

**Archive of Substantive Email Comments Received 3/23/2009 during the Public Meeting on California's Cap-and-Trade Market**

**US Environmental Protection Agency (USEPA)**

In programs that include an extended compliance period (e.g, longer than one day), typically, each day of a compliance period constitutes a separate violation.

Since the compliance period is 3 years, has CARB considered the penalty ramifications of this longer compliance period (i.e.,  $365 \times 3 = 1,095$  separate violations)?

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**Equator, LLC**

1) Would “quantitative” allowance penalties reduce the overall number of allowances available for auctioning or only be taken directly from the portions allocated to that entity? (or the amount that entity is allowed to purchase, 10%-25%)

2) Do the penalty strategies need to be mutually exclusive? Given that differences in the resources needed under the different strategies, would ARB consider giving the non-compliant regulated entity the option and providing incentives for entities taking action to reduce administrative enforcement burdens?

Thanks,

Jeff

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## **Carbon Share**

Dear CARB,

Please accept these comments on the March 23rd workshop on Overview on a California Cap and Trade Market, specifically on auctions and a reserve price.

If the choice is between auctioning allowances to companies or giving allowances to companies for free, auctioning is a clear favorite for many reasons.

An alternative approach would allocate allowances to all Californians, under the concept that the sky is a commons we all share. People would receive a tradable Share, and people would sell the share to the upstream regulated companies through an online market similar to EBay. Companies would bid for allowances in a much more transparent system that everyone participates in. The result would provide compensation to consumers the same way a Cap and Dividend model would.

Is CARB considering this type of allocation?

(Note more information about this is concept may be found at [www.carbonshare.org](http://www.carbonshare.org) or [www.capandshare.org](http://www.capandshare.org).)

Other comments: Regarding auction frequency, more often is better. A quarterly auction may help bring in revenues and help distribute monthly dividends.

Also a reserve price (price floor) is absolutely necessary. As other speakers have noted, it encourages long term investments and reduces the negative aspects of low-end price volatility.

Thanks for your consideration.

Sincerely,

Mike Sandler

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## **The International Council on Clean Transportation (ICCT)**

The presentation states that setting a reserve price would reduce economic efficiency. On the other hand, a reserve price could increase economic efficiency by creating a more stable price signal. This would enable capped sources to obtain financing for reductions that are less

expensive than the reserve price, while banks and internal financing mechanisms may not be available if there is no certainty of an economic return on investments from reducing emissions.

It would make sense to examine whether a stable price signal would lower the overall cost by lowering the risk and thus encouraging investing in GHG reductions and lowering the cost of capital for those reductions by lowering risk.

In addition, even if credits are initially over allocated (for instance, emissions are less than expected due to high fuel prices, abundant hydroelectricity, and/or weak economic growth) there will still be a value to reducing emissions in the near-term due to the significant economic and environmental impacts of climate change.

Thanks for the opportunity to comment.

-Ed

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