

## COMPARISON OF DOMESTIC OFFSET PROVISIONS IN CLIMATE AND ENERGY LEGISLATION IN THE 111<sup>TH</sup> CONGRESS

The following table compares the domestic offset provisions detailed in the [American Clean Energy and Security Act](#) (Waxman-Markey), the [Clean Energy Partnerships Act of 2009](#) (Stabenow), and the [American Power Act](#) (Kerry-Lieberman). While the bills are similar in program category and design element, the bills build on each other, starting with the American Clean Energy and Security Act and ending with the American Power Act.

Program Category	Design Element	American Clean Energy and Security Act (H.R. 2454, as passed by the House)	Clean Energy Partnership Act of 2009 (S.2729, as referred to the Senate Energy and Public Works Committee)	American Power Act (discussion draft, 5/12/2010)
Advisory Committee	Advisory Committee	Sec. 731 <ul style="list-style-type: none"> <li>Establishes “Offsets Integrity Advisory Board” to provide technical and scientific advice on the establishment and implementation of an offset program</li> <li>The Advisory Committee must submit comments on proposed methodologies and standards during the periods provided by the appropriate official for public comment</li> </ul>	Sec. 102 <ul style="list-style-type: none"> <li>Establishes the “Greenhouse Gas Emission Reduction and Sequestration Advisory Committee” to provide assistance on the establishment and implementation of an offset program</li> </ul>	Sec. 732 <ul style="list-style-type: none"> <li>Establishes the “Greenhouse Gas Emission Reduction and Sequestration Advisory Committee” to provide technical and scientific advice on the establishment and implementation of an offset program</li> <li>The Advisory Committee must submit comments on proposed methodologies and standards during the periods provided by the appropriate official for public comment</li> <li>The Administrator is required to respond to the Advisory Committee in public reports and in regulation</li> </ul>
Advisory Committee	Scientific Review of offset programs	Sec. 731 <ul style="list-style-type: none"> <li>In 2017, and every 5 years after, the Board must submit a public scientific review of offset and deforestation reduction programs</li> <li>This includes requirements to: review, approved and potential offsets methodologies; scientific studies; offset project monitoring, verification and audits; and evaluate the net emissions effects of implement offset projects to ensure that offset credits do not compromise the integrity of the emission cap and to avoid or minimize any adverse effects to human health or the environment</li> </ul>	Sec. 102 <ul style="list-style-type: none"> <li>Not later than 180 days after the date of which all the members of the GHG Emission Reduction and Sequestration Advisory Committee are appointed, report recommendations regarding types of offset project categories pursuant to Sec. 104, and scientific data regarding practices for those categories, that should be considered to be eligible to generate offset credits. They <i>must</i> consider, at a minimum, the project types in Sec. 104 and <i>may</i> recommend 1 or more methodologies for any type</li> <li>Provide the relevant official a report containing priority recommendations on how to ensure the emission reduction integrity of offset projects</li> </ul>	Sec. 732 <ul style="list-style-type: none"> <li>Not later than January 1, 2017, and every 5 years after, the Advisory Committee must submit to the Administrator and Secretary and make publicly available an analysis of relevant scientific and technical information</li> <li>This includes a requirement to: review approved and potential methodologies, studies, project monitoring, verification reports, and audits; evaluate net emission effects of implemented offsets projects; and recommend changes to methodologies, protocols or project types, or to the overall offset program to ensure that the offsets do not compromise the integrity of the annual GHG limitations and avoid or minimize adverse effects to human health or the environment</li> </ul>
Establishment of a Domestic Offset		Sec. 732 <ul style="list-style-type: none"> <li>The EPA Administrator is required to promulgate regulations establishing an</li> </ul>	Sec. 103 <ul style="list-style-type: none"> <li>Directs the Secretary of Agriculture and the EPA Administrator protect emission</li> </ul>	Sec. 733 <ul style="list-style-type: none"> <li>Directs the Administrator and Secretary to establish a program to issue offsets</li> </ul>

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Program		<p>offset program, within 2 years of enactment of this Act that ensures offset credits present verifiable, additional and permanent GHG emission reductions, avoidance or sequestration that also avoid or minimize adverse effects on human health and the environment</p> <ul style="list-style-type: none"> <li>Requires the Administrator to establish an Offset Registry and to assess fees payable by offset project developers to cover the administrative cost of the program</li> </ul>	<p>reduction integrity while minimizing burdens of offset project representatives, and prioritize rulemaking for activities that pose the fewest challenges and have the greatest certainty of net atmospheric benefit</p>	<p>that: ensure that offsets are additional, measurable, verifiable, and enforceable emission reductions; authorize the issuance of offset credits with respect to qualifying projects that result in reductions; provide for implementation; and establish a process to accept and respond to public comments regarding the program</p> <ul style="list-style-type: none"> <li>Directs the Administrator and Secretary to protect the emission reduction integrity of the program and avoid or minimize, to the maximum extent practicable, adverse effects on human health or the environment resulting from the implementation of offset projects.</li> <li>Requires the Administrator to establish an offset registry</li> <li>Specifies the Secretary as the lead agency for offset provisions relating to agriculture and forestry</li> </ul>
Projects eligible for offset credits	Eligibility determination	<p>Sec. 733</p> <ul style="list-style-type: none"> <li>The Administrator, within 1 year of enactment of this Act, is required to establish an initial list of project types eligible for offset credits, and an additional list within 2 years</li> <li>The Administrator is directed to take into consideration the Board's recommendation</li> <li>Not later than 1 year after enactment, the Secretary of Agriculture shall publish a list of domestic agricultural and forestry practice types that are eligible to generate offset credits. There is an initial list in Sec. 503 that the Secretary must consider</li> </ul>	<p>Sec. 104</p> <ul style="list-style-type: none"> <li>Directs appropriate officials (which is USDA for domestic forestry and agriculture projects, and EPA for all others) to establish and maintain a list of project types eligible to generate offset credits. Officials are also directed to establish an initial list of project types</li> <li>The appropriate official shall <i>include</i> on the list, at a minimum, activities in the list in Sec. 104 (b)</li> </ul>	<p>Sec. 735</p> <ul style="list-style-type: none"> <li>Directs the appropriate official (which is USDA for domestic forestry and agriculture projects, and EPA for all others) to establish and maintain a list of project types eligible to generate offset credits and provide an explanation for any differences between the list of eligible projects and the recommendations of the Advisory Committee</li> <li>The appropriate officials are also directed to establish an initial list of project types, and they are to include on that list, at a minimum, activities that provide emission reductions</li> <li>The appropriate official shall <i>include</i> on the list, at a minimum, activities in the list in Sec. 734</li> </ul>
Projects eligible for offset credits	Initial list of eligible project types	<p>Sec. 503 (in Title V, Subtitle A)</p> <p>The list shall include those practice that avoid, reduce or sequester GHGs such as:</p>	<p>Sec. 104</p> <ul style="list-style-type: none"> <li>Methane collection at mines, landfills, and natural gas systems;</li> </ul>	<p>Sec. 734</p> <ul style="list-style-type: none"> <li>Methane collection at mines, landfills, and natural gas systems;</li> </ul>

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		<ul style="list-style-type: none"> <li>• Agricultural, grassland, and rangeland sequestration and management practices including               <ul style="list-style-type: none"> <li>○ Altered tillage</li> <li>○ Winter and continuous cropping</li> <li>○ Nitrogen fertilizer use</li> <li>○ Flooding rice paddies</li> <li>○ Emissions from organic soils</li> <li>○ Manure and effluent</li> <li>○ Animal management</li> </ul> </li> <li>• Changes in carbon stocks attributed to land use change and forestry activities including               <ul style="list-style-type: none"> <li>○ Afforestation</li> <li>○ Forest management</li> <li>○ Peatland or wetland</li> <li>○ Conserved grassland</li> <li>○ Carbon in wood products</li> <li>○ Reduced deforestation</li> <li>○ Urban tree planting</li> <li>○ Agroforestry</li> <li>○ New plant traits</li> </ul> </li> <li>• Manure management/disposal               <ul style="list-style-type: none"> <li>○ Waste aeration</li> <li>○ Biogas capture</li> <li>○ Application to fields</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Fugitive emissions from oil and gas sectors that would otherwise have been flared or vented;</li> <li>• Non-landfill projects involving collection, combustion, or avoidance of emissions from organic waste streams (including manure management, composting, anaerobic digesters);</li> <li>• Afforestation or reforestation of acreage not forested as of January 1, 2009;</li> <li>• Forest management resulting in increase in carbon stores, including harvested wood products;</li> <li>• Capturing and sequestering uncapped GHG emissions with or without enhanced oil recovery in active or depleted oil, carbon dioxide, natural gas reservoirs, or other geologic formations;</li> <li>• Recycling and waste minimization projects;</li> <li>• Abatement of production of nitrous oxide at nitric acid production facilities;</li> <li>• Biochar production and use;</li> <li>• Destruction of ozone-depleting substances that have been phased out of production;</li> <li>• Conversion from diesel to renewable sources of energy in communities reliant on small, isolated electricity grids;</li> <li>• Agricultural, grassland, and rangeland sequestration and management practices including— Altered tillage practices, including avoided abandonment of conservation practices; Winter cover cropping, continuous cropping, and other means to increase biomass returned to soil; Use of technology to improve management of nitrogen fertilizer use; Reduction in methane emissions from rice cultivation; Reduction in carbon emissions from organically managed soils and farming practices used on certified organic</li> </ul>	<ul style="list-style-type: none"> <li>• Projects involving fugitive emissions from oil and gas sectors that would otherwise have been flared or vented;</li> <li>• Non-landfill projects involving collection, combustion, or avoidance of emissions from organic waste streams (including manure management, composting, anaerobic digesters);</li> <li>• Afforestation or reforestation of acreage not forested as of January 1, 2009;</li> <li>• Forest management resulting in increase in carbon stores, including harvested wood products;</li> <li>• Forest-based manufactured products;</li> <li>• Capturing and sequestering uncapped GHG emissions with or without enhanced oil recovery in active or depleted oil, carbon dioxide, natural gas reservoirs, or other geologic formations;</li> <li>• Recycling and waste minimization projects;</li> <li>• Abatement of production of nitrous oxide at nitric acid production facilities;</li> <li>• Biochar production and use;</li> <li>• Destruction of ozone-depleting substances that have been phased out of production;</li> <li>• Agricultural, grassland, and rangeland sequestration and management practices including— Altered tillage practices, including avoided abandonment of conservation practices; Winter cover cropping, continuous cropping, and other means to increase biomass returned to soil; Use of technology to improve management of nitrogen fertilizer use;</li> <li>• (iv) Reduction in methane emissions from rice cultivation; Reduction in carbon emissions from organically managed soils and farming practices used on certified organic farms; Changes in animal management practices, including</li> </ul>

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			<p>farms; Changes in animal management practices, including dietary modifications; Resource-conserving crop rotations of at least 3 years; and Practices that will increase the sequestration of carbon in soils on cropland, native and planted grazing land, grassland, etc</p> <ul style="list-style-type: none"> <li>• Changes in carbon stocks attributed to land management change, including – Improved management or restoration of cropland, grassland, rangeland, and forestland; Avoided conversion that would otherwise release carbon; Reduced deforestation; Management and restoration of peatland or wetland; Urban tree-planting, landscaping, greenway construction, and maintenance; Sequestration of GHGs through management of tree crops; Adaptation of plant traits or new technologies that increase sequestration by forests; and Projects to restore or prevent the conversion, loss, or degradation of vegetated marine coastal habitats; Projects that reduce emissions from manure and effluent, including – Waste aeration; Biogas capture and combustion; and Improved management or application to agricultural land; and</li> <li>• Reduction of intensity of GHG per unit of agricultural production</li> </ul>	<p>dietary modifications; Resource-conserving crop rotations of at least 3 years; and Practices that will increase the sequestration of carbon in soils on cropland, native and planted grazing land, grassland, etc</p> <ul style="list-style-type: none"> <li>• Changes in carbon stocks attributed to land management change, including – Improved management or restoration of cropland, grassland, rangeland, and forestland; Avoided conversion that would otherwise release carbon; Reduced deforestation; Management and restoration of peatland or wetland; Urban tree-planting, landscaping, greenway construction, and maintenance; Sequestration of GHGs through management of tree crops; Adaptation of plant traits or new technologies that increase sequestration by forests; and Projects to restore or prevent the conversion, loss, or degradation of vegetated marine coastal habitats;</li> <li>• Projects that reduce emissions from manure and effluent, including – Waste aeration; Biogas capture and combustion; and Improved management or application to agricultural land; and</li> <li>• Reduction of intensity of GHG per unit of agricultural production</li> </ul>
Eligible Projects	Modifications to the list of eligible offset projects	<p>Sec. 733</p> <ul style="list-style-type: none"> <li>• The Administrator is required to take into consideration the recommendations of the OIAB and provide justification if the list is different from the OIAB list</li> <li>• Any person may petition the Administrator to add or remove a project type; the Administrator must grant or deny the petition within 12 months</li> <li>• The Administrator may add or remove project types at any time by rule</li> <li>• Not later than 2 years after enactment</li> </ul>	<p>Sec. 104</p> <ul style="list-style-type: none"> <li>• Additions: the appropriate official shall add a type of project to an eligible list only if the type of project is capable of generating emission reductions that meet the other requirements of the title. Additions can happen at any time</li> <li>• Petitions: any person may petition to add a project type</li> <li>• Removals: not later than Jan 1, 2015, and every 3 years thereafter, the appropriate official shall determine</li> </ul>	<p>Sec. 734</p> <ul style="list-style-type: none"> <li>• Additions: the appropriate official shall add a type of project to an eligible list only if the type of project is capable of generating emission reductions that meet the other requirements of the title. Additions can happen at any time</li> <li>• Petitions: any person may petition to add a project type</li> <li>• Removals: not later than Jan 1, 2015, and every 3 years thereafter, the appropriate official shall determine</li> </ul>

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		<p>and every 2 years after the Secretary shall add to and revise the types of offset practices eligible. The Secretary shall consider petitions to add types to the list and make a grant or deny decision within 1 year of petition receipt</p>	<p>whether to remove projects. Projects may be removed only:</p> <ul style="list-style-type: none"> <li>○ By regulation and;</li> <li>○ If (I) the project has become required by law, (II) the agency determines that the env harm from the project exceeds the GHG benefits, (III) the activity has become predominant, and (IV) the project type does not meet the requirements of this title</li> </ul>	<p>whether to remove projects. Projects may be removed only:</p> <ul style="list-style-type: none"> <li>○ By regulation and;</li> <li>○ If (I) the project has become required by law, (II) the agency determines that the environment harm from the project exceeds the GHG benefits, (III) the activity has become predominant, or (IV) the project type does not meet the requirements of this title</li> </ul>
Requirement for offset projects	Policies for project reversals	<p>Sec. 734</p> <ul style="list-style-type: none"> <li>• Requires the Administrator to establish policies to account for and address reversals (impermanence) of sequestration projects, as well as policies for the assigning of liability and responsibility for mitigating and fully compensating for reversals</li> <li>• The minimum mechanisms to account for reversals include an offset reserve, insurance, or some other mechanisms that satisfies the requirement of the title.</li> </ul>	<p>Sec. 104</p> <ul style="list-style-type: none"> <li>• Requires the Administrator to establish policies to account for and address reversals (impermanence) of sequestration projects, as well as policies for the assigning of liability and responsibility for mitigating and fully compensating for reversals</li> <li>• The minimum mechanisms to account for reversals include an offset reserve, insurance, or some other mechanisms that satisfies the requirement of the title</li> </ul>	<p>Sec. 735</p> <ul style="list-style-type: none"> <li>• Requires the Administrator to establish policies to account for and address reversals (impermanence) of sequestration projects, as well as policies for the assigning of liability and responsibility for mitigating and fully compensating for reversals</li> <li>• The minimum mechanisms to account for reversals include an offset reserve, insurance, or some other mechanisms that satisfies the requirement of the title</li> </ul>
Requirement for offset projects	Offset reserve requirements	<p>Sec. 734</p> <ul style="list-style-type: none"> <li>• If an offset reserve is established, the Administrator will subtract and reserve from the credits issued to a project, a quantity based on the risk of reversal and continued viability of the reserve</li> <li>• If a reversal occurs, credits shall be removed from the reserve in the amount of the reversal and cancelled</li> <li>• If the reversal was intentional, the offset project must replace all the cancelled credits with offset credits (and allowances if necessary);</li> <li>• If the appropriate official determines that a reversal was unintentional, the project developer must replace one-half of the number of offset credits that were reserved for the offset project</li> </ul>	<p>Sec. 105</p> <ul style="list-style-type: none"> <li>• If an offset reserve is established, the Administrator will subtract and reserve from the credits issued to a project, a quantity based on the risk of reversal and continued viability of the reserve</li> <li>• If an intentional reversal occurs, the offset project representative shall place into the reserve a quantity of credits equal to 150 percent of the number of credits that were cancelled due to the reversal</li> <li>• If the reversal was unintentional, credits are to be cancelled from the offset reserve.</li> </ul>	<p>Sec. 735</p> <ul style="list-style-type: none"> <li>• If an offset reserve is established, the Administrator will subtract and reserve from the credits issued to a project, a quantity based on the risk of reversal and continued viability of the reserve</li> <li>• If an intentional reversal occurs, the offset project representative shall place into the reserve a quantity of credits equal to 150 percent of the number of credits that were cancelled due to the reversal</li> <li>• If the appropriate official determines that a reversal was unintentional, the project developer must place into the reserve a quantity of offset credits equal to the lesser of: half of the number of offset credits that were reserved for the offset project; or half the number of reserve offset credits that were canceled due to</li> </ul>

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				the reversal. The Secretary may lower the quantity required under this part based on undue hardship in the event of a catastrophic occurrence
Requirement for offset projects	Additionality	Sec. 734 <ul style="list-style-type: none"> <li>• Emission reductions at a minimum must result from activities that:               <ul style="list-style-type: none"> <li>○ Are not required by or undertaken to comply with any law or regulation</li> <li>○ Were not commenced prior to January 1, 2009</li> <li>○ Exceed the activity baseline</li> </ul> </li> </ul>	Sec. 105(a)(1) <ul style="list-style-type: none"> <li>• Emission reductions at a minimum must result from activities that:               <ul style="list-style-type: none"> <li>○ Are not required by or undertaken to comply with any law</li> <li>○ Were not commenced prior to Jan 1, 2009, except for voluntary offset projects commenced after Jan 1, 2001 and were registered under a qualified early offset program</li> <li>○ Exceed the activity baseline</li> </ul> </li> <li>• Allows offset projects to meet the requirements of the offset provisions while also receiving payment for a service other than emission reductions</li> </ul>	Sec. 735 <ul style="list-style-type: none"> <li>• Emission reductions at a minimum must result from activities that:               <ul style="list-style-type: none"> <li>○ Are not required by or undertaken to comply with any law;</li> <li>○ Were not commenced prior to Jan 1, 2009, except for voluntary offset projects commenced after Jan 1, 2001 and were registered under a qualified early offset program; and</li> <li>○ Exceed the activity baseline</li> </ul> </li> <li>• Allows offset projects to meet the requirements of the offset provisions while also receiving payment for a service other than emission reductions</li> <li>• Requires that the appropriate official develop procedures and guidelines for determining eligibility and accounting methodologies for generating offset credits for an activity that is also receiving payment for other ecological services</li> </ul>
Requirement for offset projects	Environmental considerations	Sec. 741 <ul style="list-style-type: none"> <li>• The Administrator is required to promulgate regulations for the selection and use of tree species that shall ensure that native species are given primary consideration, enhance biological diversity, prohibit the use of federally or state-designated noxious weeds, prohibit the use of a species listed as invasive, and are in accordance with widely accepted, environmentally sustainable forestry practices</li> </ul>	<ul style="list-style-type: none"> <li>• Not specified</li> </ul>	Sec. 735 <ul style="list-style-type: none"> <li>• It requires the Secretary, in consultation with appropriate Federal agencies, when promulgating regulations for offsets from land management-related projects, to require that offset projects support biological diversity to the maximum extent practicable and in a cost-effective manner. This includes: (1) giving native species primary consideration, (2) prohibiting the use of federally-or-state-designated noxious weeds, (3) prohibiting the use of listed invasive plant, (4) prohibiting the conversion of a forest, grassland, scrubland or wetland ecosystem dominated by native species to an ecosystem dominated by non-</li> </ul>

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				native species to generate offset credits unless the conversion took place at least 10 years prior to the enactment of the law.
Requirement for offset projects	Project methodology and approval	<p>Sec. 735</p> <ul style="list-style-type: none"> <li>Offset project representatives are required to submit an approval petition no later than the time at which an offset project's first verification report is submitted. The Administrator is directed to approve or deny the petition with 90 within days. If denied, it may be resubmitted</li> </ul>	<p>Sec. 105</p> <ul style="list-style-type: none"> <li>With respect to an agricultural, forestry, or any other sequestration practice listed by the appropriate official as eligible to receive offset credits the Secretary may use the mechanisms listed to ensure that less-than-perpetual sequestration agreements meet the requirements of the program</li> <li>The appropriate officials are to give due consideration to methodologies for offset projects existing as of the date of Enactment of this Act</li> </ul> <p>Sec. 106</p> <ul style="list-style-type: none"> <li>Offset project representatives must submit to appropriate official a petition for approval. The appropriate officials shall make a determination of whether to approve or deny the petition within 30 days</li> </ul>	<p>Sec. 735</p> <ul style="list-style-type: none"> <li>States that these mechanisms may be used by the Secretary for projects with methodologies or standards to ensure activities of that type maintain the integrity of the GHG limits.</li> <li>For each methodology or standard proposed, the appropriate official must conduct and make available for public comment an analysis of how the methodology meets the requirements of this section, including considerations of alternative approaches and include an updated analysis in the record of the final rule establishing the methodology.</li> <li>Directs the Secretary to create rules enabling the aggregation of emission reductions to facilitate the market participation of owners of smaller agricultural and forest land holdings,</li> </ul> <p>Sec. 736</p> <ul style="list-style-type: none"> <li>Offset project representatives must submit to appropriate official a petition for approval. The appropriate officials shall make a determination of whether to approve or deny the petition within 30 days</li> </ul>
Requirement for offset projects	Crediting period	<p>Sec. 734</p> <ul style="list-style-type: none"> <li>The Administrator is required to set a crediting period of five to ten years for projects</li> </ul>	<p>Sec. 105</p> <ul style="list-style-type: none"> <li>The appropriate official is required to set a crediting period of five to ten years for projects, except for forestry projects which may not exceed 30 years.</li> </ul>	<p>Sec. 735</p> <ul style="list-style-type: none"> <li>The appropriate official is required to set a crediting period of five to ten years for projects, except for forestry projects which may not exceed 30 years</li> </ul>
Requirement for offset projects	Activity baseline	<p>Sec. 734</p> <ul style="list-style-type: none"> <li>Emission baselines are established to reflect a conservative estimate of business-as-usual performance or practices</li> <li>The baseline is to provide a margin of safety to ensure offset integrity</li> </ul>	<p>Sec. 105</p> <ul style="list-style-type: none"> <li>Emission baselines are established to reflect a conservative estimate of business-as-usual performance or practices, taking into consideration any incentives from other programs.</li> <li>The baseline is to provide a science-</li> </ul>	<p>Sec. 735</p> <ul style="list-style-type: none"> <li>Emission baselines are established to reflect a conservative estimate of business-as-usual performance or practices, taking into consideration any incentives from other programs</li> <li>The baseline is to provide a science-</li> </ul>

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			<p>based margin of safety to ensure offset integrity</p> <ul style="list-style-type: none"> <li>The Secretary will establish a temporary baseline for offsets after which offset credits may be calculated with respect to the baseline that may reflect a continuation of practices in place prior to the adoption of the offset project</li> </ul>	<p>based margin of safety to ensure offset integrity</p> <ul style="list-style-type: none"> <li>The Secretary will establish a temporal baseline for offsets after which offset credits may be calculated with respect to the baseline that may reflect a continuation of practices in place prior to the adoption of the offset project</li> </ul>
Requirement for offset projects	Verification of offsets	<p>Sec. 736</p> <ul style="list-style-type: none"> <li>Requires offset projects to submit a report determining the quantity of GHG reductions, avoidance, or sequestration, prepared by an accredited third-party verifier</li> </ul>	<p>Sec. 107</p> <ul style="list-style-type: none"> <li>Requires offset projects to submit a report determining the quantity of GHG reductions, avoidance, or sequestration, prepared by an accredited third-party verifier</li> </ul>	<p>Sec. 737</p> <ul style="list-style-type: none"> <li>Requires offset projects to submit a report determining the quantity of GHG reductions, avoidance, or sequestration, prepared by an accredited third-party verifier</li> </ul>
Requirement for offset projects	Issuance of offset credits	<p>Sec. 737</p> <ul style="list-style-type: none"> <li>One offset credit will be issued for each ton of CO<sub>2</sub> equivalent reduced, avoided, or sequestered from approved projects</li> </ul>	<p>Sec. 108</p> <ul style="list-style-type: none"> <li>One offset credit will be issued for each ton of CO<sub>2</sub> equivalent reduced, avoided, or sequestered from approved projects</li> </ul>	<p>Sec. 738</p> <ul style="list-style-type: none"> <li>One offset credit will be issued for each ton of CO<sub>2</sub> equivalent reduced, avoided, or sequestered from approved projects</li> </ul>
Requirement for offset projects	Audits and reviews	<p>Sec. 738</p> <ul style="list-style-type: none"> <li>This section requires the Administrator to conduct random audits of offset projects</li> </ul>	<p>Sec. 109</p> <ul style="list-style-type: none"> <li>This section requires the appropriate officials to conduct random audits of offset projects</li> </ul>	<p>Sec. 739</p> <ul style="list-style-type: none"> <li>This section requires the appropriate officials to conduct random audits of offset projects</li> </ul>
Early offset supply	Program approval criteria	<p>Sec. 740</p> <ul style="list-style-type: none"> <li>The Administrator shall approve as eligible the programs described below, and those not established under State or tribal law or regulation that are determined to have criteria and methodologies of at least equal stringency as those described below</li> </ul> <p>Sec. 740</p> <ul style="list-style-type: none"> <li>The Administrator shall issue an offset credit for each ton of CO<sub>2</sub>e reduced, avoided or sequestered if: <ul style="list-style-type: none"> <li>The offset project was started after Jan 1, 2001 and</li> <li>The reduction, avoidance or sequestration occurred after Jan 1, 2009, and before the date 3 years after the bill's enactment, or the offset program is established and the regulations take effect, whichever is sooner, and</li> </ul> </li> </ul>	<p>Sec. 110 (b)</p> <ul style="list-style-type: none"> <li>The administrator of a regulatory or voluntary GHG program may apply to the Administrator and the Secretary for approval as a qualified early offset program</li> <li>The Administrator in conjunction with the Secretary shall, not later than 180 days after receipt of any application, make a determination on the application</li> </ul> <p>Sec. 110 (b) (3)</p> <ul style="list-style-type: none"> <li>The Administrator, in conjunction with the Secretary, shall approve any regulatory or voluntary GHG offset program that: <ul style="list-style-type: none"> <li>Was established before January 1, 2009;</li> <li>Has developed project-type standards through a public consultation process or a public peer review process;</li> </ul> </li> </ul>	<p>Sec. 740</p> <ul style="list-style-type: none"> <li>The administrator of a regulatory or voluntary GHG program may apply to the Administrator and the Secretary for approval as a qualified early offset program</li> <li>The Administrator in conjunction with the Secretary shall, not later than 180 days after receipt of any application, make a determination on the application</li> </ul> <p>Sec. 740</p> <ul style="list-style-type: none"> <li>The Administrator, in conjunction with the Secretary, shall approve any regulatory or voluntary GHG offset program that: <ul style="list-style-type: none"> <li>Was established before January 1, 2009;</li> <li>Has developed project-type standards through a public consultation process or a public peer review process; that require</li> </ul> </li> </ul>

## COMPARISON OF DOMESTIC OFFSET PROVISIONS IN CLIMATE AND ENERGY LEGISLATION IN THE 111<sup>TH</sup> CONGRESS

Program Category	Design Element	American Clean Energy and Security Act (H.R. 2454, as passed by the House)	Clean Energy Partnership Act of 2009 (S.2729, as referred to the Senate Energy and Public Works Committee)	American Power Act (discussion draft, 5/12/2010)
		<ul style="list-style-type: none"> <li>○ The offset credit was issued under any state, tribal or voluntary GHG emission offset program that the Administrator determines               <ul style="list-style-type: none"> <li>▪ Was established by State or tribal law prior to Jan 1, 2009</li> <li>▪ Has offset project type standards through a public consultation process</li> <li>▪ Requires reductions be verified by a regulatory or 3<sup>rd</sup> party verifier</li> <li>▪ Requires all credits are registered with serial numbers, and</li> <li>▪ Ensures no credits are issued for activities for which the entity administering the program has funded or solicited the offset project or activity</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Has made available to the public the standards, methodologies, and protocols of the program for emission reduction projects;</li> <li>○ Requires all reductions be verified by a State regulatory agency or accredited third-party entity;</li> <li>○ Requires that all issued credits be registered in a publicly accessible registry; and</li> <li>○ Ensures that no credits are issued for activities for which the administrator of the program has funded, solicited, or served as a fund administrator for the development of the project or activity that caused the emission reduction</li> </ul>	<p>credited emission reductions be measurable, additional, verifiable, enforceable, and permanent; and that have been made available to the public;</p> <ul style="list-style-type: none"> <li>○ Requires all reductions be verified by a State regulatory agency or accredited third-party entity;</li> <li>○ Requires that all issued credits be registered in a publicly accessible registry;</li> <li>○ Requires that offset project representatives meet applicable financial assurance requirements; and</li> <li>○ Ensures that no credits are issued for activities for which the administrator of the early offset program has funded, solicited, or served as a fund administrator for the development of the project or activity that caused the emission reduction</li> </ul>
Early offset supply	Program approval, limited approval and revocation	<p>Sec. 740</p> <ul style="list-style-type: none"> <li>● The Administrator shall also approve as eligible other programs not established under State or tribal law or regulation that are determined to have criteria and methodologies of at least equal stringency as those above. The Administrator has the discretion to approve only certain types of offset projects under such programs.</li> <li>● Early offset credits shall be issued to projects that commenced after January 1, 2001 and meeting other criteria.</li> </ul>	<p>Sec. 110</p> <ul style="list-style-type: none"> <li>● If the Administrator, in conjunction with the Secretary, determines that a program does not meet the specified criteria, they may revoke its approval as an early offset program. Or, they may determine that the program is not a qualified early offset program with respect to a particular project type.</li> <li>● Early offset credits shall be issued only for a crediting period that starts not earlier than January 1, 2001, and not later than the date on which regulations for methodologies under this title take effect.</li> </ul>	<p>Sec. 740</p> <ul style="list-style-type: none"> <li>● If the Administrator, in conjunction with the Secretary, determines that a standard for a project type fails to meet the requirements for offsets enumerated (RSVP&amp;E), they shall revoke its approval as an early offset program. Or, they shall determine that the program is not a qualified early offset program with respect to a particular project type</li> <li>● Early offset credits shall be issued only for reductions occurring after January 1, 2004 for projects commenced after January 1, 2001, and not later than the date on which regulations for methodologies under this title take effect</li> </ul>
Productivity Study	Offset program review and revision	<p>Sec. 739</p> <ul style="list-style-type: none"> <li>● At least once every 5 years, and taking into account the Advisory Board, the Administrator is required to review, update, and revise the methodologies,</li> </ul>	<p>Sec. 111</p> <ul style="list-style-type: none"> <li>● At least once every five years, the Administrator, in consultation with the Secretary, is to review, based on new information and taking into account the</li> </ul>	<p>Sec. 741</p> <ul style="list-style-type: none"> <li>● At least once every five years, the Administrator, in consultation with the Secretary, is to review, based on new information and taking into account the</li> </ul>

## COMPARISON OF DOMESTIC OFFSET PROVISIONS IN CLIMATE AND ENERGY LEGISLATION IN THE 111<sup>TH</sup> CONGRESS

Program Category	Design Element	American Clean Energy and Security Act (H.R. 2454, as passed by the House)	Clean Energy Partnership Act of 2009 (S.2729, as referred to the Senate Energy and Public Works Committee)	American Power Act (discussion draft, 5/12/2010)
		<p>reversal policies and mechanisms, and measures to improve the accountability of the offset program</p>	<p>recommendations of the Advisory Committee, the list of eligible project types, the methodologies established, the reversal requirements, measures to improve accountability of the offsets program, and any other requirements to ensure the environmental integrity and effective operation of this title</p>	<p>recommendations of the Advisory Committee, the list of eligible project types, the methodologies established, the reversal requirements, measures to improve accountability of the offsets program, and any other requirements to ensure the environmental integrity and effective operation of this title</p> <ul style="list-style-type: none"> <li>Requires the Administrator and Secretary to promulgate any additions to or revisions of the provisions of the offset program as appropriate as part of their review of the offset program</li> </ul>
Additional Regulatory Standards for Emission Reductions	Relationship to other laws	<p>Sec. 742</p> <ul style="list-style-type: none"> <li>Does not require EPA to defer the issuance of CAA emission performance standards for sources not covered by the cap</li> <li>Initial ownership of an offset credit lies with the offset project representative unless otherwise specified in a legally binding contract or agreement. An offset credit can be sold, traded, or transferred unless it has expired, been retired, or used for compliance</li> </ul>	<p>Sec. 112</p> <ul style="list-style-type: none"> <li>Nothing authorizes the Administrator to regulate emission reductions from any project or activity carried out under this Title.</li> <li>No person shall be required to hold allowances for emissions resulting from the use of gas as an energy source if the gas is derived from a domestic methane offset project approved under this title.</li> </ul> <p>Sec. 113</p> <ul style="list-style-type: none"> <li>The Administrator is directed to require that owners and operators of facilities that are subject to regulation under a Federal law enacted for the purpose of regulating GHG emissions may satisfy allowance requirements by submitting credits generated pursuant to this title</li> </ul>	<p>Sec. 742</p> <ul style="list-style-type: none"> <li>Nothing authorizes the Administrator to regulate emission reductions from any project or activity carried out under this Title.</li> <li>No person shall be required to hold allowances for emissions resulting from the use of gas as an energy source if the gas is derived from a domestic methane offset project approved under this title.</li> <li>Emissions limited through the offset program are not to be subject to any other limitation solely on the basis of the effect of those emissions on climate change prior to January 1, 2020</li> </ul>