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July 9, 2013

Dr. Steve Cliff
Chief, Climate Change Program Evaluation Branch
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Re: Comments of Inergy West Coast LLC Regarding June 25 CARB Workshop on
Compliance Retirement, Market-Related Reporting, and Cost Containment

Dear Dr. Cliff:

Inergy West Coast LLC (“Inergy”) appreciates the California Air Resource Board’s (“CARB”) consideration of potential modifications to the California Cap-and-Trade Regulation. In particular, Inergy supports CARB’s consideration of “true-up” allowances to (1) correct historic allocation that was based on an estimate of production and emissions, (2) provide allowance allocations to new sectors that did not receive initial allocations, and (3) address changes to benchmarks.¹

Inergy is a natural gas liquids fractionator and should have been allocated 2013 allowances. Although Inergy has complied with applicable Cap-and-Trade Regulation and Mandatory Reporting Regulation requirements, it did not receive any 2013 allowances because of issues with the relevant benchmark and reporting requirements. Without a regulatory fix, this means that Inergy would have to incur substantial costs to comply with annual allowance surrender requirements for 2013, even though Inergy should have received free allowances for 2013. In addition to the direct cost implications for Inergy, such an outcome would disadvantage Inergy compared to other entities who received free allowances as a matter of course under the Cap-and-Trade Regulation.

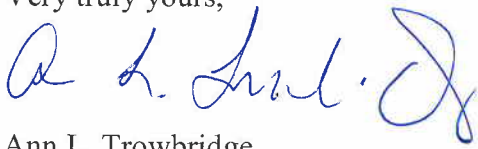
¹ Cap-and-Trade Workshop: Compliance and Information Requirements (June 25, 2013), CARB Presentation, p. 13.

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It appears that CARB's proposal for "true-up" allowances may reasonably and equitably resolve the 2013 allocation issue for Inergy and other similarly situated entities. Inergy strongly supports revisions to the Cap-and-Trade Regulation that would correct for the lack of allocation of free 2013 allowances to Inergy (and other similarly situated entities) due to benchmark and reporting requirement issues. Inergy looks forward to reviewing and, if appropriate, commenting on proposed regulatory language providing for "true-up" allowances.

Inergy appreciates CARB's consideration of this important issue and these comments.

Very truly yours,



Ann L. Trowbridge
Counsel for Inergy West Coast LLC