

OFFSET PROTOCOL TASK FORCE

INITIAL DRAFT RECOMMENDATIONS

IETA's Comments:

The International Emissions Trading Association (IETA) is a non-profit business organization created over 20 years ago to establish a functional international framework for trading in greenhouse gas emission reductions. Our membership includes leading international companies from across the carbon trading cycle. IETA members seek to develop an emissions trading system that results in real and verifiable greenhouse gas reductions, while balancing economic efficiency with environmental integrity and social equity. This comment letter outlines IETA's stance on a selection of key issues discussed by initial draft recommendations made by the Offset Protocol Task Force (OPTF).

IETA is pleased to provide comments on the initial draft recommendations from the OPTF. Compliance offsets provide opportunities for economically efficient reductions in carbon emissions and a diverse array of additional environmental and social benefits. Yet certain processes surrounding offset creation and rules surrounding individual protocols stymie expanded development and use of carbon offsets in California. Therefore, IETA generally welcomes the thoughtful set of recommendations put forth by the OPTF.

IETA agrees with the OPTF initial recommendation that offset usage limits should be tradable among compliance entities. As the OPTF report says, allowing firms to trade their unused portion of their usage limit to other firms would maximize cost containment and signal for further investment in project development. For similar reasons, IETA additionally suggests that OPTF consider recommending an expansion of the offset usage limit.

IETA agrees with the OPTF initial recommendation that CARB should incorporate aggregation approaches and associated programmatic efficiencies into newly adopted protocols as appropriate. The key benefit of aggregation is a reduction in transaction costs that facilitates expanded deployment of carbon offsets by a wider range of project owners, particularly smaller owners.¹ In the early 2010s, the Electric Power Research Institute commissioned a wide range of research articles and academic workshops on aggregation that would usefully inform the OPTF process.²

IETA commends OPTF on their initial recommendations regarding streamlining project development on pages 22 through 24. Many of these recommendations would streamline project development with no negative impact or positive impacts on environmental or social outcomes. Implementing them would be useful in making it easier to successfully develop offset protocols.

IETA echoes the OPTF initial recommendation regarding efficient use of CARB resources, which are admittedly limited. Therefore, IETA proposes that CARB adopt by reference high quality protocols already in use by reputable standard-setting bodies in the voluntary markets. A separate expert group—consisting

¹ Electric Power Research Institute. 2011. Aggregation of Greenhouse Gas Emissions Offsets: Benefits, Existing Methods, and Key Challenges.

² Electric Power Research Institute. 2012. Workshop on Aggregating Greenhouse Gas Emissions Offsets – Benefits, Methods, Key Challenges and Future Directions.

of companies, governments, and standards—should be set up to recommend adoption to CARB to avoid imposing additional work on staff.

IETA thanks the OPTF for their initial recommendations. We look forward to providing further comments. If you have any questions, then please contact IETA's West Coast Representative Clayton Munnings (munings@ieta.org).

Sincerely,



Dirk Forrister

IETA President and CEO