

Greenhouse Gas Emissions Verification Program at the California Air Resources Board

(Title 17, CCR, sections 95100 et. seq.)

The verification requirements in the Mandatory Reporting Regulation were developed to provide assurance that reported GHG emissions data is complete and accurate, and to incorporate standards for consistency, accountability, and transparency. This document provides additional information regarding ARB's verification program.

General

Beginning in 2009, approximately 600 industrial facilities and electricity retailers and marketers reported their 2008 greenhouse gas (GHG) emissions and electricity transactions data to the Air Resources Board (ARB). In 2010, reporting entities reported their 2009 emissions data, and were subject to independent third-party verification to ensure the completeness and accuracy of the reported data. Almost 90% of emissions data reports received a positive verification opinion, indicating most reporting entities successfully completed verification during the first year that verification was required. Compliance with the regulation is expected to be higher in subsequent years as reporting entities become more familiar with the reporting process.

Accreditation of Verification Bodies and Verifiers

ARB is the accreditation body for California's GHG verification program. ARB has accredited more than 50 verification bodies (private companies or air districts) and 276 individual verifiers to provide verification services. Most verifiers are directly employed by a verification body (VB), and some verifiers are subcontracted by VBs. Verification can only be provided by ARB-accredited verifiers. In order to become accredited, verifiers had to meet eligibility standards, including education and experience, and pass an exam that evaluated their skills as a verifier. Accreditation includes review of VB documentation and onsite observation of verification services during ARB audits, along with triennial reaccreditation.

Because ARB is responsible for overseeing the quality of verification services provided to California industries by accredited verifiers, ARB staff has spent the last several years training verifiers and providing guidance on regulation compliance. Verifiers are subject to rigorous conflict of interest requirements, and take ongoing verifier training to maintain their accreditation with ARB.

ARB does not require verification bodies to be accredited by the American National Standards Institute (ANSI).¹ ARB's accreditation program was developed using international best practices as laid out in the International Organization for Standards (ISO) 14065, which is the standard to which greenhouse gas verification bodies are accredited. The ISO standards are program neutral, and are meant as guidelines that programs can use to develop and tailor for their own program needs. ARB staff intends to maintain its own accreditation program in order to more closely monitor the quality of verifiers providing verification services, while reducing costs for reporting entities.

ARB chose to expand the requirement for accreditation past the ISO 14065 standard to the level of individual verifiers, similar to the ISO 14066 standard. ARB accreditation includes a minimum educational and work experience requirement for individual verifiers. It also includes training and accrediting verifiers as sector specialists. ARB's training program builds on international GHG auditing skills and ARB's regulatory requirements for reporting and verification.

ARB Audits of Verifiers

The success of ARB's verification program relies on the oversight of VBs, and the integrity and technical skills of accredited verifiers. ARB is committed to continually evaluating the VB's services as specified in the regulation and the VB's professional care and conduct to ensure the integrity and consistency of verifications. As part of this oversight process, ARB staff audited all VBs in 2010 to ensure verifiers were providing high quality verification services.

ARB audits include a review of the verification report and sampling plan, and can also include ARB observing the verifier during the scheduled site visit at the facility. This allows ARB staff to evaluate both the technical work and the professional conduct of the accredited verifiers during verifications. This audit oversight is critical to maintaining the integrity of the verification program and to promote consistency among verification services.

ARB staff reviews each year's audit findings and selects VBs for further auditing based on their previous work. In addition, staff intends to observe each of the individual verifiers during a site audit to evaluate the skills of each accredited verifier. For example, a VB with a large number of verifications in different reporting sectors with different verification teams, may be audited multiple times each year. Any VB with identified non-conformances from past audits will be audited during subsequent verifications until they have been addressed.

¹ There are currently 12 (out of 52) ARB-accredited VBs that are ANSI-accredited (Bureau Veritas, Cameron Cole, DEKRA, DNV USA, ERM-CVS, First Environment, LRQA, NSF-ISR, SCS Inc, SCS Engineers, TranSystems, TUV-SUD).

In almost all cases during the first year of verification, verifiers exceeded expectations and provided high quality verification services. However, there were some weaknesses identified as part of ARB's audit of verifiers. The following list summarizes those items needing improvement from some VBs:

- Many verifiers did not prepare sufficiently for site visits
- Some verifiers did not maintain their independence and objectivity during verifications
- Verifiers did not always provide detailed verification reports

To address these performance issues, ARB staff provided additional technical training and guidance to verifiers in 2010 to ensure all verifiers were better prepared for site visits, maintained their objectivity, and provided more detail in their verification reports.

Feedback from verifiers regarding ARB audits during this first year has been positive. Verifiers have requested audit feedback from ARB early in the verification program so verification bodies can establish templates and robust internal quality checks to provide high quality verification services in conformance with the regulation for future verifications under cap and trade. This standardization also has the potential to reduce future verification costs for VBs that can streamline compliance with the regulation.

ARB is committed to partnering with verification bodies to ensure all verifiers provide high quality verification services. While costs may vary by VB, the minimum requirements in the regulation must be met by all VBs. Verifiers have stated that they want to compete on quality, not on cost, and therefore are requesting strong oversight from ARB so the incentives for cutting costs by lowering the quality of services is minimized. ARB agrees and is committed to providing a high level of oversight. Facility operators should be able to choose any ARB-accredited VB and be assured that they are provided with high quality verification services that meet the requirements of the regulation. VBs that do not meet minimum standards may have their accreditation revoked.

Verification in 2012

The revised regulation (<http://www.arb.ca.gov/regact/2010/ghg2010/ghg2010.htm>) requires full verification of 2011 emissions data reports in 2012. Existing ARB-accredited verifiers will be trained on the revised regulation at the end of 2011, and re-accredited if they pass an exam. Updated sector specialist accreditation will also be required for verifying process emissions, transactions, and oil and gas systems. The initial sector accreditation for refineries, cement plants, and electricity transactions will no longer be valid beginning in 2012.

More information about GHG Verification can be found here:

<http://www.arb.ca.gov/cc/reporting/ghg-ver/ghg-ver.htm>