



May 12, 2010

The Honorable John Kerry
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Joseph Lieberman
United States Senate
706 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Lindsey Graham
United States Senate
290 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Harry Reid
Senate Majority Leader
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

Re: American Power Act • Energy and Climate Legislation for 21st Century Green Jobs

Dear Senators:

The Carbon Offset Providers Coalition (“COPC”) is writing to express its unflagging support for the recently introduced American Power Act and your efforts to advance comprehensive energy and climate legislation, which must be passed this year in order to preserve America’s place as the leader in next-generation energy and low-carbon economic development. The COPC greatly appreciates your dedicated and steadfast commitment to moving energy legislation now, so that the United States does not cede its leadership position to competitors such as China and Europe that threaten to overtake us while we struggle without a national strategy to support and incentivize project-based greenhouse gas reductions and domestic renewable energy production.

The COPC (www.carbonoffsetproviders.org) is an alliance of leading companies that provide low-carbon and clean technology investments, representing hundreds of clean infrastructure projects, millions of tons of greenhouse gases reduced, thousands of green jobs, and millions of dollars in economic benefit to local and regional communities at project locations in the U.S. and abroad. COPC members finance, produce, generate, provide, aggregate, verify, and/or market greenhouse gas emission reductions for sale as offsets in existing and emerging voluntary and compliance greenhouse gas emission trading markets. Our members include the #1 and #2 project portfolios in North America, the #1 credit aggregator, as well as the largest portfolio of international Clean Development Mechanism offsets in the world. We offer the following comments based upon our members’ experience operating within these markets, including the collective experience from hundreds of offset projects in nearly all 50 states here in America that have achieved millions of tons of greenhouse gas reduction.

The Coalition supports the provisions of the American Power Act that recognize and credit reductions from projects such as harvesting energy from dairy farm manure digesters, capturing natural gas from landfills, crediting greenhouse gas sequestration by farmers, ranchers and woodlot owners through improved land management and reduced chemical use, early reductions of industrial greenhouse gases through voluntary investment in capture technology, and dozens of other low-carbon innovations. As you know, greenhouse gas reduction opportunities are diverse and spread across the entire economy,¹ and offset trading is the best means to tap these opportunities and create real change by overcoming market barriers, serving investment needs and correcting misaligned incentives. Economic analyses by the U.S. Environmental Protection Agency (EPA) and others have shown that incentivizing a robust market in offset reductions (*i.e.*, emissions reductions from diverse sources outside a mandatory cap) can dramatically reduce the overall cost to American taxpayers and consumers of meeting the goals of global warming legislation. Indeed, without offsets, the cost of compliance could be over two and a half times more than with unrestricted use of offsets.²

Apart from serving as a critical cost-containment mechanism, offset projects also provide jobs and opportunity for the U.S. economy, including business opportunities for farmers and small businesses. Offsets also deliver important co-benefits over and beyond combating global warming, including reduction of conventional air pollutants, improved water quality, habitat conservation, and energy security that improve the lives of all Americans. Many offset projects directly benefit disadvantaged urban and rural communities, such as urban tree canopy projects that reduce “heat island effect” and beautify our inner cities. In addition, offset projects can incentivize the development and adoption of new, low-carbon technology developed by American industry and research institutions, which can be exported to the rest of the world.

In addition to providing cost-containment and price moderation, by energizing innovation and market forces, offset projects provide an essential bridge to a transformative low-carbon economy. Offset projects are already providing jobs and opportunity for the U.S. economy through a robust voluntary market. Such projects have provided important incentives and revenue to many corners of the economy, including family farmers and municipalities, and have already demonstrated their ability to bring about real, positive changes in the way America generates electricity (for example, renewable energy from wind, biomass, landfill gas and solar), grows crops (through advanced farming practices and manure management), and manufactures

¹ See McKinsey & Company, *Reducing U.S. Greenhouse Gas Emissions: How Much at What Cost*, U.S. Greenhouse Gas Abatement Mapping Initiative (Dec. 2007).

² Source: U.S.EPA Analysis of the American Clean Energy and Security Act of 2009 (H.R. 2454) (June 23, 2009); Congressional Budget Office, *The Use of Offsets to Reduce Greenhouse Gases* (Aug. 3, 2009); Energy Information Administration, *Energy Market and Economic Impacts of H.R. 2454, the American Clean Energy and Security Act of 2009* (August 4, 2009); Congressional Budget Office, *Congressional Budget Office Cost Estimate: H.R. 2454, American Clean Energy and Security Act of 2009* (as Ordered Reported by the House Committee on Energy and Commerce) (June 5, 2009); CRA International, *Impact on the Economy of the American Clean Energy and Security Act of 2009 (H.R. 2454)* (prepared for the National Black Chamber of Commerce (May 2009)); U.S.EPA Preliminary Analysis of the Waxman-Markey Discussion Draft, *The American Clean Energy and Security Act of 2009 in the 111th Congress* (Apr. 20, 2009); U.S.EPA, *Analysis of the Low Carbon Economy Act of 2007* (Bingaman-Specter, S. 1766) (Jan. 15, 2008); U.S.EPA, *Analysis of the Climate Stewardship and Innovation Act of 2007* (McCain-Lieberman, S. 280) (July 16, 2007).

products (through cleaner, smarter industrial processes and pollution control). In addition to reducing greenhouse gas emissions, carbon offsets have funded the development of commercially viable methods of sequestering carbon through tree planting, agricultural advances, and long-term storage of ventstack carbon dioxide in geologic formations, often by recovering stranded domestic energy reserves.

Finally, offsets provide critical flexibility to those industry sectors that will be covered under an emissions cap or regulated by existing command-and-control rules as they transition to a new carbon-constrained economy. If properly incentivized, offset projects are available to begin achieving greenhouse gas reductions immediately, thus giving regulated industry time to phase in new technology and capital investment while avoiding premature retirement of assets that could result in unnecessary economic hardship and avoidable environmental life-cycle costs.

In short, the potential of offset projects should be “unleashed” to help attain the goals of implementing global warming solutions and achieving America’s energy independence. We applaud your efforts, and despite recent political wrangling, we encourage you to keep the faith and pass legislation that will:

- recognize offsets without artificial limits
- credit early action, including reductions achieved under existing offset programs that have proven that significant science-based reductions are possible
- adopt and approve existing, proven project methodologies that have been developed in the voluntary marketplace for deployment in a federally administered offsets program
- inter-link with high-integrity international programs
- allow use of offsets as a compliance alternative for any border-adjustment program

* * *

We look forward to working with you to refine certain provisions of the bill as the American Power Act is debated in Congress. Thank you again for this opportunity to express our support. The Carbon Offset Providers Coalition would be glad to provide further information upon request.

Sincerely,



Roger Williams, Chairman
CARBON OFFSET PROVIDERS COALITION

For inquiries, please contact COPC's counsel at:

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cc: Members of the Senate



COPC Members

