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September 11, 2009

Dr. Kevin Kennedy  
Assistant Executive Officer  
California Air Resources Board  
1001 "I" Street  
P.O. Box 2815  
Sacramento, CA 95812

Subject: RRI Energy Comments on the July 30, 2009 Workshop on International Offsets

Dear Assistant Executive Officer Kennedy:

RRI Energy appreciates the opportunity to provide these comments to the California Air Resources Board (CARB) regarding its July 30, 2009 workshop on international offsets in the California cap-and-trade program.

### **Introduction**

RRI Energy is pleased to work with CARB on developing criteria for international offsets that will benefit all large industrial sources. RRI Energy is one of the leading providers of electricity in competitive markets in the United States and is strongly committed to caring for the environment while providing reliable, affordable power to its customers. As a company, we are dedicated to efficiency and effectiveness and are committed to taking actions that improve plant efficiency and reduce emissions through operational excellence and the development and application of cost effective technology. As such, RRI Energy would like to present its commitment as a leading industry example of developing inventive, market-based answers to energy and environmental challenges.

### **Supply**

A sufficient supply of high quality offsets—including those from international offset projects—must be available in a California cap-and-trade system as a cost-containment mechanism to protect consumers. The use of international offsets will encourage greenhouse gas (GHG) reductions and promote low-carbon technology in developing countries. International offsets can provide a cost-effective opportunity to reduce GHG emissions in the developing world as well as provide additional important social, economic, and health co-benefits. It is especially important to recognize that as China and India consider establishing GHG reduction targets of their own, they will have less incentive to engage in offset projects with the U.S. in the future. Therefore, CARB should allow for the use of offsets from projects in developing countries that are not industrializing rapidly and not expected to set reduction targets in the near future.

### **Hybrid Approach**

RRI Energy supports the use of international offsets in a California cap-and-trade program as a cost-

containment mechanism and supports the hybrid approach to accepting international offset as proposed by the Western Climate Initiative (WCI). In this hybrid approach, CARB would approve sector-based protocols for offset credits but would also allow project-based credits from sectors not covered by an approved protocol and, as noted above, from developing countries before these countries adopt their own climate change policies. As part of this approach, CARB should establish a standard method for project developers to submit offset projects not covered by a specific protocol for consideration by CARB. Projects should not be excluded from the offset system if they are not covered by a sector protocol but should be evaluated on the basis that they will provide emissions reductions that are real, additional, permanent, verifiable, and enforceable. This case-by-case consideration of certain non-protocol based projects should not be phased out over time.

Thank you for the opportunity to submit these comments. We look forward to working with CARB to develop an offset system that provides a sufficient quantity of high quality offsets in a California cap-and-trade program. Please contact me at (702) 407-4861 if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink that reads "Brian C. McQuown". The signature is written in a cursive, slightly slanted style.

Brian C. McQuown  
Senior Air Quality Specialist  
RRI Energy, Inc.