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Testimony of The Climate Trust
before the Energy Facility Siting Council
Rulemaking Hearing
August 27, 2001

achieved a portfolio price well within the range of other low-cost
erage price for the Klamath cogeneration project offset portfolio
f CO_2. In the current solicitation for the Hermiston Power
2 offset portfolio, the average price proposed by project
short ton of CO_2.

key CO_2 offset price references:

	AVERAGE PRICE ($ per short ton CO_2)
set	$1.27
offset	$1.88
l market	$0.60 to $3.00
ance	$4.00 to $12.00
rading	$7.00

1. The Klamath cogeneration project contracting

The Klamath offset portfolio consists of five projects producing 937,865 short tons of CO_2 equivalent at an average portfolio price of $1.27 per short ton.

The Klamath offset target is 2,069,883 short tons of CO_2 equivalent. The Klamath offset portfolio therefore realizes somewhat less than half of the target (45%). At $0.57 per short ton of CO_2 and today's offset prices, the Oregon standard is yielding emissions reductions of 11%, (including plant efficiencies), not the targeted 17%. The effective cost for an applicant pursuing the performance path would be twice as high as one pursuing the monetary path.

2. Current HPP/CS2 offset solicitation

At the current stage of the solicitation and review process (detailed review of final 14 projects began on August 17), the HPP/CS2 portfolio average price is $1.88 per short ton, based upon developers' proposed numbers.

3. Known unregulated market trades

A recent study commissioned by the World Bank/Prototype Carbon Fund[1] surveys 60 trades completed since 1996 and reveals prices ranging from $0.50 to $3.00 per short ton CO_2. The trades recorded in this study accounted for 55 million metric tons of CO_2.

4. Regulatory compliance driven trades

Regulatory driven trades, like the Oregon program, tend to be priced higher than private sector, bilateral, transactions. The Dutch Government's ERUpt program, a very highly regarded program, is one example. The public trading prices range from about $3.50 to $11.00 per short ton CO_2.

5. Corporate internal trading systems

BP Amoco's internal trading system was launched in January 2000 and generated an average unit price of $7.00 per short ton CO_2 and a total volume of 2.7 million metric tons. The Shell Tradable Emission Permit System (STEPs) has an average price of about $6.00 per short ton of CO_2 and a total volume of about one million short tons.

[1] "Review and Analysis of the Emerging International Greenhouse Gas Market," Natsource, August 2001

Note on Selection and Contracting

The selection and contracting budget provided by the Klamath cogeneration project is $80,257. As of July 31, 2001, costs for contracting and selection total $144,557 and are expected to reach about $160,000 by the time this phase is completed. We have made up the difference by using interest income off of the project Offset Fund. This was possible because Klamath cogeneration project transferred the entire offset fund at the beginning of construction. If in the future the transfer of funds is at the end of the selection and contracting period, then it will not be feasible to use interest earnings to bring the budget for selection and contracting in line with actual costs.

Examples of
GHG Trades and Offerings Reported
As of (July 2001)

	Sponsors	Location	Type	Volume and Unit	$US Value	$ per metric ton CO_2 (short ton)	Date
1	Fondo Bio-Climatico and Federation Internationale de l'Automobile	USA and Mexico	Reforestation	5,000 tons. CO_2	$50,000	$10 ($9)	Feb.1997
2	Northeast Utilities and GEMCo	USA and Canada	Landfill Gas CH_4	n/a	n/a	n/a	Jul. 1997
3	Costa Rica CTO and Norway	Costa Rica and Norway	Reforestation	200,000 tons of carbon	$ 2 million	$0.75 ($0.70)	1997
4	Niagara Mohawk Power and Suncor Energy	USA and Canada	Biomass Energy Credits	100,000 metric ton C equivalent, up to 10 million tons	n/a	n/a	Mar. 1998

	Sponsors	Location	Type	Volume and Unit	$US Value	$ per metric ton CO_2 (short ton)	Date
5	Southern California Edison (SCE) and Ontario Hydro	USA and Canada	n/a	10,000 metric tons CO_2	$40,000	$4.00 ($3.60)	1997
6	American Electric Power, BP America, Pacificorp. Bolivian Gov.	USA and Bolivia	Reforestation	16 million mt $C0_2$ equivalent	$9.5 million	$0.60 ($0.54)	Mar. 1998
7	Sumitomo and Unified Energy System	Japan and Russia	Power Plant Upgrades	Up to 10 million mt$C0_2$ equiv./yr	n/a	n/a	Mar. 1998
8	Ontario Hydro	Canada	Landfill Gas CH_4	2.5 million metric tons $C0_2$	n/a	n/a	Oct. 1999
9	GEMCo/TransAlta and IGF Insurance/Iowa Farmers	Iowa, United States	alternative agricultural practices/soil carbon storage	2.8 million metric tons $C0_2$	n/a	n/a	Oct. 1999
10	Switzerland and EBRD	Switzerland and Romania	District Heat Systems Efficiency	140,000 metric tons $C0_2$	$640,000	$4.60 ($4.10)	1998

	Sponsors	Location	Type	Volume and Unit	$US Value	$ per metric ton CO_2 (short ton)	Date
11	Ontario Hydro and Dupont Canada	Canada	Emissions abatement in production processes	100,000 metric tons of CO_2	n/a	n/a	December 1999
12	ICE & EDON	Costa Rica & Holland	Wind Power	n/a	$4.5 MM	n/a	Feb.2000
13	Tokyo Electric Power & New South Wales	Japan & Australia	Reforest.	n/a	$18.9 MM	n/a	Feb 2000
14	GEMCo, Norsemen Engineering Ltd., and Georgia-Pacific	Canada	Landfill gas recovery and combustion efficiency	301,000 metric tons CO2	n/a	n/a	March 2000
15	Pacific Forest Trust and GreenMountain Energy	San Mateo Country, California	Conservation and management	2,500 short tons $C0_2$	$22,500	$9 ($8)	November 2000
16	GEMCo and Petrosource	U.S.	CO2 injection sequestration	20 to 31 million metric tons	n/a - option purchase	n/a	November 2000
17	Dutch ERUpt Program from Biomass	Czech Republic	Biomass generation	522,000 metric tons $C0_2$	$4.2 million	$8.0 ($7.2)	April 2001

	Sponsors	Location	Type	Volume and Unit	$US Value	$ per metric ton CO_2 (short ton)	Date
	Technology Grp.						
18	Dutch ERUpt Program from Romanian municipality	Romania	Cogeneration (gas-fired?)	2.5 million metric tons CO2	$20 million	$8.0 ($7.2)	April 2001
19	Dutch ERUpt Program from Surduc Nehoiasu Hydro in Romania	Romania	Hydro	613,000 metric tons CO2	$2.7 million	$4.46 ($4)	April 2001
20	Dutch ERUpt Program from Skrobotowo wind park in Poland (managed by Nuon Projects International)	Poland	Wind power	583,000 metric tons CO2	$4.6 million	$7.8 ($7)	April 2001
21	Pelangio - MikroTech JV with C-Trade	Canada	Forestry mycorrhizal innoculation	100,000 metric tons $C0_2$	n/a	$1.60 to $12.30 ($1.45 to $11)	March 2001