

March 24, 2016

California Air Resources Board
1001 I Street
Sacramento, California 95812

To whom it may concern:

Thank you for the opportunity to comment on the Draft Aliso Canyon Mitigation Program. Blue Source is an adamant supporter of California's aggressive climate goals and what the Air Resources Board has accomplished through implementing its Cap and Trade Program and other measures to reduce greenhouse gas emissions within California and throughout the United States. Through its program designs, ARB has incentivized real emission reductions and established itself as a leader in the fight against climate change, and we encourage ARB to employ many of the same guiding principles used in the Cap and Trade Program in determining a Mitigation Program for the Aliso Canyon methane leak.

GHGs, GWPs and SLCPs

The draft mitigation program emphasizes the importance of mitigating both the GHG as well as the SLCP impacts of the leak. In establishing the impact of methane, the draft program proposes using a 100-year GWP for methane of 28, but ARB currently only credits methane reductions under its Cap and Trade program at a GWP of 21. Is it then appropriate for ARB to penalize methane emissions at a higher multiple than it credits methane reductions? Blue Source would recommend consistency between these two GWPs for methane, preferably with deference to the most recent IPCC Assessment report.

If all mitigation efforts achieved under this program are accomplished via methane reductions, then this discrepancy between methane GWPs makes little difference; however, if separate efforts are undertaken to reduce GHGs and SLCPs (for example, reductions of CO₂ and black carbon to achieve equivalent reductions of GHGs and SLCPs as methane), then the GWP of methane becomes critical.

Scope of Acceptable Projects and Reduction Activities

California has achieved tremendous amounts of emission reductions that occur around the country by designing a Cap and Trade Program that encourages and out-of-state project participation. This expands California's leadership and influence and provides economic advantages to California businesses and ratepayers because of the inclusion of lower-cost emission reductions from out-of-state.

Notwithstanding the need to mitigate local effects of the Aliso Canyon leak, Blue Source believes projects that represent high quality emission reduction projects for GHGs and SLCPs should be allowed from around the country, consistent with the Cap and Trade Program. Such projects can provide tremendous community benefits as well, another objective of the Mitigation Program. This approach would also be consistent with the reality that climate change is not a local problem, but one of global scale, and that GHG and SLCP emission reductions occurring anywhere in the country will have the same climate impact as those that occur in California.

Similar to geographic scope, the Draft Mitigation Program has prioritized reductions from the agricultural and waste sectors. Even though the logic of focusing efforts on these sectors makes sense since they are the largest sources of methane in the state, these sectors may not contain the lowest cost or most beneficial reduction opportunities. Blue Source suggests not limiting the potential reductions and community benefits to these sectors alone when equal or possibly greater benefits could be achieved in other sectors.

Program Administration

- Approval Process. The Draft Mitigation Plan mentions an approval process that would be required for projects. Blue Source would encourage ARB to develop criteria for approval that are as objective as possible, reducing the likelihood that investment of resources would be spent on projects that may be subjectively denied.
- Review Timing. The draft plan also mentions reviews happening in a “relatively brief interval.” Blue Source recommends setting a specific review interval, after which if no rejection is received, the project is deemed accepted. Nondescript review timelines have been a source of frustration for market participants in the Cap and Trade Program.
- Staffing requirements. Blue Source encourages ARB to rely heavily on selected third party program administrators, as described in the Draft Mitigation Program, in order to reduce the burden on ARB staff in implementing this program. If ARB is to continue to play an ongoing, active role in administering the program over the course of many years, we simply request that ARB carefully plan for staff requirements so other aspects of ARB’s climate programs not be negatively affected by the additional burden.

Thank you very much again for the opportunity to comment.



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