

February 8, 2013

The Honorable Mary Nichols  
Chairman, California Air Resources Board  
1001 "I" Street  
Sacramento, CA, 95812

Re: Comments on Public Information Sharing in California's Cap-and-Trade Program.

Dear Chairman Nichols:

The Union of Concerned Scientists (UCS) submits the following comments on California Air Resources Board (CARB) staff's proposals presented at the public workshop on Public Information Sharing in California's Cap-and-Trade Program, January 25, 2013.

We commend staff for the informative presentation and thank them for the opportunity to provide comments.

UCS endorses the goals of information sharing presented on slide 6 of the presentation.

UCS believes that public access to transparent data is a cornerstone of a cap-and-trade program that promotes efficient carbon markets, free from market manipulation. Information access will foster public confidence, a vital but fragile asset. The fragility of public confidence in this instance stems from the fact that most industrial polluters received free emission allocations, which represent a transfer of wealth from the public to these entities. In other words, the public has invested in cap-and-trade. Just like investors in other markets, the public needs to be able to verify that its funds are being spent wisely, i.e., that cap-and-trade is delivering significant emissions reductions at reasonable cost. The public needs assurance that the wealth redistribution has not resulted in windfall gains for the industrial sectors with little or no emissions reductions.

UCS commends CARB staff for proposing to publish a comprehensive list of data and endorses the recommendations of the Emissions Market Assessment Committee, (EMAC), September 2012.

Specifically, the public should have access to information on:

- The parent company ownership of each market participant or bidder;
- The annual number of free allowances allocated to each market participant;
- Market participant allowance transactions in the quarterly auctions, transfers into and out of holding accounts, and transactions between compliance and other market entities;
- The distribution of allowances by vintage across compliance and holding accounts;

- The names of the winning bidders and the quantities and prices paid for allowances purchased in the auction;
- The quantities and sources of eligible offsets and the costs and use of offsets for compliance purposes by market participant; and
- Annual listing of the quantities of retired allowances and offsets.

Public access to this information will enable third party verification of the extent to which the carbon market is over or under allocated. Monitoring the use of offsets, compliance obligations, and the costs of compliance will give confidence that sizable emissions reductions are taking place and that compliance costs remain manageable.

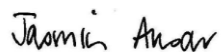
Information on compliance obligations and account balances should be kept as current as possible with weekly, or at least quarterly, updates available to the public.

UCS requests the collection of one additional data series that measures the annual carbon intensity by market participant and asks that this information be shared with the public.

Trends in the annual carbon intensity of sectors and companies can provide a summary and approximate measure of the success in achieving carbon emission reductions. This will be helpful as a proxy and independent metric to demonstrate progress in reaching the goals of AB 32.

UCS again thanks CARB staff for the opportunity to comment on these proposals for public information sharing in California's cap-and-trade program. We look forward to continuing to work with CARB staff and other stakeholders to address these issues.

Sincerely,



Jasmin Ansar

Climate Economist

Union of Concerned Scientists

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