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Clean Tech Statement of Support: Limiting Offsets & Prioritizing Clean Energy in a Western Regional Cap and Trade System

WHEREAS:

Western States' Electricity GHG Reductions Could Come from Offsets

Instead of Renewables: The Western Climate Initiative (WCI) is recommending a regional, multi-sector global warming cap and trade program that would allow the electricity sector and other capped emitters to use offsets to substitute for up to half of the direct emission reductions they otherwise would have been required to make. The WCI will not approve offset credits for global warming emission reductions that come from renewable energy projects in the US or other developed countries.

Offsets Could Drain Funding from Renewable Energy: A significant use of compliance offsets in a cap and trade system will likely drain potential new flows of capital away from renewable energy and other clean tech global warming solutions in high-emitting, capped sectors such as electricity. Limiting offsets, on the other hand, can help direct new capital toward clean tech solutions and other emission reduction efforts in these sectors by encouraging utilities to purchase renewable energy instead of dirtier energy sources that will become more expensive due to higher carbon prices.

Limiting Offsets Make Renewables More Competitive: Limiting offsets will maintain demand for carbon emission allowances, thus helping to maintain a meaningful allowance price, which should in turn increase the profitability of currently available low-carbon technologies and encourage the development of new clean tech options.

Limiting Offsets Incentivizes Utility Purchases of Renewable Energy: By maintaining a robust carbon price and concentrating emissions reductions in capped sectors, limits on offsets will provide another reason for utilities and publicly-owned utilities to purchase renewable energy above and beyond their existing renewables purchase obligations.

Cap and Trade Should Support Renewable Energy: An effective regional cap and trade system should directly account for and reward the global warming emission reductions resulting from voluntary renewable energy generation by retiring carbon allowances on behalf of voluntary renewable power produced in the region, and encourage development and deployment of renewable energy through the appropriate use of the value of allowances.

STATEMENT OF SUPPORT:

The signatories below encourage the states and provinces in the Western Climate Initiative to ensure that a regional cap and trade program bolster the development and deployment of renewable energy sources in the region and limit the amount of compliance offsets allowed in any global warming cap and trade system to a small fraction of the emission reductions that the program seeks to achieve.