussion Draft allows for the exchange of international offset credits for instrument issued by an "international body" approved under the United Nations Framework Convention on Climate Change (UNFCCC). This could be a critical bridge to the development of a broader international agreement – which likely will take several years to finalize – that establishes binding limits for developing countries. However, there is a threshold requirement that there be an agreement in place with each developing country that supplies the projects. This requirement makes sense for offsets sourced directly from a developing country. However, the requirement is unnecessary for credits exchanged for instruments from the UNFCCC international body. Such credits already are subject to the requirements of the international body, as well as the further EPA screening process. Furthermore, this requirement could slow down the process for years, thereby defeating the bridging benefit. For these reasons, we recommend the elimination of the host country agreement requirement for offset issued by the UNFCCC international body (while leaving the requirement in place for offsets sourced directly from projects in developing countries).

- **Proposal:**
  - Amend Section 743(b)(2) as follows:

"(2) REQUIREMENTS FOR INTERNATIONAL OFFSET CREDITS.—*Except as provided in subsection (d), t*~~T~~he Administrator may issue international offset credits only if—

. . . .

  - Amend Sec. 743(d)(1) as follows:

"(d) CREDITS ISSUED BY AN INTERNATIONAL BODY.—

"(1) IN GENERAL.—The Administrator, in consultation with the Secretary of State, may issue international offset credits in exchange for instruments in the nature of offset credits that are issued by an international body established pursuant to the United Nations Framework Convention Climate Change, to a protocol to such Convention, or to a treaty that succeeds such Convention. The Administrator may issue such credits only if *the project or measure achieving the relevant greenhouse gas emission reduction, destruction or avoidance, or greenhouse gas sequestration is in a country that is a developing country*, *and* ~~in addition to the requirements of subsection (b)~~ the Administrator has determined that the international body that issued the instruments has implemented substantive and procedural requirements for the relevant project type that provide equal or greater assurance of the integrity of such instruments as is provided by the requirements of this part.

7. <u>Section 722: Numeric Limitation of Offset Supply</u>.

Our understanding from Committee staff is that the aim of the Discussion Draft is to make it possible for covered entities to use up to 2 billion tons of offset credits for compliance. To achieve this end, the Discussion Draft uses the "2 billion ton" number in a formula to generate a percentage limit on use of offset credits by individual covered entities relative to their total compliance obligations; the formula works out to approximately 30 percent for each covered entity in the early years of the program.

This approach might make 2 billion tons the effective *overall* ceiling *if* each covered entity efficiently used its full percentage allotment. However, it is inevitable that some covered entities will make inefficient decisions and use less than their full allotment, while for other covered entities it would be cost-effective to use more than 30 percent. Thus, the approach fails to ensure that the 2 billion ton ceiling is the effective ceiling, and will lead to a less cost-effective program.

Our recommendation is to make it possible to carry over any unused "headroom" from one calendar year to the next. We propose adjusting the formula so that it is possible for a covered entity to meet a greater percentage of its compliance obligation with offset credits in a particular year, if there were fewer than 2 billion tons of offset credits used for compliance in the previous year.

- **Proposal:** Amend Section 722(c)(1) as follows:

"*(C) CARRY OVER.—Beginning in calendar year 2013, the number 2 billion specified in the equation in subparagraph (B) shall be increased in the numerator of such equation by the difference, if positive, between 2 billion and the total number of offset credits held in the previous year by covered entities in satisfaction of their compliance obligations.*

"(~~C~~*D)* PRESIDENT'S RECOMMENDATION.—The President may make a recommendation to Congress as to whether the number 2 billion specified in subparagraph (B) should be increased or decreased.

8. <u>Section 331: Performance Standards for Uncapped Facilities</u>.

The Discussion Draft requires EPA to develop performance standards for sources of methane emissions not covered by the emissions cap. This requirement will result in elimination of many offset supply opportunities in the United States, yet EPA is not required to take this overall cost containment impact into account. For this reason, we recommend a requirement that EPA report to Congress on the broader program cost impacts of these performance standards.

In addition, sources subject to such performance standards should have certainty about what their requirements are for a fixed period. For this reason, we recommend that each such standards has a duration comparable to the crediting period for an offset project, i.e., no less than 5 years and no more than 10 years.

- **Proposal:**
  - Amend Section 331 of the Discussion Draft by renumbering Section 811(a)(2)(D) as Section 811(a)(2)(E), and inserting a new Section 811(a)(2)(D) as follows:

"(D) Not later than 3 months after the date the Administrator publishes the schedule under subparagraph (C), the Administrator shall publish a report to Congress that:

(i) outlines standards of performance under consideration by the Administrator for each category of sources listed pursuant to paragraph (1);

(ii) determines the reduction in the supply of domestic offset credits resulting from such standards; and

(iii) determines the costs to covered entities and the economy resulting from such reduction in the supply of domestic offset credits.

"(~~D~~*E*) Notwithstanding section 307, no action of the Administrator listing a source category under paragraph (1) shall be a final agency action subject to judicial review, except that any such action may be reviewed under section 307 when the Administrator issues performance standards for such category.

- Insert Section 811(c)(2)(4):

"(4) The duration of a performance standard promulgated under this section shall be a period of no less than 5 years and no greater than 10 years, during which period the standard may not be modified.

9. International Forest Carbon Provisions

We are concerned that the Discussion Draft provisions on international forest carbon will not provide cost containment benefits – for a number of reasons.

First, it uses a sizable set-aside of allowances to establish a very large U.S. government program to fund international forest carbon activities. Importantly, activities funded by this program cannot generate *offset credits.* Whatever the merits are of funding avoided deforestation activities in other countries, this approach does not provide a form of cost containment for companies regulated under the program.

Second, the provisions on forest carbon offsets are very limiting. They only allow credit for avoided deforestation – not also for afforestation and reforestation, which are two very critical types of activities. Third, credit is only available for activities that achieve reductions in deforestation measures against a nation-wide baseline. Yet, such baselines are not available in any country right now, nor will they be for years.

In these ways, the Discussion Draft departs dramatically not only from the recommendations of our organizations but also the Forest Carbon Dialogue – a coalition of major companies and major NGOs.

For these reasons, we propose extending the coverage of these provisions to afforestation and reforestation activities and authorizing a transition period of subnational projects.

Specifically, we recommend an approach such as that incorporated in HR 1790, the Forest Carbon Emission Reduction Act, introduced by Rep. Engel (D-NY).

* * *

Thank you again for this opportunity to express our appreciation for the American Clean Energy and Security Act of 2009. The undersigned coalitions would be pleased to provide further information upon request.

Contact:
Kyle Danish
Van Ness Feldman, P.C.
(202) 298-1876
kwd@vnf.com

David M. ("Max") Williamson
Andrews Kurth LLP
202.662.2700
maxwilliamson@andrewskurth.com

Sincerely,

Carbon Markets and Investors Association
Carbon Offset Providers Coalition
Coalition for Emission Reduction Projects
International Emissions Trading Association

cc: Hon. Nancy Pelosi, Speaker of the House
Hon. Joe Barton, Ranking Member
Members of the Subcommittee on Energy and Environment

Enclosure

Carbon Markets & Investors Association™

CMIA Members as of April 2009

1. Agrinergy
2. Akin Gump
3. Baker & McKenzie
4. Barclays Capital
5. Bluenext
6. BNP Paribas
7. Camco International
8. Carbon Capital Markets
9. CarbonClear
10. Carbon Resource Management
11. Climate Change Capital
12. Climate Exchange
13. Climate Focus
14. Core Carbon Group
15. CREEL
16. Deutsche Bank
17. DLA Piper
18. EcoSecurities, Ltd.
19. EEA Fund Management
20. EKO
21. Eurex
22. Evolution Markets
23. First Climate
24. Generation Investment Management, LLP
25. Green Gas International B.V.
26. Green Hercules Trading Ltd.
27. Hunton & Williams
28. ICECAP
29. ING
30. JPMorgan
31. KPMG
32. Linklaters
33. Merrill Lynch
34. MF Global
35. Morgan Stanley
36. Natixis Environnement & Infrastructures
37. Natsource Europe
38. New Carbon Finance
39. Norton Rose
40. OneCarbon
41. Orbeo
42. RBS Sempra
43. Sindicatum Carbon Capital
44. Skadden Arps
45. Societe Generale
46. Spectron
47. Standard Bank
48. TFS Green
49. The Carbon Neutral Company
50. Tricorona

CARBON OFFSET PROVIDERS COALITION
www.carbonoffsetproviders.org

COPC Members as of April 2009

1. Blue Source
2. CommonWealth Resource Management Coalition
3. Edensa Carbono
4. Environmental Credit Corp.
5. Greenhouse Gas Services
6. Environmental Finance, LLC
7. MGM International
8. N Serve Environmental Services

Coalition for Emission Reduction Projects
uscerp.org

CERP Members as of April 2009

1. American Electric Power
2. BlueSource
3. Camco Global
4. C-Quest Capital
5. Deutsche Bank
6. Dominion
7. DTE Energy
8. Duke Energy
9. EcoSecurities
10. Element Markets
11. El Paso Corporation
12. Environmental Credit Corp.
13. Equator, LLC
14. John Deere
15. Leaf Clean Energy Company
16. MGM International
17. Natsource
18. Noble Carbon Credits
19. PG&E Corporation
20. Stark Investments

IETA
INTERNATIONAL EMISSIONS TRADING ASSOCIATION

IETA Membership as of April 2009

1. Accord Energy Ltd.
2. AENOR
3. AES Corporation
4. AIG Financial Products Corp.
5. Akin Gump Strauss Hauer Feld LLP
6. American Electric Power (AEP)
7. APX Inc.
8. Asia Carbon International B.V.
9. ATEL
10. Baker & McKenzie
11. Barclays Capital
12. Bear Stearns International Ltd.
13. Bennett Jones LLP
14. BlueNext
15. BlueSource LLC
16. BNP Paribas
17. BP
18. Bureau Veritas
19. Caisse des Dépots
20. Calyon
21. Camco
22. CantorCO2e
23. Cemex
24. CEZ a.s.
25. Chevron
26. Citigroup Global Markets Ltd.
27. Clifford Chance
28. Climate Cent Foundation
29. Climate Change Capital Ltd.
30. Climex
31. Climos Inc.
32. ConocoPhillips
33. Covington & Burling LLP
34. Credit Suisse
35. De Brauw Blackstone Westbroek
36. Deloitte and Touche
37. Det Norske Veritas (DNV)
38. Deutsche Bank
39. Dewey & LeBoeuf
40. Doha Bank
41. Dow Chemical Company
42. Dresdner Kleinwort
43. ECON
44. EcoSecurities Group Ltd.
45. EcoTraders
46. EDF Trading
47. Edison Trading S.p.A.
48. Electricity Supply Board (ESB)
49. Endesa
50. Eneco
51. Enel Spa
52. Eni

53. Environmental Resources Management (ERM)
54. E.ON AG
55. EPCOR
56. Ernst & Young
57. Eskom
58. Essent
59. Eurex Frankfurt A.G.
60. Evolution Markets
61. First Climate
62. First Environment Inc.
63. Forest Systems
64. Fortis Bank
65. Fortum Power and Heat
66. Freshfields Bruckhaus Deringer
67. Front Street Capital (FSC)
68. GDF Suez
69. Gazprom Marketing & Trading Ltd.
70. General Electric Company
71. Genesis Energy
72. Goldman Sachs International
73. Green Resources / Tree Farms
74. GreenStream Network Ltd.
75. Gujarat Fluorochemicals Ltd.
76. Hess Corporation
77. Holcim
78. Hunton & Williams LLP
79. Hydro
80. Hydrogen Energy International Ltd
81. Iberdrola Generacion
82. ICE Futures
83. ICF International
84. IDEA Carbon Ltd
85. IHS Inc.
86. Iberdola Generation
87. Industrial Technology Research Institute
88. International Paper
89. Italcementi Group
90. Japan Quality Assurance Organization
91. J-Power
92. JP Morgan Chase Bank N.A.
93. Kansai Electric Power Co. Ltd.
94. KDF Energy S.R.L.
95. Kenya Electricity Generating Company Ltd.
96. KO Brokers Limited
97. KPMG
98. Lafarge
99. Linklaters
100. Lloyds Register LLP
101. Macleod Dixon
102. Marsh, Inc.
103. Marubeni Corporation
104. MASDAR
105. Merrill Lynch
106. MGM International Ltd.
107. Mintz Levin
108. Mitsubishi Corporation
109. Morgan Stanley & Co.
110. Munich Reinsurance Company
111. National Commodity & Derivatives Exchange Ltd
112. Natixis Environment & Infrastructures
113. Natsource
114. Nemorus Securities
115. Nexen Inc.
116. Noble Group Ltd
117. Nomura International
118. Nörr Stiefenhofer Lutz
119. Norton Rose
120. Nuon
121. NYMEX
122. One Carbon International BV
123. Ontario Power Generation
124. Orbeo
125. Origin Energy
126. Pakarab Fertilizers (Pvt.) Ltd.
127. Perry Johnson Registrars CDM
128. Petrobras
129. PointCarbon
130. PricewaterhouseCoopers
131. PT. PLN Persero
132. Repsol YPF
133. Rhodia
134. Rio Tinto
135. Royal Bank of Canada
136. RWE
137. Scottish Power Energy Management
138. Sempra Energy Europe Limited
139. SGS Société Générale de Surveillance
140. Shell International Ltd.
141. Sindicatum Carbon Capital
142. SRF Limited
143. Standard Bank
144. Standard Chartered Bank
145. Statkraft
146. StatoilHydro
147. Sumitomo Corporation

148. Sustainable Forestry Management
149. SwissRe
150. Syngenta Foundation
151. Taiwan Emission Trading Association
152. TFS – Tradition Financial Services
153. The Carbon Neutral Company
154. The Rock and Partners
155. The Rowet Group
156. Total
157. Toyota Motor Marketing Europe
158. Trading Emissions PLC
159. TransAlta Corporation
160. TransCanada Corporation
161. Tricorona
162. TUV Süddeutschland
163. Unica
164. Union Fenosa Generacion, S.A.
165. Vale
166. Van Ness Feldman, PC
167. Vattenfall
168. Veolia Environment
169. Víterra, Inc.
170. World Energy Solutions, Inc.
171. Zero Emissions Technologies, S.A.

Other Signatory :

1. 3Degrees Group, Inc.