



CRS

center for
resource
solutions

September 3, 2011

Guyline Bouchard
Associate Director, Bureau des changements climatiques
Ministère du Développement durable, de l'Environnement et des Parcs
Édifrice Marie-Guyart
675, boulevard René-Lévesque Est, 6e étage, boîte 31
Québec (Québec) G1R 5V7

Re: Center for Resource Solutions comments on Québec's Draft Regulation respecting a cap-and-trade system for greenhouse gas emission allowances

Dear Mr. Bouchard:

The Center for Resource Solutions (CRS) applauds Quebec for proposing such a comprehensive system for reducing greenhouse gas emissions, and appreciates the opportunity to provide feedback on the proposed cap-and-trade regulation. CRS is a nonprofit organization that creates policy and market solutions to advance sustainable energy and mitigate climate change. CRS administers the Green-e[®] suite of programs, which are independent certification and verification consumer protection programs for voluntary renewable energy and carbon offsets sold in the voluntary market.

CRS writes to strongly urge you to adopt a Voluntary Renewable Energy (VRE) set aside as enabled under Western Climate Initiative rules. Such a mechanism will allow VRE purchases to reduce the overall level of greenhouse gas emissions in Québec, and let Québec enjoy the benefits provided by such a market. As is explained in the WCI paper on the topic, without the inclusion of a VRE set aside, once a cap-and-trade program goes into effect, voluntary renewable energy purchases can no longer reduce emissions beyond the level of the cap.¹ A CRS Policy Brief provides a graphic illustration of this dynamic.²

Inclusion of a VRE set aside will provide many benefits to Québec. It promotes clean energy development, which in turn leads to more jobs and greater economic growth. It leverages private, non-ratepayer funding to help speed the transition to renewable energy sources. It provides a pathway whereby the appetite for voluntary action can be channeled to clean energy development in Québec, and will avoid a situation whereby the willingness to invest in voluntary action is diverted to out-of-province projects. A VRE set aside will also help Québec achieve its climate goals beyond 2020 by encouraging in-region clean energy development.

However, these benefits depend on whether the design of the anticipated cap-and-trade program is supportive of voluntary renewable energy purchases. If a cap-and-trade program does not adequately recognize the carbon-reduction value of these renewable purchases or on-

¹ *Voluntary Renewable Energy Market: Issues and Recommendations*. Western Climate Initiative, July 2010.
<http://www.westernclimateinitiative.org/document-archives/Electricity-Team-Documents/Voluntary-Renewable-Energy-Market-Issues-and-Recommendations/>

² http://www.resource-solutions.org/pub_pdfs/C&T%20Policy%20Brief.pdf

site generation, the many benefits of voluntary renewable markets are lost, and the capped level becomes the ceiling for greenhouse gas emissions reductions instead of the floor.

Adopting a VRE set aside would also provide consistency with many existing cap-and-trade programs, including the U.S. northeastern states' Regional Greenhouse Gas Initiative (RGGI) and California's cap-and-trade under AB32. CRS has assisted regulators in the design of the set asides in both of these regions, and would be pleased to do the same for Québec. Please don't hesitate to contact us if you have any questions regarding the benefits and design of a VRE set aside. We appreciate your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Martin". The signature is fluid and cursive, with the first name being more prominent than the last.

Jennifer Martin
Executive Director
Center for Resource Solutions