



November 3, 2017

Via Email Submittal to [rlawver@arb.ca.gov](mailto:rlawver@arb.ca.gov)

Renee Lawver  
Manager Emissions Data Quality Assurance Section  
California Air Resources Board

**RE: RPMG Supplemental Comments on MVS aspects of ARB Preliminary Draft of Potential Regulatory Amendments**

Dear Renee;

RPMG Inc. (RPMG) would like to thank you and your staff for taking the time to meet with RPMG to work through some of the remaining issues we have been discussing. Following up on those discussions, RPMG would like to submit these supplemental comments prior to the finalization of the Initial Statement of Reason.

These comments focus on:

- Verification Body Rotation
- Conflict of Interest and Lookback Provisions

**Verification Body Rotation Requirements**

As outlined in our comments submitted on October 6<sup>th</sup>, on the issue of verifier rotation RPMG opposes mandated firm rotation. Where mandated rotation is determined to be needed at all, partner or lead verifier rotation would be more suitable for LCFS verifications. RPMG strongly believes mandated firm rotation is an unarguable conflict to CARB's professed desire to foster or leverage efficiencies amongst existing stakeholder verification programs. A firm rotation requirement would force missed opportunities for mitigating inflated verification costs and worse, arbitrarily end existing efficiencies.

RPMG further believes the efficiencies missed or arbitrarily ended due to a rotation requirement would be exacerbated by the proposed look back period. Please refer to RPMG's October 6<sup>th</sup> comment letter for further suggestions to alleviate look back commencement date conflicts.

LCFS is an established regulatory program that has generated interest from other regions to follow suit. Therefore, it is in the best interest of program participants, including the agency, the public and regulated parties alike, that efficiencies be realized whenever possible. For these reasons, RPMG urges CARB to incorporate a partner rotation requirement in lieu of a firm rotation requirement for LCFS verifiers.

A firm rotation requirement is not only problematic for regulated parties but also for verifiers. Verifiers will already be required to become accredited and will incur the associated cost of undergoing the necessary training and travel. Once accredited, the verifier will experience a forced reduction in revenue in off years due to loss of clients. Conceptually the cost to maintain accreditation, and thereby relevance in the market place, will not decrease in "off"

years. These costs will, in all likelihood, be worked into the cost of the program engagements in “on years” to recover the verification firm’s loss of revenue in “off” years. Because this cycle would impact all verifiers, regulated parties would then end up paying for inflated verification costs on both fronts, from regular “on-year” vendors and again in inflated “off-year” service fees. This inflated cost structure will ultimately make its way to California fuel consumers, undermining program cost containment efforts.

RPMG maintains there are crucial differences between MRR and the outlined LCFS verification program. CARB has stated their interest in incorporating a firm rotation requirement to ensure “fresh eyes” and impartiality among firms. CARB further elaborates this requirement has been successfully demonstrated through administering the MRR. However, LCFS verification, unlike MRR requires pre-submission of verification plans and sampling strategies. This requirement will inherently offer CARB the ability to gauge the adequacy of verification services up front. This will also provide a platform for all verification plans to include similarities of a design, scope and strategy to identify potential errors of the same type with the same degree of accuracy. RPMG believes LCFS verification’s expectations of CARB accreditation and CARB approval of verification plans and sampling strategies are sufficient to ensure impartiality and the desired degree of accuracy.

#### **Conflict of Interest and Look Back Provisions**

As RPMG considers the practical ramifications of the proposed Conflict of Interest and Look Back provisions, we remain very concerned. This proposal will have significant real-world impacts on facilities and the program.

RPMG has previously recommended that any potential conflict of interest that occurred before January 1, 2019, should be treated as a low (or medium) conflict of interest as long as it is fully disclosed and or mitigated. The list of “high” conflicts is quite extensive and could rule out a number of otherwise qualified verification bodies based on work that is being conducted before this rule is proposed, finalized, adopted or implemented. RPMG recommends differentiating between a conflict of interest that existed prior to December 31, 2018 and those that exist on or after January 1, 2019.

Please contact me with any questions or comments at (952) 465-3247 or [jwhoffmann@rpmgllc.com](mailto:jwhoffmann@rpmgllc.com).

Sincerely,



Jessica W. Hoffmann  
Regulatory and Compliance Manager  
RPMG, Inc.

Cc: Rajinder Sahota  
Sam Wade  
Anil Prabu