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Clerk of the Board

California Air Resources Board

1001 I Street, Sacramento, California 95814

Submitted to: <http://www.arb.ca.gov/lispub/comm/bclist.php>

C-AGG and IETA Comments on ARB *Compliance Offset Protocol: Rice Cultivation Projects*, Proposed 15-Day Modifications

Background:

The Coalition on Agricultural Greenhouse Gases (C-AGG) is a multi-stakeholder coalition of agricultural producers, scientists, methodology experts and developers, carbon investors, environmental ngo's, and project developers that promotes the development and adoption of science-based policies, programs, methodologies, protocols and tools for greenhouse gas (GHG) emissions reductions and carbon sequestration from the agricultural sector. C-AGG supports capacity-building and concrete approaches to incentivize voluntary GHG emissions reductions opportunities for agricultural producers that enhance productivity and income generation opportunities while benefiting society.

General Comments:

Offsets are an important part of a well-functioning cap-and-trade program, and serve as a cost-containment mechanism for regulated sectors while achieving beneficial GHG emissions reductions from unregulated sectors. Science-based offset protocols that are designed with the agricultural sector in mind must take into consideration the biological nature of these managed ecosystems and the economic and socio-cultural nature of the agricultural sector. Well-designed, effective offset protocols for the agricultural sector must be flexible enough to allow for variability due to different management practices as well as to changing weather, climate, land tenure and ownership, for instance, while also encouraging innovation, a hallmark of the agricultural sector.

C-AGG applauds the California Air Resources Board's (ARB) commitment to develop agricultural protocols that will engage the agricultural sector in voluntary opportunities to contribute to California's cap-and-trade program and emissions reduction obligations, and ARB's continued engagement with stakeholders. C-AGG believes that the *Compliance Offset Protocol: Rice Cultivation Projects* will provide important precedents for other agricultural offset protocols developed and approved by ARB in the future. Successful agricultural offset protocol design elements include the following: the ability to leverage economies of scale through programmatic investments in science-based project measurement approaches, including process models; project aggregation or consolidation to allow multiple producers to participate in a single project; and cost-effective yet rigorous verification approaches.

C-AGG's comments focus specifically on proposed revisions found in ARB's 15-day [notification](#), which relate to the Compliance Offset Protocol Rice Cultivation Projects ([Attachment 3](#)).

Project Verification. In the current Rice Protocol, ARB requires individual verification statements for every Offset Project Operator (OPO) within a consolidated Offset Project Data Report (OPDR) submitted by a single Authorized Project Designees (APD). We recommend this requirement should be changed to require audits of all OPO data, as collected, managed and stored by APDs, but only site visits on a scientifically identified sample of farms or fields within a collective project¹. If audits reveal errors or indicate problems that may be systemic, a more in-depth verification should be required.

C-AGG supports science-based verification approaches that utilize randomized and risk-based sampling to allow for site visits on a scientifically identified sample of farms or fields within aggregated projects. Project verifiers already develop Sampling Plans in a transparent and documented approach; C-AGG's proposed approach is fully in keeping with this, and would rely on the rigor of science to reduce verification costs without sacrificing program integrity.

Combined with documentation requirements and monitoring techniques such as the satellite data and other remote sensing technologies, date- and time-stamped photographs, and other real-time and technological approaches that exist and or may be under development or even yet-to-be, these verification approaches can be scientifically and technically rigorous and meet the necessary reasonable level of assurance without being more costly than potential returns on project investment.

Project Verification Pilot Program. During the last comment period on the *Compliance Offset Protocol: Rice Cultivation Projects* (draft dated October 28, 2014), a staff report described a Rice Cultivation Protocol Pilot Verification Program, intended to fund the verification of projects using two approaches for a 3 year period. The aim of the Pilot Verification Program was to complete a comparative assessment of these two approaches.

C-AGG urges ARB to work in a transparent fashion with stakeholders and experts from the agricultural and carbon market sectors to design and document the Verification Pilot approach. This will help to ensure that a robust and agreed-upon Pilot Program includes participation of an adequate number of APDs and OPOs to show meaningful outcomes from which a comparative assessment can be developed. It will also ensure that all stakeholders are clear and agreed on the approach and the means by which the comparative assessment will be conducted and future project verification approaches developed. A well designed comparative assessment will be a valuable and worthwhile endeavor, and will provide sound information on which to base the development of updates to the *Compliance Offset Protocol: Rice Cultivation Projects* and other agricultural protocols developed by ARB. As a multi-stakeholder

¹ See C-AGG's proposed approach recognizing that project verifiers already develop Sampling Plans in a transparent and documented manner - the proposed approach relies on the rigor of science to reduce verification costs without sacrificing program integrity.



collaborative, C-AGG will commit to constructively engage in any way possible to help develop the design of the Pilot Program and the comparative assessment.

Project Data Disclosure. The requirement of the proposed *Compliance Offset Protocol: Rice Cultivation Projects* for full project data disclosure should be revised to protect proprietary or confidential business information (CBI) in order to ensure the willingness and ability of individual producers to participate in rice cultivation offset projects and future agricultural offset projects. As currently written, the requirement for full public disclosure of all data may divulge proprietary or confidential business information (CBI) of agricultural producers. While some of the information collected from individual producers participating in a consolidated Rice Cultivation Offset Project might be necessary to include in private reports to ARB, the requirement for such data to be made publicly available may lessen or negate the willingness and ability of rice producers to participate in the protocol. C-AGG suggests that ARB state unequivocally that proprietary and confidential business information will not be publicly shared at any point. Additionally, the Protocol and supporting documents should explicitly identify which information this pertains to.

Summary. C-AGG and IETA thank ARB and its staff for continued dedication to developing agricultural offset protocols for the CA GHG reduction program. The *Compliance Offset Protocol: Rice Cultivation Projects*, as the first crop-based agricultural offset Protocol, will serve as a precedent for future agricultural offset protocols in CA in many ways, including offset protocol design, ease of participation by the agricultural sector, and participation of project developers and others in the carbon market supply chain. It is thus imperative that this protocol pave the way for additional protocols that can successfully incentivize the agricultural sector in GHG mitigation activities, particularly given the multiple beneficial environmental and habitat impacts of these activities.

C-AGG and IETA urge ARB to adopt the changes to the protocol as recommended herein, and to pass the *Compliance Offset Protocol: Rice Cultivation Projects* at the next ARB Board meeting.

Sincerely,

Debbie Reed, Executive Director
Coalition on Agricultural Greenhouse Gases (C-AGG)

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