

## Wenzel, Mark

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**From:** Bill Buchan, Market Potential [buchan@mktpotential.com]  
**Sent:** Friday, January 08, 2010 11:07 AM  
**To:** Economic & Allocation Advisory Committee  
**Cc:** 'Horne, Rick'; 'Evans, Doug (SCM)'  
**Subject:** Comments to EAAC Report on Cap And Trade Allocation

EAAC Committee Members:

Thank you for the draft EAAC Allocation report and the opportunity to comment.

After reading the report and engaging in discussion today in the workshop, it is clear that total program costs and their impacts on industry are not important criteria for the EAAC committee in developing the recommendations. In part this is because EAAC believes that all GHG costs will ultimately be passed to the consumer. In the electric generation sector, it is not clear whether all costs will be passed on to the ratepayer. In light of this, we would request that:

1. The committee note in the report that the recommendations are based on the assumption that all GHG costs will be passed on to the consumer
2. The committee note in the report that economic impacts, particularly at the facility level, are not criteria for recommendations in the report.

We encourage the EAAC committee to develop recommendations that minimize the overall impact of the cap and trade program. Industry will bear all the costs, and some of these costs may be passed on to the consumer. We urge the committee to provide recommendations that minimize program costs that industry and the tax payer will have to bear.

During these times accepting additional costs as taxes for a household or GHG costs for a facility is difficult, so building the smallest cost program that can meet AB32 objectives should be our goal. For example, a program such as the US sulfur dioxide emissions program cited in the report would come closest toward this objective. Furthermore, recommend that any auction revenues be directed to research and development of GHG control technologies so that industry has inexpensive control technologies they can employ. In doing so, we can strive to meet GHG objectives, encouraging industry to become more efficient without forcing facilities to reduce output or shutdown, which will drive unemployment even higher.

We also recommend that once the economic impact committee completes it's analysis that the allocation committee please re-evaluate its recommendations based on their findings.

Regards,

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On Behalf of Graphic Packaging International, Inc.