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Qualcomm's Comments to CARB on Draft Proposed Amendments to the California Cap-and-Trade Program, "Discussion Draft July 2013".

Qualcomm would like to thank the California Air Resources Board (CARB) for this opportunity to comment on the Draft Proposed Amendments to the California Cap-and-Trade Program, "Discussion Draft July 2013". Our comments refer to the "But For" Combined Heat and Power (CHP) Facilities.

1. Qualified Thermal Output Exemption (95852(j)).

Qualcomm supports the inclusion of the terminology "qualified thermal output" (in lieu of previous references to steam) in the revised language. This more appropriately covers facilities with cogeneration systems that use the (turbine waste heat) thermal output to provide industrial cooling water and domestic hot water for their facilities. These very efficient CHP systems displace the need for additional facility cooling and heating equipment and overall, result in lowering greenhouse gas emissions.

We note that the current document being referenced by CARB, entitled "Guidance for California's Mandatory Greenhouse Gas Emissions Reporting", dated 2/13/13 does not adequately address this type of CHP configuration in the section covering "Examples" of CHP systems, so we are attaching a representative line drawing along with these comments (see attachment "A Cogeneration System with Indirect Fired Absorption Chiller -No Steam").

2. Application for "Qualified Thermal Output" Exemption (Section 95852(j)1 and 4).

Qualcomm believes an application process is not necessary for the exemption because CARB would already have this data, either from previous submissions, or from current (2013) estimates provided by CHP facilities. The draft language in this section is too vague and does not state what the process is to apply for an exemption, nor does it address how long it would take CARB to grant the exemption. Our main concern is that a drawn out application, review and approval process may force us to have to unnecessarily incur significant costs to purchase allowances in order to meet the current CARB requirements, while waiting for CARB to grant the exemption.

3. Transition Assistance for the Second Compliance Period (2015 – 2017).

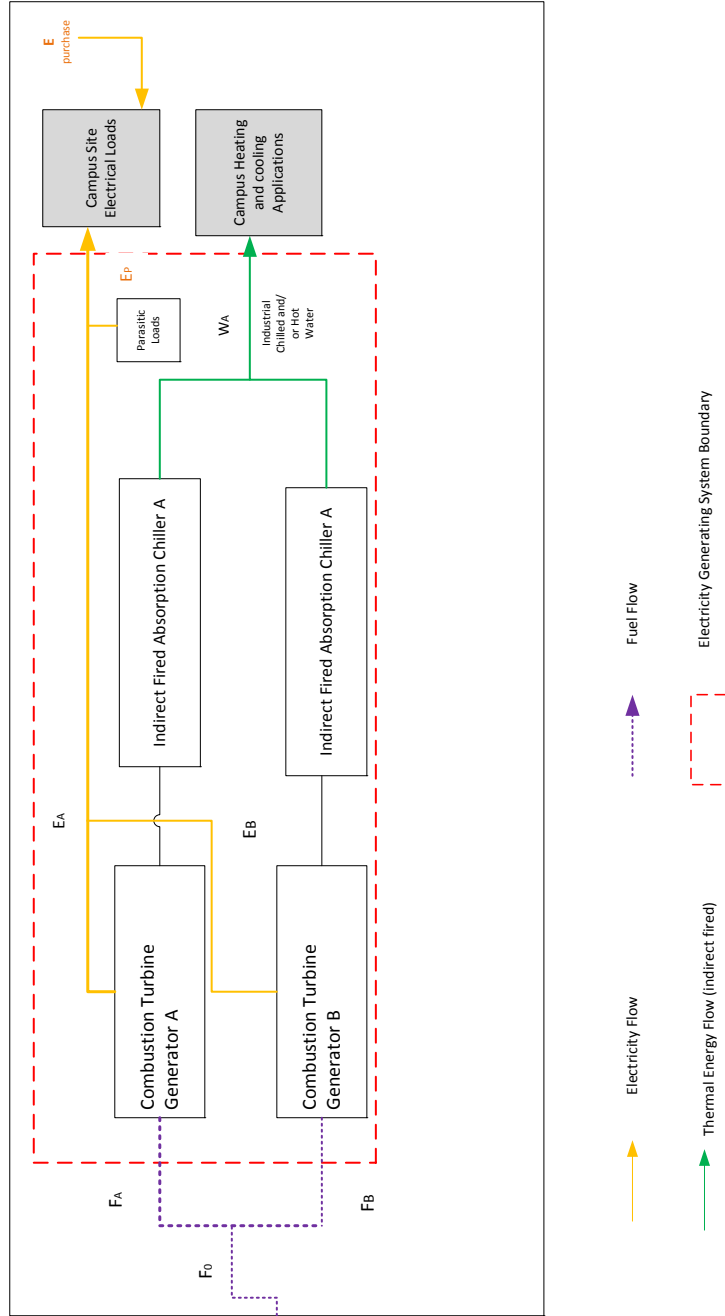
Many entities will receive transition assistance in both the first and second compliance period. Qualcomm uses all of the generation from its CHP systems on site. As such, Qualcomm does not have a customer to pass the costs of compliance too like other generators of electricity. Many industrial entities who also burn natural gas will continue to receive transition assistance in the second compliance period while Qualcomm will not. Yet

Qualcomm is only a covered entity in the first place because it took early action by installing efficient CHP, thus reducing its total GHG footprint. Qualcomm urges CARB to address this issue so that entities like Qualcomm are on a level playing field with others who have been awarded transition assistance in the second compliance period.

Qualcomm has made a number of early investments to reduce its carbon footprint. These include investments in highly efficient, HVAC, lighting, renewable energy, LEED certified building construction, and of course investment in combined heat and power. It does not seem appropriate to force an entity such as Qualcomm – who has made many early investments in GHG reduction – to bear a disproportionate share of the cost of carbon. As such, CARB should provide the same transition assistance to Qualcomm that has been given to other covered entities.

Attachment:

A Cogeneration System with Indirect Fired Absorption Chiller (No Steam)



-End of Comments-