



March 23, 2016

The Honorable Mary D. Nichols, Chair

California Air Resources Board

1001 "I" Street

P.O. Box 2815

Sacramento, CA 95812

Dear Chairman Nichols,

The following comments are submitted in support of CARB's "Aliso Canyon Methane Leak Climate Impacts Mitigation Program" draft, released on March 14, 2016. Congratulations on a comprehensive and thoughtful plan to mitigate the nearly 100,000 ton methane leak that resulted from the Aliso Canyon well failure. We offer these comments in support of CARB's efforts and offer suggestions particularly related to the effective and transparent administration of the proposed mitigation plan.

## Background

The Climate Registry (TCR) is a Los Angeles-based 501(c)3 non-profit corporation, whose mission is to empower the world's leading organizations with the highest-quality carbon data so they can operate more efficiently, sustainably, and competitively. Established in 2007, TCR was formed to continue the work of the California Climate Action Registry (CCAR) and is governed by more than forty U.S. states and Canadian provinces and territories. TCR designs and operates voluntary and compliance GHG reporting programs, and has developed a range of protocols and standards and reporting through inclusive and transparent multi-stakeholder processes. TCR has a history of strong collaboration with California, and also consults with governments nationally and internationally on all aspects of GHG measurement, reporting, and verification.

TCR takes a non-partisan approach to GHG reporting and mitigation, focusing on international and North American best practice.

# Comments on Mitigation Program Implementation and Administration

Demonstrating accountability and credible results will be key to the success of the mitigation plan, particularly within the communities most strongly affected by the leak. The draft plan does a good job of identifying some of the issues related to effective program oversight, implementation and administration. We agree that CARB should designate a third-party administrator to ensure inclusion of multiple stakeholders, transparency and accountability. The following suggestions are based on TCR's experience in building and operating GHG registries, overseeing third-party verification programs, developing GHG reporting software and tools and managing sometimes contentious multi-stakeholder standard-setting processes.

## 1. Project pre-Qualification

Project selection should be underpinned by a standardized process for project qualification, including detailed guidelines for project proposals and, potentially, a proposal submittal tool. Minimum standards for project eligibility, including an expanded set of the criteria described in the draft plan, should be clearly articulated to applicants. If a submittal/qualification tool is used, these selection criteria can be included to make project selection more efficient.

### a) GHG measurement protocols/methodologies

Any eligible mitigation project must use an industry-accepted GHG measurement protocol or methodology to ensure that the reduction is real, verifiable and permanent. Project proposals should include GHG reduction estimates as well as reference the GHG measurement protocol to be employed. In instances where protocols are not yet established, the third-party administrator could facilitate a protocol development or procurement process.

## 2. Project Selection and Portfolio Composition

Project criteria should continue to be refined by ARB with stakeholder input. The third-party administrator, pursuant to instruction from ARB, could support the project selection process by developing assessment tools that cull and rank pre-qualified projects based on defined criteria. Any preferences given to specific criteria, such as timeliness, location or project/sector type, could be factored into a weighting algorithm in an assessment tool.

The third-party administrator could facilitate a stakeholder process prior to final selection to ensure adequate participation and transparency.

## 3. Implementation

The third-party administrator should be charged with the scoping and development of any necessary project tracking, verification/auditing, reporting, financial accounting and other administrative systems.

### a) Project documentation

A secure database should be developed to track projects from baseline emissions to project conclusion, and be a central repository for project pre-qualification and selection

documentation, project owner details and user permissions, and any related contractual documentation, operator agreements, etc.

#### **b) Emissions reduction registry**

The goal of the mitigation program is to achieve a reduction of approximately eight million tons of CO<sub>2</sub>e. Accounting for this reduction in an accurate and credible way is paramount. To serve this end, a robust and secure online platform should be developed or procured, or an existing system could be modified.<sup>1</sup> Before this can happen, the functional requirements of the registry must be defined, with well-articulated use cases, user interface, design and technical specifications (such as security needs, performance parameters, user roles, etc.). Reductions should be unitized, serialized and digitally embedded, with information on project ownership, related measurement protocols and vintage. Reduction units should be equivalent to tons of either CO<sub>2</sub>e or CH<sub>4</sub> (or potentially other pollutants). To ensure that there is no double counting and that the chain of custody is transparent and clear, the registry should track the ownership, allocation (to SoCal Gas or otherwise) and eventual retirement for compliance of these units.

#### **c) Verification**

The third-party administrator should be charged with designing and overseeing a verification program that balances rigor and accountability with cost-effectiveness and expediency. Key considerations include third-party versus second-party verification, reasonable versus limited level of assurance, and the inclusion of site visits. The process may include the development of verification protocols, verifier accreditation and training, and the development of an oversight program for third-party verifiers. Verification workflow may need to be incorporated in the functionality of the registry software.<sup>2</sup>

#### **d) Reports and KPI dashboard**

Transparency and accountability must be key principals of the mitigation program, especially given the number and diversity of interested stakeholders. The third-party administrator could be charged with creating a defined set of reports as well as a web/mobile-based key performance indicator (KPI) dashboard to keep stakeholders abreast of progress. These reports could measure actual progress

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<sup>1</sup> TCR recently completed a report for World Bank's Partnership for Market Readiness, the "PMR Guide on the Development and Management of Facility/Corporate-Level GHG Data Management Systems." This is the culmination of a 12 month contract, during which TCR – and sub-contractor, ICF International – conducted extensive research on the best practices and learnings associated with developing and implementing GHG data management systems. The report details the process for building, outsourcing or modifying GHG systems. In addition to building the GHG system for its own program and operating the mandatory program for the state of Massachusetts, TCR recently build a full GHG reporting program and system for the Government of Thailand.

<sup>2</sup> Suggestions based on TCR's extensive experience in developing and overseeing various aspects of verification programs for its own program, as well as for Massachusetts, California, US EPA and the government of Thailand.

versus stated goals or BAU scenarios, both by project and in aggregate. A wide range of factors could be included in these reports and dashboard, including reductions data by:

- Individual project
- Project owner (if one has multiple projects)
- Geography
- Activity data
- Greenhouse gas type
- Project type or sector
- Co-benefit metrics such as investment in disadvantaged communities, job creation, health benefits, etc.
- Cost per ton reduced

These reports and dashboard may be produced in multiple formats (i.e. Excel, PDF) and can include info-graphics and interactive data analysis functionality. Reported data can also be used for further analysis and benchmarking between projects, geographies and sectors.

## Conclusion

We encourage ARB to continue to define the requirements for program administration, and agree that a credible third-party administrator can help to make the program implementation process efficient, cost-effective and transparent. TCR has deep experience in designing, building and operating GHG tracking and management systems, and would be delighted to partner with ARB on finding solutions to this very important challenge.

Thank you for your excellent work on this plan, and for your consideration of our comments. Please feel free to email me at [drosenheim@theclimateregistry.org](mailto:drosenheim@theclimateregistry.org) with any questions or thoughts.

Very best,



David Rosenheim

Executive Director

The Climate Registry