



Comments on Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

September 19, 2016

Thank you for the opportunity to provide feedback on the proposed amendments to the Cap and Trade program. The Climate Trust supports the Air Resources Board's efforts to maintaining a robust market mechanism as an essential and cost-effective approach to achieving California's greenhouse gas emission reduction goals. Our comments focus on the revisions to provisions affecting the generation of California Compliance Offsets.

- **Invalidation Period-** The Climate Trust supports ARB's proposal to place limitations on the invalidation timeframe for regulatory compliance issues for livestock and mine methane capture projects. The change to narrowing the invalidation period to the period of non-compliance creates a stronger signal to develop and bring compliance projects into the system. The Climate Trust encourages ARB to extend this methodology to the other project types, provided an accurate mechanism to determine the forfeited offsets could be developed.
- **Materiality Threshold-** The regulation still lacks procedures for establishing a materiality threshold for environmental regulatory compliance violations that do not result of material adverse environmental impacts. The Climate Trust urges ARB to revise the regulation to give it more flexibility to determine which enforcement actions result in material adverse environmental impacts. Only those enforcement actions with material adverse impacts should trigger a violation of regulatory compliance. Material issues must be treated differently than minor administrative violations.
- **Sequestration Project Verification Schedule-** The Climate Trust applauds updates to the verification schedule for projects that do not renew their crediting period. Extending the full verification from six to 12 years for projects that meet the stocking requirement provides a strong incentive for landowners to maintain the permanence of their reductions long after the crediting period has ended.