



August 21, 2009

Thank you for considering these comments submitted by the Western Climate Advocates Network (WeCAN) Electricity Committee* on behalf of WeCAN – a network of environmental and public interest organizations around the Western U.S. and Canada working to advance critical issues related to the Western Climate Initiative (WCI).

WeCAN has already submitted extensive comments generally supportive of the WCI's FJD approach to regulating carbon associated with electricity generation. We have expressed particular concerns that WCI's carbon valuation methodology for electricity imports could create perverse incentives disguising true emissions levels of such imports, and driving them higher than necessary. These concerns, and WCI's functional ability to accurately measure emissions associated with imports, could most effectively be addressed if WCI (and the WECC) committed to a carbon content tracking system.

We believe such a system could be designed to preserve desirable liquidity in spot market electricity transactions if it allowed carbon values to be detached and reattached as market transactions required, while requiring that accounts balance on both sides of any transaction (including ISO transactions). Until such a commitment is made, any WCI (or federal) cap and trade mechanism will be obliged to deem and impute carbon values to power moving across spot markets, with resulting inaccuracies and opportunities for manipulation that reduce the effectiveness of the cap, and perceptions of its integrity.

***WeCAN Electricity Committee**

Angus Duncan, Climate Solutions (*Committee Co-Lead*)

Danielle Osborn-Mills (*Committee Co-Lead*)

Chris Busch, Jennifer Martin & Jane Valentino, Center for Resource Solutions

Cliff Chen & Laura Wisland, Union of Concerned Scientists

Ken Dragoon & Suzanne Leta-Liou, Renewable Northwest Project

Nancy Hirsh & Steve Weiss, NW Energy Coalition

Mark Lutes, David Suzuki Foundation

Steve Michel, Western Resource Advocates

Theo Spencer, Natural Resources Defense Council

Robb Thomson, New Mexico Conference of Churches

Gaile Whelan-Enns, Manitoba Wildlands

Sarah Wright, Utah Clean Energy