

RESNET

Carbon Cap and Trade

What is Cap and Trade?

A cap and trade system sets a limit on the amount of carbon dioxide (or other greenhouse gases) that can be emitted. Individual companies are then required to reduce their company's emissions to the new limit. Those companies that reduce their emissions below their limit are given credits which they can sell to companies that still have not sufficiently reduced their emissions. *In other words, companies are given the option of either reducing their own emissions or purchasing credits from companies who are below the limit.* One of the most successful cap and trade programs is the Clean Air Act of 1990's capping of pollutants that contribute to acid rain. An international cap and trade program was created as a result of the Kyoto Protocol, which the United States is yet to ratify.

How would Energy Ratings Fit into Cap and Trade?

Raters would not have to learn a new set of standards for measuring carbon dioxide emissions from buildings when a cap and trade program is implemented. RESNET Standards already cover the verification measurements needed for cap and trade. The HERS Index/Reference Software calculation software tool can already calculate carbon dioxide emissions. Raters would be given a new market, without having to learn a new trade, skill, or even new set of standards. A builder would not even be required to have additional inspections.



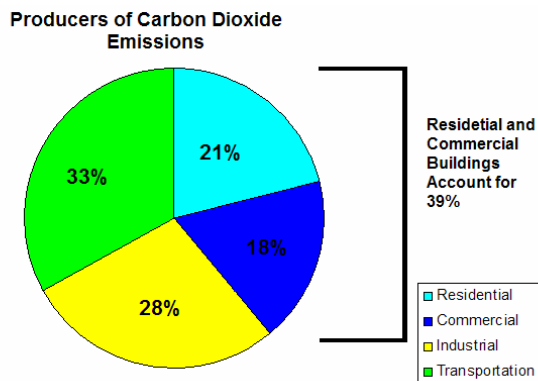
Opportunities for Raters

- **The demand for raters will be substantially higher. Raters will be needed to calculate and verify environmental savings from a building's improvements so that value can be traded in emissions markets.**
- **Provide new service for builder and utility clients**
- **Creation of a new revenue source for building owners to finance the energy performance of their homes and for third parties to aggregate and sell the value of savings**
- **New source for funds to invest in building improvements**

*Setting the STANDARD
for QUALITY*

Why Focus on Residential Emissions?

Traditionally, environmental regulation has been aimed at “tailpipes and smokestacks.” In other words, when most people think of pollution and global warming they link it to the emissions caused by automobiles and factories. Energy use from residential and commercial buildings, however, accounts for nearly 40% of CO2 emissions. Residential energy use accounts for 21% of CO2 emissions. Because of the amount of CO2 homes emit and the economic attractiveness of energy efficiency, improved building energy performance should play an important part in any climate change action plan.



Source: U.S. Energy Information Agency

What is Happening in United States

Currently there is a voluntary market for trading carbon dioxide emissions. Some companies are participating for both environmental concerns and for their company to become more competitive in international markets. State and regional mandatory cap and trade programs are being launched and a national program will likely be adopted in the near future. As of now, there are at least eight bills in Congress proposing a national cap and trade system for carbon dioxide emissions.

A More Business Friendly Way to Decrease Emissions

Cap and trade avoids rigid “emission taxes” on businesses and allows for marketplace

flexibility to help solve climate change. A growing number of corporations and organizations have voiced support for a national CO2 cap and trade law, including GE, Duke Energy, General Motors, and the AFL-CIO.

How Does Building Performance Fits into Environmental Trading?

Energy efficiency trading offers a new market for raters, but will not require them to learn a new skill or set of standards. By applying the existing RESNET standards for energy efficiency to cap and trade, America would be able to cut its carbon dioxide emissions. The modeling and inspection procedures developed by RESNET can be used to document efficiency in a carbon cap and trade system. There is no need for additional inspections nor software modeling.

What Raters Should Do

Carbon cap and trade system seems almost certain to be passed by states and the federal government in the upcoming years. It is uncertain, though, whether or not commercial and residential buildings will be included in the program. It is vital that raters advocate that residential and commercial buildings are included in cap and trade programs. Raters can begin by forming partnerships with industry, consumer and environmental advocacy groups, and sitting on local regulatory meetings.

Advocacy on the local, state, and regional level will be an important step in ensuring that buildings are included in a national cap and trade programs. Raters should also educate decision makers about home energy ratings as a cost effective to calculate and verify emission savings in buildings.