

## California Air Resources Board Reviewing and Approving Offset Projects and Protocols

Comments submitted by  
Adam Stern, Vice President for Policy and Strategy  
TerraPass Inc., San Francisco, CA  
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TerraPass, a San Francisco based company with a large portfolio of carbon offset projects and more than 150,000 individual and business customers, is pleased to submit comments to the California Air Resources Board (CARB) on reviewing and approving offset projects and protocols.

We commend CARB for recognizing the important role offsets can play in helping the state reach the greenhouse gas emission reduction goals contained in AB 32. Offset projects can reduce compliance costs, while spurring innovation in areas of the economy not subject to GHG regulations. The key is to insure that emission reductions from offsets are real, additional, quantifiable, independently verified, and permanent – all criteria reflected in the AB 32 scoping plan approved last year.

With respect to reviewing offset protocols, we encourage CARB to start with those protocols that have already been approved by reputable organizations and that have been used in the United States. For example, the Climate Action Reserve (CAR) now has four protocols approved and in use for livestock, landfill, and forest, and urban forest projects, and the Voluntary Carbon Standard (VCS) has U.S. landfill and coal-related methane projects, among others.

These protocols required years of work to develop and drew upon many experts in extensive public consultation. Lengthy development processes are inherent with performance standards such as the ones CAR has issued. By focusing on existing protocols first, CARB could create certainty for prospective offset projects in a relatively short period (e.g., six months), thus facilitating near-term development of new emission reductions. .

After approving an initial group of existing protocols, CARB should focus on emission sectors that will be regulated in the second phase of AB 32 effective in 2015. These

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include industrial boilers with emissions less than 25,000 metric tons CO<sub>2</sub>e per year and transportation-related fuel combustion (e.g., vehicle fleets), among others. Approving protocols in these categories will create incentives for early action and result in carbon reductions that would not otherwise occur.

CARB also requested comments on how to size the potential offset market. We suggest that CARB examine the project types and registered volumes on the Chicago Climate Exchange (CCX). Since this marketplace has been operating for several years and primarily contains domestic projects, CCX volumes are useful indicators of market activity and may point CARB to categories with potential for significant carbon reductions. In addition to livestock, landfill, and forest categories, promising project types may include coal mine methane, fuel switching, and energy efficiency. Each of these project types presents their own analytic challenges, but they deserve CARB's consideration.

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Thank you for the opportunity to comment on reviewing offset projects and protocols. We would be happy to answer additional questions from CARB staff.