



U.S. GHG Offset Acquisition Initiative

http://climatetrust.org/solicitations_2007_RFP.php



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GHG Offset Acquisition Initiative Participants

- Administrators/Facilitators
 - The Climate Trust
 - M. J. Bradley & Associates
- Participating companies
 - Conectiv Energy Supply, Inc.;
 - Dominion Services, Inc.;
 - Entergy Corporation;
 - NRG Energy, Inc.; and
 - Public Service Enterprise Group.



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RFP Goals and Objectives

- To comply with current and future mandatory GHG regulations.
- To meet corporate GHG emission reduction goals and commitments.
- To expand the list of eligible project sectors under consideration for the various GHG policy regimes.
- To support the development of the GHG offset market.



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RFP Timeline

- February 12 – release date
- March 5 – Bidders Conference
- April 23 - Phase 1 Submission Due
- June 18 – Invitations to Submit Phase 2 Proposals
- August 17 – Phase 2 Responses Due
- November 5 – Project Selection and Contract Finalization Stage Begins



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RFP Phases

- There are three phases to the Initiative's project selection process.
 - **Phase I: Submission of Project Information Document.** *April 23*
 - **Phase II: Detailed Project Information Document.** *August 17*
 - **Phase III: Contract Finalization.** *Beginning in November 2007*
- The Initiative Participants have set a goal of executing all final offset contracts from this RFP not later than February 2008.
- The Initiative Participants will look to expedite this schedule where feasible.



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RFP Windows

- **Window # 1 – RGGI Window**
 - up to 7.5 million tons CO₂-e
- **Window # 2 – General Window**
 - up to 3 million tons CO₂-e
- **Total – up to 10.5 million tons CO₂-e**



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RGGI Window

1. Projects that meet the current RGGI offset project guidelines (5 categories) located in current RGGI states.
2. Projects providing offsets in RGGI-eligible project sectors that are located in non-RGGI states.
3. Any GHG offset projects located in current RGGI states but falling outside the eligible sectors list.



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General Window

- Offset project submissions that fall outside of the RGGI window.
- The General RFP window is intended for projects that meet the *General Guidelines for All Proposing Entities* section of this RFP.
 - *all* types of greenhouse gases are eligible, as well as those projects that will sequester carbon dioxide.
 - Proposed GHG offsets must be regulatory surplus, i.e. over and above what is required by law.
 - Applicants are encouraged to use a barriers test to demonstrate additionality. In essence, this test is a discussion of the barriers faced by the proposed project and how offset funds will be used to overcome those barriers.



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Size of Projects

- Initiative Participants prefer GHG offset projects that will generate a minimum of 200,000 short tons of GHG offsets over the project term.
- For example, a project with a ten-year term would have to generate at least 20,000 short tons of CO₂-e per year to reach the 200,000 ton minimum.



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Timing of Project Implementation

- Projects where must be implemented in the future, subsequent to contract execution.
 - Expansions of existing projects are eligible as long as the expansions are implemented after execution of an ERPA.
 - Projects selected for funding must be implemented within two years from the date of execution of the ERPA.



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Length of Project Contract

- The Initiative Participants are interested in purchasing GHG offsets that can be generated in less than 20 years.
 - The Initiative Participants will make exceptions for biological sequestration projects, which typically require a longer contract life to generate cost effective GHG offsets.



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Project Information Document

- For the Phase 1 responses, project proposes will have the option of indicating the following offset payment and risk mitigation options:
 - Payment upon annual delivery of offsets;
 - Payment made prior to project implementation. Seller to provide replacement tons or repayment in the event of underperformance;
 - Partial payment made prior to project implementation with subsequent payments made upon annual delivery of offsets;
 - Seller takes responsibility for regulatory approval of proposed offsets (RGGI, CA, etc.)



The Fine Print Disclaimer in the RFP

- This RFP is not an offer by Initiative Participants, The Climate Trust, or M. J. Bradley & Associates to purchase any rights, goods or services, and submission of project proposals does not create any rights whatsoever.
- The Initiative Participants The Climate Trust, and M. J. Bradley & Associates are free to accept or reject any project proposal, and are not bound to accept the economically most favorable proposal or any proposal at all, and may accept any proposal regardless of whether it conforms to the terms of this RFP.
- Initiative Participants, The Climate Trust, and M. J. Bradley & Associates and their directors, officers, agents, employees or assigns are not liable at law or at equity to any proposing entity or participant or any other party for any decision by any of them regarding submission, acceptance, rejection or modification of a proposal, or in any other connection with this RFP.
- All costs directly or indirectly related to preparation of a proposal or submission shall be the sole responsibility of, and shall be borne by, the developer of the project proposal.



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