

Karbone Inc.

Market-based mechanisms to rationalize taxation on a public "bad" are much more difficult to manage than similar mechanisms to rationalize subsidies for public "goods" - in other words, carbon markets are much harder to get right than RPS markets.

Having worked in virtually every carbon market in the world, I'd strongly recommend keeping the program bounds as tight as possible. Simplify the geography, the technology scope, the banking/vintage eligibility, etc.

As a first order priority, I would not recommend linking with ANY other region. Bear in mind, many of the contemplated mechanisms in WA are different than other regions (i.e. converting RECs into carbon, etc.). Linkages import the mistakes made by others, while limiting your ability to control your own programmatic bounds.

If you must link, a second order priority would be to link with California (and thereby to the rest of the WCI, though I personally would avoid this if possible). Third and fourth order priorities might include RGGI and Alberta, respectively.

In program design, less is more. Make it strong by making it simple. Thank you.