Meeting Summary

- The following slides reflect Nicholas Institute Director Tim Profeta’s summary of major meeting outcomes and are not to be considered representative of all stakeholder opinions.

- The intent of this summary is to capture the general discussion during the morning cost containment meeting and afternoon update to offsets and linkage on June 22, 2010.
Price Containment: What did we hear?

- Cost containment is worthy policy objective, and ARB’s objectives seem on target (with addition of CA co-benefits, etc.)

- General support for a reserve that makes allowances available to market at a transparent price and at set intervals
  - utilizing an auction or window

- Set price at level, judging by economics, engineering, and political acceptability, that is above the expected cost of abatement
  - Should not consider California only abatement costs
  - Should be cost of abatement after considering complementary policies
Price Containment: What did we hear?

• Reserve should be filled initially by allowances drawn from within the years of the program, possibly drawn from difference of 2012 BAU expected at passage of A.B. 32 and 2012 BAU expected at release of regulations.

• Interest in backfilling reserve, but a lack of clarity on the preferred method.
Offsets: What did we hear?

- Non-agreement on extent of use of offsets for cost containment
- Divergence of opinion on the relaxation of 4% limit on the use of offsets
- AS MUCH CERTAINTY AND CLARITY, AS SOON AS POSSIBLE, AS TRANSPARENTLY POSSIBLE as to the rules of road
- Ensuring that one protocol applies for a project at a time.
- Exploration of other sources of early supplies of offsets encouraged by potentially regulated entities – CAR, CDM, GCF/RED
Offsets: What did we hear?

- Concerns about buyer liability amongst regulated entities, and encouragement to utilize buffer pool
- Support for buyer liability among environmental groups
- Keep it simple and synergistic
- Many stakeholders seeking California benefits, as much as the dormant commerce clause allows