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March 18, 2016

**Via E-Mail**

Richard Corey  
Executive Officer  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814  
[rcorey@arb.ca.gov](mailto:rcorey@arb.ca.gov)

Re: March 14, 2016 Aliso Canyon Climate Impacts Mitigation Program – Comment Letter

Dear Mr. Corey:

This letter provides comments on the California Air Resources Board's (ARB) Aliso Canyon Methane Leak Climate Impacts Mitigation Program, Draft March 14, 2016 ("Mitigation Program" draft). We thank the Board and Staff for preparing this draft and seeking stakeholder input. This letter highlights one mitigation approach that meets all of ARB's criteria and is beneficial to the people in Southern California, the ARB, and Southern California Gas Company (SoCalGas).

As you likely are aware, SCAQMD has various emission trading programs in place such as New Source Review offsets and ERC banking. The concept proposed here is simple, include, as one option in the Aliso Canyon Mitigation Program, the acquisition and retirement of SCAQMD already-verified process change emission reduction credits ("ERCs").

Background

As you know, the Governor, ARB, SCAQMD and So Cal Gas, all agree that the emissions from the Aliso Canyon methane leak are to be fully mitigated. Further, ARB seeks to prioritize its efforts by achieving reductions of short-lived climate pollutants ("SLCP") (global warming pollutants with a time horizon of 20 years). While methane emission reduction projects will be the primary focus of the Mitigation Program, ARB expresses concerns that: i) such projects may well be insufficient to fully mitigate the leaked methane, and ii) some of these efforts will require significant planning, permitting, coordination and time to come to fruition. These are the primary reasons ARB is looking for a smorgasbord of options to fully mitigate the leaked methane.

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Further, the SCAQMD Governing Board seeks, to the extent feasible, to have mitigation projects to benefit Porter Ranch, or at least Southern California, as the area most directly impacted by the gas release.

As SCAQMD states, “Tropospheric ozone itself is a greenhouse gas and the International Panel on Climate Change (IPCC) considers ozone criteria pollutant precursors (NO<sub>x</sub> and VOCs) to be short lived climate forcers. The State, in final development of their short lived climate pollutant strategy and, in this mitigation plan, should recognize ozone as a climate forcer to further maximize the climate and health benefits of emission reduction programs.” See March 4, 2016 Governing Board Meeting Agenda NO. 37. [Available here.](#)

We offer the acquisition and retirement of volatile organic compound (“VOC”) ERCs as one additional program to include in the portfolio of emission reduction projects that ARB should include in the final Mitigation Program. Our suggestion is to allow SoCal Gas to acquire and retire existing VOC process change ERCs in the SCAQMD.

#### Meeting ARB Goals

This proposal achieves the core principle requirements outlined by the ARB during its February 18, 2016 meeting and the Mitigation Program draft in that it would focus on SLCP, have a substantial nexus with climate impacts, would complement other existing programs and is additional (i.e., the retired emission reduction credits directly correlate to removing ozone precursor emissions from the air in the South Coast basin). By limiting this mitigation option to process change ERCs, ARB would also provide a tangible demonstration that: i) operators who voluntarily over-control emissions can benefit from such actions, and ii) ARB is providing momentum for additional emission reduction efforts.

#### Benefits

A benefit of this approach would be that the emission reductions utilized could be limited to those that were demonstrated to meet the following requirements and verified as “Process Change” ERCs by the SCAQMD. Those criteria, we submit, should include that the emissions reductions be: surplus, permanent, quantifiable, enforceable, real and be created from a process change. By requiring that any ERCs used for this purpose initially be created from facility process changes, encourages companies to voluntarily create emission reductions, at their own expense, while under no rule or requirement to do so while also providing an incentive for good actors to generate emissions reductions. Process change ERCs often are considered to be of the

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highest quality because they are derived from voluntary changes to facility operations (often at significant expense to the facility owner).

The benefits of this proposal are manifold, including: i) reducing transactions costs for all involved since ERCs have already been fully vetted and approved as actual and real emission reductions, ii) timely (immediate) air contaminant reductions since the ERCs can be quickly acquired/retired, and iii) permanently removing the ERCs from the system to protect public health and the environment, iv) otherwise these "banked" ERCs (of at least approximately 50 tons per year) are useable by other businesses in SCAQMD and will be returned to the atmosphere.

Conclusions

The mitigation program described herein, acquiring and retiring existing process change ERCs, represents a potential win-win-win for the public, ARB and SoCalGas. It can help to immediately redress the air quality issues associated with the Aliso Canyon emissions, do so at a minimal transactions cost so more of the funds go to mitigation and permanently removes banked emissions that would otherwise end up back in the atmosphere.

We would be happy to discuss this further at ARB's request.

Sincerely,



Malcolm C. Weiss

cc: Kyle Graham (Kyle.Graham@arb.ca.gov)