FIRST ENVIRONMENT

770 L Street, Suite 950
Sacramento, CA 95814
Tel: 916.492.6080 Fax: 916.492.6089
www.firstenvironment.com

Via CARB's Board Comments Submittal Form
under ghg2010 and capandtrade10

December 9, 2010

Richard Bode, Chief of Emissions Inventory
Rajinder Sahota, Manager of Climate Change, Verification and Protocol Section
Clerk of the Board
Air Resources Board
1001 I Street
Sacramento, California 95814

Dear Mr. Bode and Ms. Sahota:

On behalf of the Association of Accredited Verification Bodies, First Environment is submitting this letter to provide comments to the California Air Resources Board's (ARB) Regulation for the Mandatory Reporting of Greenhouse Gas (GHG) Emissions. We are concerned that Section 95132 Accreditation Requirements for Verification Bodies, Lead Verifiers, and Verifiers of Emissions Data Reports and Offset Project Data Reports, as currently written, lacks the rigor associated with the *best practice* for accrediting Validation and Verification Bodies (V/VBs) in both the United States and internationally. We are also concerned about the derivative effect of this regulation on the California GHG Cap-and-Trade Program[1] that depends on these reports and ARB-accredited verification bodies in Section 95977 (a) Verification of GHG Emission Reduction or GHG Removal Enhancements from Offset Projects.

New Jersey
California
District of Columbia
Georgia
Illinois
Mississippi
New York
Puerto Rico
Canada

This lack of a rigorous certification process unnecessarily undermines the integrity and credibility of the Data Reports, their associated carbon offsets, and ARB's ultimate goal of decreasing GHG emissions. We believe it is in the interest of ARB and any party submitting Emissions Data Reports and/or Offset Project Data Reports to use a verifier who has been through a much more rigorous accreditation process than ARB currently requires and who meets international standards for conducting such work.

We recommend that ARB amend its language to meet the verification and validation standards developed by the International Organization for Standardization (ISO) and identified by the International Accreditation Forum (IAF) and the American National Standards Institute (ANSI) as requirements for accreditation. IAF is a global association of Conformity Assessment Accreditation Bodies in the fields of management systems, products, services, personnel, GHG validation/verification, and other similar programs of conformity assessments. Their goal is to ensure the continued competence of accredited certification bodies and the consistent application of international conformity assessment standards, such as ISO 14065, and to provide assurance of the equivalence of the operation of certification bodies across the world.

[1] Formally known as "Proposed California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, Including Compliance Offset Protocols" issued November 2010.

ANSI is an IAF member and has established best practices and standards for accreditation of validation and verification bodies in the United States. In addition, ANSI is working closely with its international counterparts at ISO to develop best practices in the accreditation of GHG validation and verification throughout the world.

ANSI has served as administrator and coordinator of the United States private sector voluntary standardization system for more than 90 years. ANSI is also actively engaged in accrediting conformity assessment bodies that assess compliance to standards as well as regulations. Its GHG accreditation program assures integrity and consistency in emission verification across industry sectors and geographical borders.

Accreditation Requirements

As currently written, ARB has no mechanism to ensure that V/VBs are carrying out verification activities in accordance with ANSI or internationally recognized best practices. We have compared the standards identified by ARB in Section 95132 and the ANSI accreditation requirements from the Manual for Operations for the Accreditation of Greenhouse Gas Validation and Verification Bodies[2] that follow ISO 14065, and that are available and accepted in the United States – and concluded that ARB has minimal expectations.

To demonstrate the vast difference in expectations and vulnerabilities, we have identified and compared the substantive requirements for accreditation by ARB and ANSI in the chart below.

	Substantive Requirements	International Accreditation Forum (IAF) Third Party Accreditation	California Air Resources Board (ARB) Third Party Accreditation
1.	Management system in office for validation and verification activities	X	
2.	Management system in office conforms to ISO 14065, IAF Guidance, and other GHG specific requirements	X	
3.	Management system in office independently audited every 2 years and annual selected surveillance audits	X	
4.	Annual witness surveillance audits for each industry sector in the field	X	random oversight not linked to industry sector

[2] Manual of Operations for the Accreditation of Greenhouse Gas Validation and Verification Bodies, GHG-PL-702, Issued 2009-08-21, Revision 1
https://www.ansica.org/wwwversion2/outside/ALLviewDoc.asp?dorID=121&menuID=200

	Substantive Requirements	International Accreditation Forum (IAF) Third Party Accreditation	California Air Resources Board (ARB) Third Party Accreditation
5.	Requirement to demonstrate competency, experience and knowledge	X	grandfather provision based on experience not competency
6.	Demonstration of audit skills in witnessed assessment	X	
7.	Demonstration of industry experience and knowledge	X	
8.	Demonstration of GHG protocol knowledge	X	1 time test
9.	Justification for verification fees	X	
10.	Verification body implements corrective action in response to formal corrective action process	X	
11.	Internal audit requirement for verification body's management system	X	
12.	Modification, Suspension and Revocation and Appellate process	X	X
13.	No Conflict of Interest (COI)	X	X
14.	Professional Liability Insurance	X	X
15.	Record Retention	X	
X = required			

As you can see, ARB does not include most of the substantive areas of evaluation that are required by ANSI. ANSI has fifteen substantive areas in which they evaluate V/VB applicants. ARB has six. And within the six, the expectations are significantly less than ANSI's.

Starting with their similarities, both ARB and ANSI have provisions for:

- Modification, suspension, revocation, and an appellate process;
- Conflict of Interest (COI); and
- Professional Liability Insurance

The remaining three ARB requirements have diminished expectations:

- ARB and ANSI have **different requirements for witnessing audits for the industry sectors.** ARB has *random* oversight that is ***not*** linked to any industry sector. ANSI requires *annual* witness surveillance audits based on selective sampling of V/VB activities. In addition, witness assessments by sector group are required to pursue initial accreditation with ANSI.

- ARB and ANSI have **different requirements to demonstrate competency, experience, and knowledge.** ARB provides a grandfather provision for individual lead verifiers that is based on experience not competency. ANSI requires a documented management system for assessing verifier competency on a continual basis. The accreditation body then assesses a V/VB's criteria for demonstrating competency against the requirements of ISO 14065 as well as IAF MD 6:2009 IAF Mandatory Document for the Application of ISO 14065, which contains additional team competency requirements.

- ARB and ANSI also have **different requirements to demonstrate GHG protocol knowledge.** ARB has a one-time test that can be retaken if the individual does not receive a score of 70%. Again, ANSI requires a more comprehensive assessment through a V/VB's internal procedures for the ongoing demonstration and assessment of competency above and beyond passing a one-time test.

Finally, ANSI has the following nine requirements that ARB does not address:

- Management system in V/VB office for validation and verification activities;
- Management system in V/VB office in conformance with ISO 14065;
- Management system in V/VB office recertified every two years with annual surveillance audits;
- Demonstration of audit skills in witnessed assessment;
- Demonstration of industry experience and knowledge;
- Justification for verification fees;
- Internal audit of V/VB's management system; and
- Record retention.

The above-mentioned elements are necessary to ensure consistent, competent provision of verification services. ARB has not adopted and is silent on many of the requirements associated with best practices. ARB has no expectation of any management system – let alone one that is certified by another internationally accepted standard. There is no auditing or witnessing provision, nor any demonstration of industry experience required. Unfortunately, these weak requirements will result in weak Emissions Data Reports and Offset Data Reports.

Consequences

Lack of rigor in ARB's Accreditation Requirements will decrease the integrity and credibility of GHG reports, decrease the value of any carbon offsets, and decrease the impact of anticipated GHG reductions. As currently written, there is the potential to accept faulty data and reports that can taint the California carbon market unnecessarily.

Meanwhile, best practices for V/VBs are accepted, available and widely used in the United States and internationally – and can be easily adopted in California. Additionally, we believe that ARB has a duty to use these standards to protect the interests of reporters, as well as the overall credibility of the market and cap and trade program.

In conclusion, using accepted ANSI standards for V/VBs ensures that GHG reports are accurate and complete and that intended users of the reports can be sure that firms verifying emission reductions have the technical qualifications to perform such an audit. This will give ARB confidence in the information contained in Emissions Data Reports and Offset Project Data Reports and confidence that the data is real.

Sincerely yours,

Bernard T. Delaney, Ph.D., P.E., BCEE
President, First Environment, Inc.

On behalf of the Association of Accredited Verification Bodies (AAVB) consisting of the following firms:

Bureau Veritas Certification
Environmental Services, Inc.
ERM Certification and Verification Services
First Environment, Inc.
KEMA
Morrison Hirshfield
NSF International Strategic Registrations, Ltd. (NSF-ISR)
Ruby Canyon Engineering Inc.
Scientific Certification Services
SCS Engineers
TÜV SÜD America, Inc.