



CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION

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December 15, 2010

Clerk of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, California 95814

Subject: Comments of the California Solar Energy Industries Association (CALSEIA)  
Regarding the California Air Resources Board's Rulemaking to Consider the Adoption  
of a Proposed California Cap on Greenhouse Gas Emissions and Market-Based  
Compliance Mechanisms Regulation, including Compliance Offset Protocols

## **Background**

The proposed Cap-and-Trade regulations would set a cap (limit) on the amount of greenhouse gases expelled annually by selected sectors of California's economy and a price for allowances to emit each metric ton of those gases. The electricity sector would be one of the first regulated industries, starting in 2012. The natural gas and natural gas liquids (such as propane) sectors would participate in the Cap-and-Trade program starting in 2015. Over time, the cap would be lowered and the price of allowances would rise, making investments in energy efficiency and renewable energy by producers and large consumers of electricity, natural gas, and natural gas liquids more cost effective. The program's underlying theory is that these regulated businesses can be more innovative in identifying cost-effective ways to reduce their greenhouse gas emissions than State government could. Nonetheless, the Cap-and-Trade program would be complemented by State policies, regulations, incentive programs, and "example setting" to motivate all energy consumers to adopt energy efficiency and renewable energy measures. Business entities not covered by the regulation could participate voluntarily in the Cap-and-Trade program. Their voluntary efforts to reduce greenhouse gas emissions, if quantified well, could be sold to regulated emitters as compliance off-sets. Each regulated emitter would present a combination of allowances and offsets to the Air Resources Board to document compliance with Cap-and-Trade regulations.

## **CALSEIA's Comments**

CALSEIA commented in August 2008 on the *Discussion Draft of the Climate Change Draft Scoping Plan (Draft Scoping Plan)*. CALSEIA's comments focused on the role of distributed solar energy technology – both electricity-generating and hot-water producing – in implementing energy efficiency and renewable energy programs, including the Title 24 Building

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Energy Efficiency Standards, the California Solar Initiative for solar photovoltaic and solar water heating systems, the New Solar Homes Partnership, Zero Net Energy Buildings, the Renewables Portfolio Standard, local jurisdiction building-permit streamlining, and consumer education and outreach. Although these programmatic measures are outside the scope of the proposed Cap-and-Trade program, CALSEIA urges the Air Resources Board to revisit estimates of how much greenhouse gas emissions would likely be reduced by implementing them. Many of these programs currently lack funds or staff resources to implement them fully. In the case of the new-construction programs, the state's building industry is unable to participate due to the depressed economy.

In its comments on the *Draft Scoping Plan*, CALSEIA also encouraged the Air Resources Board to allow distributed solar-thermal projects that are installed voluntarily (that is, at the facilities of business entities not covered by the Cap-and-Trade regulation) to become sources of offset credits. Example applications of distributed solar-thermal technology not already recognized as programmatic energy efficiency or renewable energy measures include:

- Residential space heating and cooling
- Residential solar water heating displacing propane
- Commercial swimming pool heating
- Industrial process heating, process cooling, and electricity generation

CALSEIA supports the Air Resources Board's efforts to develop "Compliance Offset Protocols" for voluntary greenhouse gas emission-reducing projects. Furthermore, CALSEIA requests that the Board direct its staff to work with CALSEIA to determine whether a "Compliance Offset Protocol" could be developed for distributed solar-thermal applications, such as those listed above.

Sincerely,



Executive Director