

Comments Re: 2016 Cap and Trade Regulation Amendments

March 8, 2016

To whom it may concern,

Thank you for the opportunity to submit comments related to CARB's 2016 Cap and Trade Regulation Amendments. As a consultant focused on helping dairies with methane digesters monetize the environmental benefits their projects create, the bulk of our comments are focused on the offset program. We appreciate CARB's interest in streamlining the offset program, and efforts to do so. During the Oct 2 workshop discussing the 2016 Regulation Amendments, CARB Staff stated that CARB seeks opportunities to shorten the timeframe from the end of the reporting period to ARB offset credit issuance. Several of our comments speak to this issue. In addition, we believe that CARB can streamline the offset program and shorten the above-mentioned timeframe in several ways in the near-term before amendments to the regulation are approved.

- The Regulation's invalidation and regulatory compliance requirements likely create the most substantial roadblocks to offset credit issuance. While the invalidation requirements cause every step of the process of creating offsets (e.g. offset accounting, contracting for sale, verification, OPR approval, CARB approval) to be more complicated CARB's interpretation of "regulatory compliance" in the regulation creates the bulk of the uncertainty, confusion and delay. Through separate communications with Ms. Rajinder Sahota, we have provided suggestions for criteria that CARB can use to test regulatory compliance within the current regulation. These can also inform potential 2016 Regulation amendments. A summary of these criteria is provided here:
 1. Regulatory violations should only impact issuance of ARB offset credits if they were caused by project related activities. If project activities did not cause the violation they are not "directly applicable".
 2. For livestock anaerobic digestion projects, "Project Activities" can be interpreted as those associated with manure collection and disposal, and methane collection and destruction. Furthermore, CARB can interpret manure disposal from the project as occurring in the post digestion effluent pond. Manure land application activities not caused by project activities should not be considered directly applicable to the project.
 3. Only violations which result in material adverse environmental impacts should have issuance of ARB offset credits denied. Administrative violations and violations which do not result in material

adverse environmental impacts should not prevent issuance of ARB offset credits.

- More frequent publication of FAQs (e.g. monthly or quarterly) would help streamline the offset program. Currently, it seems that most guidance is provided to individual projects on a case-by-case basis and frequency via the Offset Project Registries. This means that all OPOs and APDs do not have the same information about interpretation of the protocol available to them. This creates inefficiency in accounting and verification and is also unfair. Increasing the frequency of FAQ publication would help remedy this issue. Furthermore, once FAQs are published it is unreasonable that they become effective immediately. We suggest that FAQs become effective 90 days from publication. This would provide OPOs and APDs with the opportunity to adapt to changing interpretations of the regulation, and conduct monitoring activities accordingly.
- Currently, offset verifications cannot begin before the end of the reporting period because the OPDR must be submitted to the verifier before the verification can begin. This creates substantial delay in the timeframe from the end of the reporting period to ARB offset credit issuance. Many aspects of a verification deal with “static data”, such as the project location, start date, combustion devices, project monitoring equipment. The verifier can review much of the related data before the end of the reporting period. Of course a complete accounting of the offsets cannot be complete until all monitoring activities are complete and all the project data is available, but this does not prevent the verifier from beginning their work. Furthermore the offset volume stated on the initial OPDR is rarely identical to that of the final OPDR. In almost all instances the verification process results in a modification to the offset volume. Therefore, it is not necessary for the offset volume to be formalized through the OPDR at the beginning of the verification, which subsequently delays the entire verification process.
- The offset protocols have materiality thresholds to determine their accuracy built into them. It seems unnecessary and inefficient for ARB to require that every protocol discrepancy even those that are non-material and conservative (under estimate offset volume) be changed.
- The requirement for “wet signatures” on various ARB forms is inefficient and out of date. There are many ways in which electronic signatures of various types are used to conduct business in credible and safe ways. We encourage ARB to pursue these in order to streamline the administrative steps of the offset program.

Thank you for your consideration of these suggestions. Please let me know if any additional information or clarification would be helpful.

Thank you,



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