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Dr. Steven Cliff  
Climate Change Program Evaluation Branch  
California Air Resources Board  
Sacramento, CA

Dear Dr. Cliff:

EOS Climate (EOS) would like to provide the following comments on the January 31, 2014 “15-day discussion draft” of Potential Amendments to the California Cap and Trade Regulation:

1. Page 256 Section 95973 2 (b) – Regulatory Compliance:

The current regulation could be interpreted as treating an entire Reporting Period as ineligible for offset credits if there is any violation, even if the violation was recorded for a limited time within a longer Reporting Period. There may be cases of non-compliance that do not span an entire Reporting Period and the instance of non-compliance has no impact on the other activities during the Reporting Period. Rather than disqualifying an entire Reporting Period, we suggest that ARB retain the discretion to not issue offset credits only for specific times of non-compliance and amend the language as follows:

“The project is in regulatory compliance if the project activities were not subject to enforcement action by a regulatory oversight body during the Reporting Period. An offset project is not eligible to receive ARB or registry offset credits for GHG reductions or GHG removal enhancements for the entire Reporting Period if the offset project is not in compliance with regulatory requirements directly applicable to the offset project during the entire Reporting Period”.

If the offset project is not in compliance with regulatory requirements directly applicable to the offset project during a part of the Reporting Period, (“in compliance”) the Offset Project Operator can subtract any emission reductions that were generated during the time of non-compliance from the project’s total emission reductions. ARB will issue offset credits only for the activities completed during the Reporting Period when the project was in compliance.

2. Section 95977.1 (b) (1) proposes that offset verification services can begin 30 days after the Notice for Offset Verification Services has been submitted. EOS believes that this 30-day period is excessive and will unnecessarily delay credit generation. EOS recommends that the current 10-day timeline be retained.

3. Section 95977.1 (b) (2) frequently alternates between calendar and business days within the same paragraph. We suggest that all timelines throughout the Regulations should be specified in either calendar OR business days for clarity.

4. Section 95981 (c) specifies the following:

ARB will determine whether the GHG emission reductions and GHG removal enhancements meet the requirements of section 95981(a), the information submitted in sections 95981(b) and (c) is complete, and the Positive Offset or Qualified Positive Offset Verification Statement meets the requirements of sections 95977, 95977.1, and 95977.2 within 45 calendar days of receiving ~~complete and accurate information~~.

We suggest a modification to the last sentence: "...within 45 calendar days of receiving a complete and accurate ~~information~~ request for issuance form."

5. Given that Section 95985 and Section 95990 are silent on timelines for completion of desk reviews and secondary verifications, it would benefit OPOs and ARB to define its timelines for the completion of submitted desk reviews for Early Action Offset Projects and submitted secondary verification to reduce the statute of limitations for invalidation of offset credits. This would further prevent unnecessary delay of credit generation.

For example, in Section 95985(b)(1)(d) on page 334, we suggest the following addition in italics:

The Offset Project Registry has an additional 15 working days to submit its report to ARB. ARB will review the Offset Project Registry report and, *within 45 working days*, determine based on the report and all the information submitted by the verification body and Offset Project Operator or Authorized Project Designee, if applicable, if the invalidation timeframe will be reduced. During its review, ARB may request additional information, *clarifications* (spelling) and revisions to the materials, if necessary.

Similarly, on page 372, Section 95990(e)(4)(f)(3)(F), we suggest the following addition in italics:

ARB will review the desk review findings submitted by the desk review verification body *and within 45 working days notify the verification body on its determination* whether to accept or reject the findings.

Thanks for the opportunity to participate in this important program.

Sincerely,



Todd English  
VP Operations