



CRS

center for
resource
solutions

February 17, 2010

Jerry Seager
Program Manager
VCS Association
1730 Rhode Island Avenue, NW
Suite 803
Washington, DC 20036

Re: Maine State Housing Authority, Methodology for
Weatherization of Single and Multi-Family Buildings

Dear Mr. Seager,

The Center for Resource Solutions (CRS) appreciates the opportunity to comment on the Maine State Housing Authority's Methodology for Weatherization of Single and Multi-Family Buildings. CRS recognizes the value of energy efficiency measures as a vital means to reduce greenhouse gas emissions (GHG) and mitigate the effects of climate change, and applauds the Maine State Housing Authority for taking the initiative to introduce such an important program. However, this methodology in its current form allows for double counting, and certain energy efficiency measures under the proposal will not result in any real reductions in GHG emissions due to the presence of a cap and trade on CO₂ emissions in Maine. CRS recommends that the methodology be limited to only include emission reductions from efficiency measures outside of electricity consumption, such as measures that will result in reduced natural gas consumption for central heating.

The state of Maine is currently participating in the Regional Greenhouse Gas Initiative (RGGI), a cap and trade program to reduce the level of GHG emissions from the power sector in ten Northeastern and Mid-Atlantic states by 10% by 2018. When a cap is placed on GHG emissions, the level of overall GHG emissions in that region is set by the policy, regardless of activities taken to reduce emissions in the capped sector. In RGGI, the number of allowances distributed by Program Administrators determines the level of GHG emissions from the electricity sector. As such, energy efficiency measures that reduce electricity consumption will not cause a reduction in GHG emissions because the amount of allowances in circulation remains unchanged.

Under the proposed methodology, energy efficiency measures will cause a reduction in electricity consumption, which will in turn cause a fossil fuel facility to produce less electricity, and thus less GHG emissions. However, that fossil fuel facility will then have an extra allowance to sell to another emitting entity (or one less allowance to purchase which will then be available for purchase by another emitting entity). Thus, the energy efficiency measures will not cause a reduction in the number of allowances in circulation, so they will not cause a net GHG emission reduction in RGGI. An instance of double counting occurs as the fossil fuel facility gets credit for reducing output, while the purchaser of the VCU is also claiming an emission reduction.

This same situation applies to other activities beyond energy efficiency measures. Renewable energy generation in a region with a cap and trade will also not result in any GHG emission reductions because renewable energy generation alone will not reduce the number of allowances in circulation, it will simply free up allowances for emitting entities to purchase. In order to address this problem in RGGI, nine out of ten states agreed to implement programs to set-aside and retire allowances on behalf of voluntary renewable energy sales in the capped region. Each year, a certain number of allowances are taken out of the total pool available for purchase by regulated entities and then retired by the Program Administrator at the end of the year on behalf of voluntary renewable energy sales. This allows renewable energy sold under the cap to cause a reduction in overall GHG emissions.

However, no such mechanism currently exists for energy efficiency measures within RGGI. Until such a mechanism exists for energy efficiency, CRS recommends that the Voluntary Carbon Standard not approve this methodology in its current form since purchasers of VCUs from this project will not be getting the GHG emission reductions that they are promised. As there is no cap on emissions from non-power sector activities, this methodology can still apply to activities that do not cause a reduction in electricity consumption, such as efficiency measures that reduce the consumption of natural gas for heating.

Sincerely,

Jane Valentino
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