

SIRS:

The 8% limit on the offset compliance mechanism is detrimental to the functioning and price-formation power of the auction system.. An 8% limit ensures, in essence, that 108% of the number of credits needed for compliance will be supplied to the bidders - that is artificially inflating the supply for the compliance. As evidenced in the European Trading System, price formation is difficult if not impossible when supplies of credits are artificially inflated.

The Oregon Carbon Allocation Task Force under Governor Kulongoski, of which I was a member, correctly recommended a limit of 4% of compliance obligations to be satisfied by offsets for exactly that purpose - maintaining price formation in the credits market.

Please adjust Section 19(2)(a) to read "four percent", instead of "eight percent"..

Thanks you

Jim Edelson
415 NE Mirimar
Portland OR 97232