

Background for Compliance Offsets Protocol Task Force Meeting

This document includes links to key resources that may be useful and questions to help stimulate thoughtful discussion in preparation for the first Compliance Offsets Protocol Task Force (Task Force) meeting on March 2, 2020.

Task Force creation pursuant to Assembly Bill 398

Assembly Bill 398:

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB398

Pursuant to Assembly Bill 398 (AB 398; Chapter 135, Statutes of 2017), the California Air Resources Board (CARB or Board) approved a slate of thirteen members to the Task Force from the eleven specified stakeholder groups and two public members. Additionally, the Board approved the appointment of a Task Force chair.

The Task Force is established to provide guidance to CARB in approving new offset protocols for a market-based compliance mechanism for the purposes of increasing offset projects with direct environmental benefits in the state while prioritizing disadvantaged communities, Native American or tribal lands, and rural and agricultural regions.

The specific language regarding the Task Force can be found in Section 7 of AB 398 (Health & Safety Code § 38591.1).

Task Force direction pursuant to Assembly Bill 293

Assembly Bill 293:

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB293

Pursuant to Assembly Bill 293 (AB 293; Chapter 85, Statutes of 2019), the Task Force shall consider the development of additional offset protocols for agricultural lands, natural lands, and wetlands. Furthermore, the Task Force shall develop recommendations to CARB on methodologies to allow groups of landowners to jointly develop natural and working lands offset projects under approved compliance offset protocols.

Compliance Offset Protocol review process

CARB's process for the review and approval of Compliance Offset Protocols:

<https://ww3.arb.ca.gov/cc/capandtrade/compliance-offset-protocol-process.pdf>

This document describes CARB's process for the review and approval of new Compliance Offset Protocols. It provides information on offset protocol requirements, process for protocol adoption, additionality, environmental credit stacking, protocol review, and how stakeholders can participate in the protocol development process.

Greenhouse Gas Reductions must meet Assembly Bill 32 criteria

Section 95802 of the Cap-and-Trade Regulation:

https://ww3.arb.ca.gov/cc/capandtrade/capandtrade/ct_reg_unofficial.pdf

CARB must ensure that all greenhouse gas (GHG) emissions reductions issued as offset credits under a Compliance Offset Protocol meet the [AB 32](#) offset criteria: real, permanent, quantifiable, verifiable, enforceable, and additional. Section 95802 of the Cap-and-Trade Regulation provides a definition for each criteria.

Additionally Subarticle 13 contains the majority of requirements for the operation of the Compliance Offset Program.

Example analysis for the adoption of a new Compliance Offset Protocol, Mine Methane Capture Protocol

Staff Report: Initial Statement of Reasons for Mine Methane Capture Projects:

<https://ww3.arb.ca.gov/regact/2013/capandtrade13/capandtrade13isorappa.pdf>

All proposed Compliance Offset Protocols must go through a public rulemaking process prior to Board consideration that typically consists of public meetings and workshops to allow stakeholders the opportunity to provide feedback to CARB staff on any proposed protocol. Pursuant to the [Administrative Procedure Act](#), CARB staff must also prepare rulemaking documents such as an Initial Statement of Reasons (ISOR) for public review and Board consideration for each new Compliance Offset Protocol.

The ISOR lays out the rationale for decisions made during the development of a new Compliance Offset Protocol, as well as an analysis of how the proposed protocol meets all statutory and regulatory requirements (see section 95802 above). The ISOR also contains an environmental impact analysis as required by the California Environmental Quality Act (CEQA, [California Public Resources Code § 21000 et seq.](#)).

ARB offset credit issuance

The Cap-and-Trade Regulation defines offset credits issued by CARB as "ARB offset credits." Below is a link to the ARB offset credit issuance table:

<https://ww3.arb.ca.gov/cc/capandtrade/offsets/issuance/issuance.htm>

CARB provides a list of offset projects developed under Compliance Offset Protocols and Early Action Quantification Methodologies that have been issued ARB offset credits. The list includes information such as project name, project type, location, and quantity of ARB offset credits issued.

Additional Resources

1. There is a wealth of information pertaining to [Cap-and-Trade](#) and specifically the [Compliance Offset Program](#) available on CARB webpages.
2. CARB staff is happy to make themselves available to answer any question or provide additional information in advance of the first Task Force meeting. Please contact Paul Cheng (OffsetTaskForce@arb.ca.gov) to arrange a meeting time.

Potential discussion topics and questions to consider

1. New protocols/project types

AB 293 directs the Task Force to consider development of new offset protocols for agricultural lands, natural lands, and wetlands. The voluntary offset market has many offset protocols that have not been adopted by CARB. Keep in mind the requirements of AB 32 that all GHG emissions reductions must be real, quantifiable, verifiable, enforceable, permanent, and additional.

- Would the Task Force recommend any of these as appropriate for consideration as new Compliance Offset Protocols?
- Which project types may provide direct environmental benefits in the state?
- How does the project type prioritize disadvantaged communities, Native American or tribal lands, and rural and agricultural regions?
- What design features can be incorporated in an offset protocol to prioritize disadvantaged communities, Native American or tribal lands, and rural and agricultural regions?

Additionality

- Is the adoption rate of mitigation methods already high?
 - Example: Wastewater treatment
- Is it already legally required to reduce GHG emissions?
 - Example: Landfill gas capture
 - Example: Organic waste composting
 - Example: Some refrigerants and foam blowing agents
- Is the activity or sector already covered by cap?
 - Examples: Solar, electrification, fuel switching

Assuring permanence

- AB 293 directs the Task Force to consider agricultural lands, natural lands, and wetlands. What is the state of science on the permanence of soil carbon sequestration?
 - Rangelands/Grasslands
 - Wetlands
- Accurate/conservative quantification
- Are there existing methods to accurately quantify emissions reductions or removal enhancements for new project types?
- Have these methods been tested in practice?

2. Updates to existing Compliance Offset Protocols

- What updates to existing protocols would facilitate participation while still meeting the identified six AB 32 requirements?
 - There has been no U.S. Forest projects on public lands, Urban Forest projects, or Rice Cultivation projects to date.
- What are the barriers to groups of landowners jointly developing natural and working lands projects (i.e., U.S. Forest, Urban Forest, Livestock, or Rice Cultivation projects)?
- How to lower project transaction costs, and
- How to enable a greater number of landowners to participate while protecting the integrity and transparency of those projects?