

COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY ON THE
CALIFORNIA AIR RESOURCES BOARD STAFF'S PROPOSALS FOR REVIEWING
AND APPROVING OFFSET PROJECTS AND PROTOCOLS

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I.

INTRODUCTION

Southern California Edison Company (“SCE”) appreciates this opportunity to comment on the workshop on “Reviewing and Approving Offset Projects and Protocols” sponsored by the California Air Resources Board (“CARB”) staff on May 21, 2009. SCE agrees with CARB staff that all offset protocols must generate offsets that are real, additional, quantifiable, permanent, verifiable, and enforceable, as required by Assembly Bill (“AB”) 32.

II.

CARB SHOULD IMPLEMENT THE PROPOSED HYBRID APPROACH TO APPROVING OFFSET PROTOCOLS

SCE supports CARB staff’s proposed hybrid protocol approval process incorporating both project-specific reviews and pre-approved, standards-based offset protocols. A hybrid approach will be beneficial because it will allow individual, innovative projects that do not fit the standardized protocols to be approved on a case-by-case basis if they can produce significant, high-quality offsets.

III.

ELIGIBLE PROTOCOL TYPES MUST BE ESTABLISHED IN A SEPARATE REGULATORY RULEMAKING

SCE supports CARB staff’s proposal to develop a list of eligible project types. Creating CARB-endorsed protocols for forests, manure digesters, and urban forestry is a good first step. However, any protocols to be used for compliance purposes must be adopted by the Board in a rulemaking following established administrative procedures. The “non-regulatory” adoption of the forest and manure/methane capture protocols for voluntary reduction would be insufficient to establish compliance offsets because they would not provide sufficient due process. A separate

rulemaking is required because the terms of the protocols would directly affect the value of offsets and the ability of obligated entities to comply with AB 32.

CARB staff propose a set of criteria for prioritizing eligible project types. The criteria include the amount of offset potential, the ability to track offsets, cost-effectiveness, the availability of a quantification method, and relevance to Scoping Plan goals. These criteria are appropriate to ensure that offsets are used to achieve real, cost-effective emission reductions.

Similarly, SCE agrees that because the review and potential revision process for existing offset protocols could be very resource intensive, CARB staff may use outside expertise to modify existing voluntary protocols for proposed compliance purposes. However, any such revisions should be adopted only after an official rulemaking.

IV.

CARB STAFF SHOULD PROVIDE FURTHER EXPLANATION OF THE VALIDATION AND REGISTRATION ELEMENTS OF A COMPLIANCE OFFSET SYSTEM

CARB staff propose validation of offset projects to assess the project's likelihood of greenhouse gas ("GHG") reductions, as well as registration of offset projects into the system. SCE generally supports these proposals, but believes that CARB staff should clarify and expand its discussion of validation and registration in order for SCE to be able to give constructive feedback. For example, there is no information on the criteria that CARB staff would use to judge validation and registration.

V.

OFFSETS SHOULD BE SUPPORTED BY CLEAR AND TRANSPARENT QUANTIFICATION METHODS

SCE supports the CARB staff's proposals for monitoring and reporting requirements, documentation, third party verification, and CARB certification. Clear and transparent quantification methods will help ensure that offsets play their proper role in creating cost-

effective GHG reductions for obligated entities. Such a transparent process should apply to all certified or credited emission reductions. Again, however, more information is required for SCE to be able to respond constructively. SCE urges CARB to make certain that the cost of such procedures be kept to a minimum.

VI.

ENFORCEMENT OF CARB'S OFFSET PROTOCOL SHOULD INCLUDE AN APPEAL PROCESS

Enforcement of offset projects is crucial in order to provide accountability and confidence in compliance offsets. Enforcement should take the form of enforceable agreements between CARB and the offset provider. While enforcement of offset projects might conceivably be delegated to CARB-approved contractors, any such approach should include an appeal process to CARB. This will ensure fairness and consistency in enforcement. To facilitate enforcement, SCE suggests that CARB establish a hearing board to conduct such reviews.

VII.

CONCLUSION

SCE appreciates the opportunity to comment on the evolving staff offset proposal. SCE looks forward to continuing to work with staff and all parties in arriving at an offset policy that meets the best interest of the State.

Respectfully submitted,

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