

## **Working Group on Early Offsets Implementation**

The American Clean Energy and Security Act (HR 2454), as passed by the House of Representatives, includes several provisions to help contain the cost of the bill. The Nicholas Institute is holding a series of workshops with various stakeholders to examine these cost containment measures in three broad areas: offsets, a strategic allowance reserve, and provisions to protect the competitiveness of domestic industry. The Nicholas Institute has convened a Working Group to explore issues concerning offsets raised during the first workshop.

After the passage of HR 2454, some observers have suggested that the lag in development of the federal offsets program would produce investment uncertainty, including uncertainty over which types of offsets projects would be eligible and for how long they would be able to generate credits. Many are concerned that this investment uncertainty could slow development of new offsets projects, potentially impacting early action and the ability of offsets to contain costs, particularly in the early years of the cap.

The Working Group is holding a series of weekly conference calls to discuss the issues surrounding early offsets implementation and its effects on costs. Discussions have included the treatment of early/interim offsets projects, those that would take place between now and the full implementation of the federal offsets program which may be later than the initiation of the cap. The Nicholas Institute will produce a draft briefing paper from these discussions in time for the next Conquering Costs Workshop on Oct. 5, 2009.

Working Group members include participants from the Conquering Costs workshops as well as other stakeholders and experts on carbon offsets.