

May 19, 2010

Senator John Kerry
218 Russell Senate Office Building
Washington, DC 20510

Senator Joseph Lieberman
706 Hart Senate Office Building
Washington, DC 20510

Dear Senators Kerry and Lieberman:

On behalf of the Coalition for Emission Reduction Projects (“CERP” or the “Coalition”), we commend your decision to incorporate the majority of the provisions from the Clean Energy Partnerships Act, originally introduced by Sen. Debbie Stabenow and co-sponsored by eight other Senators, within your recently released draft climate legislation. We believe that these domestic offset provisions would create the framework for an effective and environmentally rigorous program, ensuring that high quality offset credits will be available to provide critical cost-containment within a federal cap-and-trade program.

We feel these provisions are particularly important in that they would achieve the following objectives:

- Facilitate the generation of domestic offset credits during the crucial early compliance periods of the cap-and-trade program by awarding federal offset credits in exchange for credits earned through approved state-based and voluntary offset programs; and
- Recognize the importance of utilizing familiar and easily implemented offset project types with high environmental integrity to generate early emission reductions.

We appreciate your efforts to craft an environmentally rigorous and practical domestic offsets program that relies on the power of the market to drive emission reductions where they can be achieved at the greatest efficiency and least cost. We commend you for providing for science-based offset program rules and methodologies that will ensure that offsets are measurable, additional, verifiable, and enforceable, while minimizing the transaction costs involved in developing offset projects.

However, we have some questions about the international offset provisions in the discussion draft. In particular, we have concerns about the bill’s removal of any crediting for project-based activities that reduce emissions from deforestation and degradation in tropical forests. This deletion is a significant departure from the design of offset provisions in previous climate change bills. The absence of such crediting will lead not only to higher compliance costs, but also to increased deforestation.



Once again, we appreciate your work on this important set of issues, and we look forward to working with you on further improvements to the bill.

From the members of the Coalition for Emission Reduction Projects:

<i>Alpha Natural Resources</i>	<i>Dominion</i>	<i>Deere & Co.</i>
<i>American Electric Power</i>	<i>DTE Energy Company</i>	<i>Leaf Clean Energy Company</i>
<i>Blue Source</i>	<i>Duke Energy</i>	<i>Natsource LLC</i>
<i>C-Quest Capital</i>	<i>Element Markets</i>	<i>Noble Carbon Credits</i>
<i>C-Trade</i>	<i>El Paso Corporation</i>	<i>PG&E Corporation</i>
<i>Camco</i>	<i>Environmental Credit Corporation</i>	<i>Verdeo Group</i>
<i>Deutsche Bank</i>	<i>Equator LLC</i>	

For more information, please contact:

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Cc:

Senator Debbie Stabenow

Senator Max Baucus

Senator Mark Begich

Senator Sherrod Brown

Senator Robert Casey, Jr.

Senator Tom Harkin

Senator Amy Klobuchar

Senator Bill Nelson

Senator Jeanne Shaheen

Senator Harry Reid, Majority Leader

Senator Mitch McConnell, Minority Leader

Senator Jeff Bingaman, Chairman of the Energy & Natural Resources Committee

Senator Lisa Murkowski, Ranking Member, Energy & Natural Resources Committee

Senator Barbara Boxer, Chairman of the Environment & Public Works Committee

Senator Jim Inhofe, Ranking Member, Environment & Public Works Committee

Senator Richard Lugar, Ranking Member, Foreign Relations Committee

Senator Blanche Lincoln, Chairman of the Committee on Agriculture, Nutrition & Forestry

Senator Saxby Chambliss, Ranking Member, Committee on Agriculture, Nutrition & Forestry

Senator Jay Rockefeller, Chairman of the Committee on Commerce, Science & Transportation

Senator Kay Bailey Hutchinson, Ranking Member, Commerce, Science & Transportation Committee

Senator Chuck Grassley, Ranking Member, Finance Committee