



Offset Provisions in the Dingell-Boucher Discussion Draft

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House Energy & Commerce Committee
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Background

- ▶ **Committee progress on climate change**
- ▶ **Release of the October 7 discussion draft**
- ▶ **Process and input from stakeholders**
- ▶ **Priorities for next Congress**

Basic Structure

- ▶ **Economy-wide cap-and-trade program**
- ▶ **Separate phase-down for HFCs**
- ▶ **Performance standards for some non-covered sources**
- ▶ **EPA administers program**
- ▶ **Addresses Clean Air Act interaction**

Offsets: context

- ▶ **Principles: flexible, low-cost abatement option**
- ▶ **Quality standard**
- ▶ **Differentiation among different parts of offsets: domestic, international, forestry, early action**
- ▶ ***A discussion draft***
- ▶ **Political climate for offsets?**

Domestic Program

- ▶ **EPA administers program, some consultation with USDA**
- ▶ **Limits on use: firm-level limits, beginning at 5% and rising to 35%**
- ▶ **Allowed offsets no greater than delta between cap and BAU**

Eligibility

- ▶ **Striking a balance on eligibility**
- ▶ **Eligibility structure**
 - 1. Positive list: statutory eligibility**
 - 2. Potentially eligible: EPA must review and make determination on enumerated types**
 - 3. Petition process for non-listed types**

Program rules

- ▶ **Additionality: common practice element?**
- ▶ **Baseline and measurement**
- ▶ **3rd party verification**
- ▶ **Voluntary project approval process**

Program rules, continued

- ▶ **Crediting period: not less than 5 years, no greater than 10 years for non-AR projects**
- ▶ **Leakage**
- ▶ **Impermanence**

International offset credits

- ▶ **International offsets: discretion to Administrator in establishing approved types**
- ▶ **Destruction of HFCs ineligible**
- ▶ **International emission allowances: qualifying intl. program**

International Forestry

International forestry

- ▶ **Emissions volume**
- ▶ **Evolving international dialogue**
- ▶ **National vs. sub-national**
- ▶ **What's next?**

Early Action

- ▶ **Under construction**
- ▶ **One bin for state allowances (RGGI, CA) and offsets**
- ▶ **Picking one date for a dividing line?**



Thank You

energycommerce.house.gov/Climate_Change/index.shtml