

STATEMENT OF PRINCIPLES

The mission of the Coalition for Emission Reduction Policy (CERP) is to educate policy-makers and the general public about the benefits of using offset credits from greenhouse gas (GHG) emission reduction projects as a means for regulated entities to meet their compliance obligations under GHG regulatory program.

CERP believes that any U.S. GHG regulatory program should adhere to the following principles:

1. Entities regulated under a U.S. cap-and-trade program should have the ability to achieve their compliance obligations through the use of offset credits from qualifying emission reduction projects.

Regulated entities should have the flexibility to help meet their compliance obligations by using emission reductions from projects that are not otherwise subject to regulation. Multiple studies have shown that allowing use of such offset credits can: (1) lower costs of compliance for regulated entities and costs of GHG regulation for society as a whole; (2) create greater incentives for development and deployment of emission reduction technologies; and (3) achieve emissions reductions from sources that would not otherwise occur.

2. Offset credits should be available only for projects that achieve emission reductions that are additional, permanent, independently verified, enforceable, and measurable.

Any GHG regulatory program should include clear and rigorous rules for approval of projects and issuance of offset credits. A credible authority should oversee administration of the offset program, with support from independent accredited third-party verifiers.

3. The project approval process should be transparent and rely on established, approved project types and methodologies, with clear procedures to approve new methodologies and project types.

The project approval process should achieve three objectives: (1) ensuring environmental integrity; (2) controlling administrative and transaction costs; and (3) providing for investment certainty as early as possible. Adoption of pre-approved methodologies and a preferred list of project types eligible for streamlined approvals will reduce compliance costs and investment risks, thus encouraging greater market participation. Similarly, a streamlined and transparent process for approval of new methodologies will provide necessary incentives for the development and deployment of new technologies.

4. Offset credits should be available from an expansive set of sectors, activities, and countries.

Any GHG regulatory program should focus on the environmental integrity of projects and their compliance with the relevant standards created by the program. All project types that are not otherwise subject to GHG emissions limits and that can comply with the applicable standards should be eligible.

5. GHG regulatory programs should allow for the use of offset credits from projects.

Climate change is a global environmental issue. As such, geographic location should not limit the ability of a project to qualify for offset credits under a GHG regulatory program. Indeed, many low cost opportunities for reducing emissions are in developing countries. Accordingly, allowing for the use of reductions from such countries not only will lower the costs of compliance with the U.S. program, it will provide a means of transferring U.S. clean energy technologies and expertise to the developing world. Importantly, allowing use of international offset projects for compliance purposes provides an opportunity for the U.S. to demonstrate its leadership on the issue of climate change and to engage with the global community in reducing emissions.

6. Entities that implement emission reduction projects prior to the establishment of a regulatory program should be awarded with offset credits provided that those projects meet applicable environmental standards.

Entities (not just those subject to emissions limits) that implement otherwise-qualifying projects should be provided offset credits for reductions achieved by those projects prior to effective date of GHG regulations.

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The Coalition for Emission Reduction Policy (CERP) brings together leading companies in the energy, manufacturing, financial service provider, and offset developer sectors.

Van Ness Feldman provides support to the coalition. For more information, please visit www.uscERP.org or contact Kyle Danish (202.298.1876, kwd@vnf.com).