

November 17, 2008

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

Re: Climate Change Proposed Scoping Plan

Dear Ms. Nichols:

We understand that the Air Resources Board (ARB) is about to adopt a Scoping Plan for reducing carbon emissions, including a cap-and-trade program. *We urge ARB to include specific language that supports the ability of voluntary purchasers of renewable energy to reduce greenhouse gas (GHG) emissions below the level of the cap.* Doing so will allow voluntary markets to help California exceed its goals for renewable energy development and GHG reductions.

We are one of many organizations voluntarily purchasing renewable electricity, renewable energy certificates (RECs) or on-site solar generation as part of our commitment to reducing the greenhouse impact of our operations on the global environment. We refer to these purchases generically as renewable energy.

As long as California has been without a fixed cap on GHG emissions, we feel confident that our purchases have displaced fossil generation and resulted in emission reductions. In this situation, we can make public statements about how we are reducing emissions, and these claims can be easily substantiated.

When a fixed cap on emissions is established under AB 32, starting in 2012, voluntary purchases of renewable energy will still displace fossil generation, but the number of emission allowances—and hence the level of emissions produced—will be unaffected, and our emission reduction claims will become problematic. Unless allowances are retired commensurate with our renewable energy purchases, starting in 2012, renewable energy purchases will no longer reduce GHG emissions. This is a result we hope the State of California will agree is unacceptable.

We further understand that the rules to implement the cap-and-trade program will be written in 2009 and 2010, but the Scoping Plan does not include explicit direction to include the emission reduction value of voluntary renewable power purchases. Since the Scoping Plan is widely recognized as the "roadmap" for future rulemaking, we are gravely concerned the important market-based emission reductions taken by our company and other voluntary stakeholders will be left off the table.

We ask, therefore, that the Scoping Plan clearly recognize voluntary purchases of renewable energy, renewable energy certificates and on-site renewable generation for the GHG emissions reduction benefits that they provide. The Scoping Plan should explicitly acknowledge the emission reductions created by voluntary renewable purchases by

ORIGINAL: Board Clerk  
Copies: Executive Officer  
Chair

companies such as ours and state that the role of voluntary renewable purchases in achieving California's goal will be developed and described in the cap-and-trade formal rulemaking.

Thank you for considering our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "George Waidelich", written over a horizontal line.

George Waidelich  
Vice President - Energy Operations

CC:

Daniel Sperling  
Jerry Hill  
Dorene D'Adamo  
John Balmes, MD  
Lydia Kennard  
Sandra Berg  
John Telles  
Ronald Loveridge  
Ron Roberts