

October 21, 2013

VIA E-MAIL

Mary Nichols, Chair  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814

**RE: Letter of Support for the Mine Methane Capture Offset Protocol**

Dear Chair Nichols,

Southern California Edison (SCE) strongly supports the adoption of the proposed Mine Methane Capture (MMC) Offset Protocol into the Cap-and-Trade Regulation. This protocol represents an important step forward, and will result in additional and verifiable emissions reductions. SCE's support for the MMC protocol is based on three important considerations:

1. A robust offset market helps maintain efficient cap-and-trade compliance options.
2. The MMC protocol would create a significant supply of additional and verifiable emission reductions.
3. The MMC protocol is an example of California's climate leadership.

On behalf of our customers, SCE would like to thank the California Air Resources Board (ARB) for its protocol development work thus far, and encourage ARB Staff to continue their efforts.

**1. A robust offset supply helps maintain efficient cap-and-trade compliance options.**

In a state-wide Cap-and-Trade Program, like the one developed by the ARB, establishing and enforcing an emissions cap is enough to ensure an environmental goal will be met. In facilitating all potential sources of emission reductions, including offsets, ARB has established a program that can achieve California's GHG emission goals in the most efficient manner. A steady supply of offsets in the California Cap-and-Trade program will help keep allowances prices down in the long-run, thereby moderating compliance costs for California electricity customers.

Thus SCE firmly supports the ARB as it develops additional offset protocols to enable compliance at the lowest possible cost. Mine Methane Capture is a step toward that goal. Still, SCE remains concerned that this will not be enough. All the major analyses of the California offset market suggest that offset project developers will fall short of supplying the market's projected demand. The projected shortfall in offset supply remains a troubling problem – one that this proposed MMC protocol attempts to address.

**2. The MMC protocol could create a significant supply of "verifiable" and "additional" emission reductions.**



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MMC offsets are "additional" because this proposed protocol addresses otherwise neglected methane emissions and incentivizes their capture and destruction. This protocol seeks to make an ongoing process less carbon-intensive above and beyond the current legal or regulatory requirements.

MMC offsets are "verifiable" because the ARB has crafted this protocol through an involved stakeholder process that represents the best available data and operational practices. The result is a series of assessments where emission reductions are repeatedly verified, and projects are reviewed for any inconsistencies. This means that when MMC offsets come to market they've gone through a complete and rigorous evaluation process.

In 2011, the US EPA estimated U.S. coal mines emitted about 62 million mtCO<sub>2</sub>e. ARB has proposed a MMC protocol that could provide two clear benefits; (1) a significant supply of offsets to the California Cap-and-trade program while, (2) incentivizing the reduction of emissions that are currently being neglected.

**3. The MMC protocol is an example of California's climate leadership.**

Beyond the worthy task of crafting this protocol, this is a work product which can be leveraged and adopted by other jurisdictions. The MMC protocol can result in real emission reductions even beyond the California cap-and-trade program – which is, at its heart, the essence of climate leadership.

In closing, SCE would again like to thank the California Air Resources Board for their work on the Mine Methane Capture offset protocol, and voice our support for its inclusion in the Cap-and-Trade Regulation.

Sincerely,

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