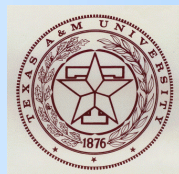


The Challenge of Baselines and Additionality



Baseline and Credit vs. Cap & Trade

Critical differences:

- Voluntary or incomplete coverage under baseline versus a total market cap under cap and trade
- Baselines typically set based on prior estimated loads
- Difficulty with future baseline whereas cap is specified



Definitions

- The Baseline
 - Level of net environmental impact that serves as the reference point from which credits will be calculated
- Additionality
 - The requirement that changes from the baseline reflect true *additional* environmental benefits.



Questions that must be answered

- Where should the baseline be?
 - The process might create a perverse incentive.
 - Should good actors be punished and bad actors be rewarded?
 - What do we do about the future?
- What credits are additional?
 - Should business as usual be credited?
 - How do we distinguish business as usual from responses to the program, or should we care?



Our Speakers

- **Claire Schary** is the water quality trading coordinator for EPA Region 10 in Seattle, WA. She led a team to develop the region's first demonstration projects for water quality trading on the Boise River and Mid-Snake River in Idaho and advised Oregon DEQ in developing their first temperature trading project on the Tualatin River. She also lead a team that developed the EPA's Water Quality Trading Assessment Handbook, which guides regulators and stakeholders in determining if water quality trading is the right tool for their watershed.
- **Michael Ashford** is Deputy Director of The Climate Trust, a leading non-profit organization dedicated to providing solutions to climate stabilization. The Climate Trust's mission is to promote climate change solutions by providing high quality greenhouse gas offset projects and advancing sound offset policy. Michael shares responsibilities for oversight of offset project acquisitions, project portfolio management, organizational development, and strategic planning.

