

Subject:
DUPONT COMMENT -- VOLUNTARY ACTION POLICY

From:
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Date:
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ARB SCOPING PLAN STAFF: On behalf of the DuPont Company, I am transmitting the following as preliminary comments on the proposed "Policy Statement on Voluntary Early Actions to Reduce Greenhouse Gas Emissions." In general, the direction that would be imparted by this Policy (to be elaborated upon in the Scoping Plan) is consistent with the spirit and requirements of AB 32. However, much more specific development will be required to meet the needs of companies and other entities which may be considering voluntary early actions to reduce greenhouse gas emissions. We are a bit concerned that the draft may not anticipate the range of concerns that must be met. In particular, we see two areas which merit more explicit attention. This is driven by two potential circumstances:

* This could effectively penalize companies that have reduced emissions before the program is put into place if those reductions are not acknowledged, but future regulations obligate additional reduction, such as by requiring the same percentage of emission reductions for all companies regardless of what an individual company has done in the past to reduce its emissions. Since voluntary actions would typically focus on the most cost-effective options for securing reduction, the "penalty" for early action would actually be magnified, since the company would not only have to absorb the cost of both the early voluntary reduction and the subsequent mandated reduction, but the latter would end up costing more per ton reduced, since the less costly options would no longer be available.

* For companies that have relatively low-cost options for reducing emissions, there is an increasing possibility that those lower cost reductions actually represent assets which, under a future emissions trading program, could realize significant value. If those reductions are not "credited" in a manner that preserves their potential use in a future market, that value would be lost. This may actually present a very significant disincentive for voluntary early action.

In both the above cases, the challenge in any voluntary early action policy will be to put into place practices which 1) provide a high level of assurance that actual reductions accomplished will, indeed, be recognized; and 2) establishes protocols for documenting those actions, sufficient to meet anticipated standards and tests of verification. The latter will be the challenge, but if the policy fails to provide such details, the risk of losing benefit of accomplished reductions remains. This implies systematic attention to a number of challenging questions, including but not limited to: documentation criteria for retroactive crediting; "additionality" criteria; specific verification protocols, etc. Presumably, answers to such questions will build off of the policies and protocols emergent under the California Climate Action Registry. However, to the degree that the regulatory needs of the protocol may dictate modifications to those standards, that could be very germane to questions related to voluntary early action. Expedited attention to reconciling these questions is therefore necessary.

We look forward to engaging with you in amplifying on the above as policy details are developed under the Scoping Plan.

Thank you,

Tom Jacob, DuPont

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