

April 10, 2017

Clerk of the Board  
Air Resources Board  
Sacramento, California

**Re: Comment on 2030 Scoping Plan Update**

We applaud the Board's staff on the proposed 2030 Scoping Plan which builds on California's success and global leadership in addressing climate change. The ongoing AB 32 program relies on diverse regulatory, financing, and market-based approaches that are proving effective for California, and templates for other jurisdictions in North America and beyond. Our comments here focus on ways that the proposed Plan, and specifically the existing offsets program, can be further strengthened to promote investments in clean, advanced technologies needed to meet the aggressive emission reduction targets for 2030.

**Offset Program Refinement**

In addition to direct and permanent reductions in powerful greenhouse gases, our 60 carbon offset projects have generated multiple environmental, public health, and economic benefits -- energy efficiency, reduced criteria pollutants, jobs, new technologies, capital flows and capabilities to launch new California businesses.

These offset projects are done in conformance with ARB regulations that will need to be re-authorized, and where necessary, improved upon, post-2020. Until those regulations are reviewed in detail as part of the post-2020 program, we believe it would be premature for the Scoping Plan to propose arbitrary revisions to the offsets program, including changes to the 8% offset usage limit.

To best evaluate needed programmatic changes, we encourage ARB to work with stakeholders on a comprehensive and data-driven assessment of the public health, environmental, and economic impacts of offsets on local communities across California and implications for cross-jurisdictional linkages that multiply the outcomes of California's actions. This evaluation should include the offset usage limit, monitoring and verification systems, ARB enforcement and invalidation procedures, and incorporation of new and updated, science-based offset protocols.

**Offset Program Expansion**

Hydrofluorocarbons (HFCs)

In our previous comments on ARB's proposed Strategy for Short-Lived Climate Pollutants (SLCPs), we recommended that in addition to the proposed mitigation measures for HFCs (sales and use prohibitions, funding early adoption of low-GWP

refrigeration), ARB should consider expanding the Cap-and-Trade program to include additional offset protocols that create market-based incentives to reduce HFC emissions. The American Carbon Registry has approved two methodologies to reduce HFC emissions, both of which would stimulate investments in advanced technologies and meet ARB's objectives:

- Emission Reduction Measurement and Monitoring Methodology for Use of Certified Reclaimed HFC Refrigerants and Advanced Refrigeration Systems ("HFC Refrigerant Methodology")
- Emission Reduction Measurement and Monitoring Methodology for the Transition to Advanced Formulation Blowing Agents in Manufacturing and Use ("HFC Foam Methodology")

These methodologies share common features:

- Both conform to ISO GHG standards and ARB's fundamental regulatory requirements including explicit tests for additionality, regulatory compliance demonstrations, real and permanent GHG reductions, and verifiability by certified 3<sup>rd</sup> parties.
- Both incorporate the most current data and relevant technical inputs from the U.S. EPA, the IPCC, Montreal Protocol Technology and Assessment Panel, and ARB.
- Both underwent extensive public and peer review, which included experts from the U.S. EPA and ARB
- Both complement ARB's proposed HFC emission reduction measures and enable credits for businesses to deploy alternatives and advanced technologies that go beyond business-as-usual, ahead of the Montreal Protocol and U.S. EPA SNAP schedules
  - The HFC Refrigerant Methodology enables credits for installation of low-GWP commercial refrigeration systems – the same types of systems that ARB has proposed to receive State funding. However, rather than rely on public subsidies, ARB's adoption of the methodology would leverage carbon finance, with stringent monitoring and verification regulatory assurances
  - The HFC Foam Methodology enables credits for deployment of low-GWP alternatives to manufacture insulation foam products, several years in advance of EPA SNAP prohibitions
  - The HFC Refrigerant Methodology also enables credits from reclamation and re-use of HFC refrigerants which would magnify the impacts of ARB's existing Refrigerant Management Program and the SLCP Strategy's proposed prohibition on sales of very high-GWP refrigerants. Increasing HFC refrigerant reclamation and re-use displaces production of new (virgin) HFC refrigerants and thereby prevents emissions that would otherwise occur from the additional supplies of HFC refrigerants

- Projects under these methodologies would benefit a wide cross-section of California communities by accelerating deployment of advanced technologies and increasing demand for technicians using locally-reclaimed refrigerants in neighborhood and large grocery stores, food processors, office buildings, schools, hospitals, and other facilities that rely on commercial refrigeration and air conditioning.

These new methodologies provide ARB with an opportunity to significantly accelerate HFC emission reductions across multiple sectors, within California and across the United States, while further strengthening the Board's existing and future programs.

#### ODS Destruction

ARB demonstrated leadership in including ODS destruction offsets that has prevented the equivalent of nearly 13 million tons of CO<sub>2</sub> and creating a robust market-incentive for powerful greenhouse gases that neither the Montreal Protocol nor U.S. EPA regulations could address. Since the ODS Destruction protocol was developed in 2008, there have been significant changes in baseline regulatory conditions, new science, and the availability of new technologies. These new developments require technical adjustments to ensure that the protocol is technically accurate.

We recommend that when other new protocols are considered, that ARB include updating its ODS Protocol in its regulatory agenda. Following an extensive public and expert peer review, the American Carbon Registry is nearing final approval of an updated methodology that is designed for incorporation by ARB.

#### Other New Offset Protocols

We support ongoing efforts to promote new offset protocols that can generate GHG reductions and other public health and economic co-benefits for California communities. There are a number of methodologies in development that we believe will meet these priorities. Rather than wait for post-2020 legislation, we encourage ARB staff to engage with the registries and standards organizations that are actively coordinating these new methodologies today.

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