

# California's Compliance Offset Program

California Air Resources Board  
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March 1, 2012

# Agenda

- Compliance Offset Criteria
- Compliance Offset Protocol Development
- Compliance Offset Protocol Requirements
- Process for Issuance of ARB Offset Credits

# General Offset Criteria

- Reductions must meet AB 32 criteria
  - Real, additional, quantifiable, permanent, verifiable and enforceable
- Offsets must result from ARB Board adopted compliance offset protocols
- Offset credits cannot be issued for GHG emission activities under the cap

# Real, Quantifiable, Verifiable, & Permanent

- Real – only actual reductions are credited
  - Conservative quantification methods
- Quantifiable – measurable, accurate calculations
  - Best science to monitor and calculate reductions
- Verifiable – documented and transparent process
  - Requirements for document retention related to monitoring and calculations, project site visit
- Permanent – non-reversible credited reductions, or mechanisms for 100 year sequestration

# Additional & Enforceable

- Additional - beyond regulation or would otherwise occur
  - Set performance standards that account for regulatory activities that achieve GHG reductions
  - Review common practice in the region
- Enforceable – accountability for each step
  - Attestations, submit to California jurisdiction, financial penalties on developers, replacement requirements on offset users

# Compliance Offset Protocol Development

- Compliance Offset Protocols must go through a regulatory process, which includes:
  - Stakeholder process
  - Environmental review (CEQA)
  - Board approval
  - Only ARB can adopt Compliance Offset Protocols for the Cap-and-Trade Program
- Standardized (top-down) approach to protocol approval
  - Board will adopt one protocol for each project type

# Requirements for Compliance Offset Protocols (1)

- Offset protocols approved by the Board will establish standardized criteria for the applicable project type, including:
  - Quantification methods
  - Project baselines and defined business-as-usual based on the principle of conservativeness
  - Additionality, regulatory and common practice
  - Emission factors
  - Monitoring methods

# Requirements for Compliance Offset Protocols (2)

- Protocols adopted by the Board must:
  - Include methods to calculate, monitor and report emission reductions or removals accurately and consistently
  - Account for leakage and uncertainty in quantification factors
  - Ensure permanence of GHG reductions or removals (i.e. for sequestration offset projects)
  - Define project boundaries and the reductions or removals that are calculated within that boundary and for how long (crediting periods)



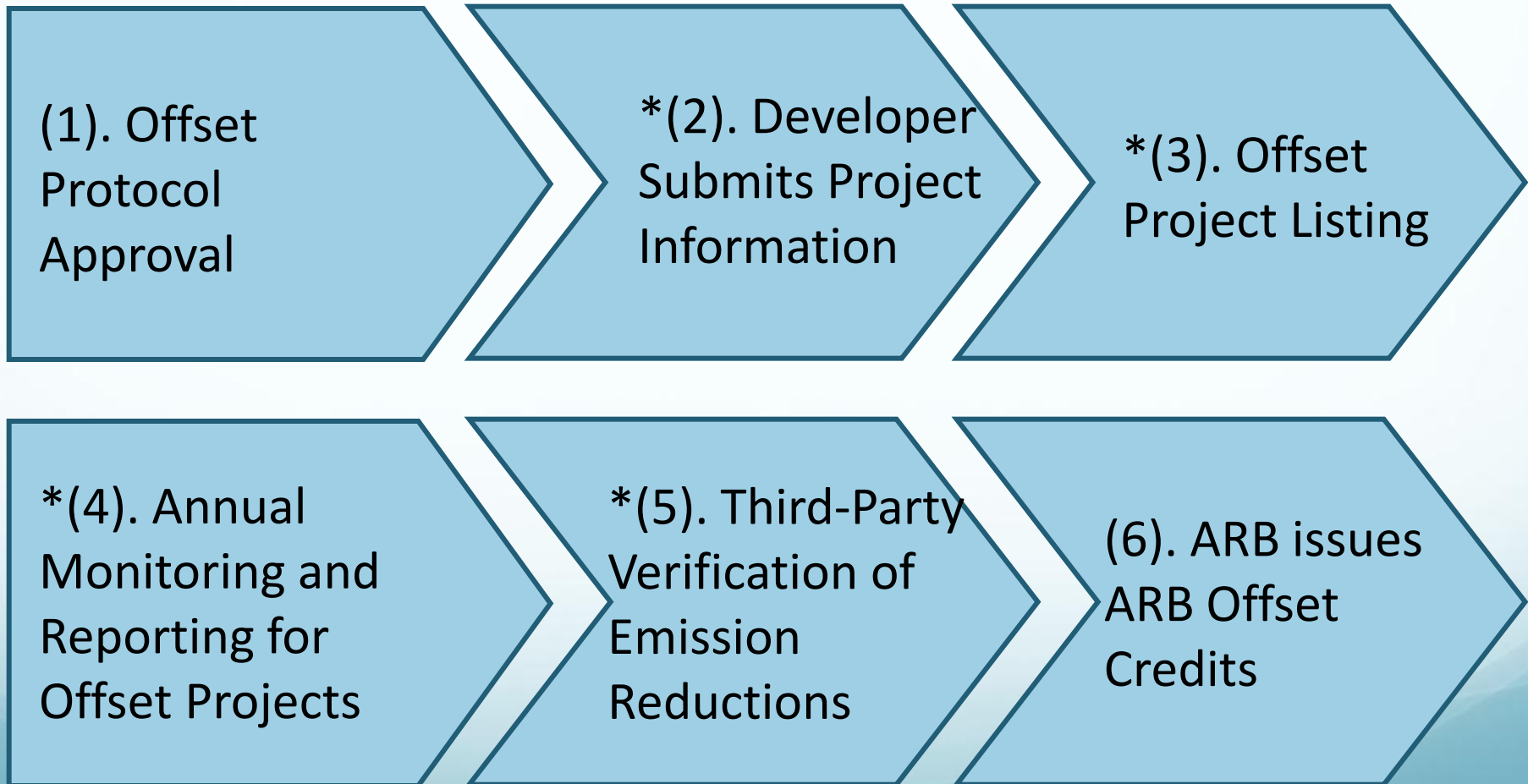
# Offset Project Registries

- Regulation includes provisions for ARB to approve offset project registries (OPRs) for performing some administrative functions of the offset program
  - Leverage existing external resources
  - Ensure offset supply in the early years of the program
- Offset projects listed with an OPR must still use an ARB compliance offset protocol and be verified by an ARB-accredited verifier

# Process for ARB Offset Credit Issuance (1)

- Developer uses a Compliance Offset Protocol
- Developer submits project information to an OPR
- OPR lists offset project information on publicly available webpage – ARB also makes available
- Developer reports annually on project activities
- Developer utilizes an ARB-accredited verifier to verify reductions from offset project
- OPR reviews verification statements before issuing registry offset credits
- ARB reviews all information before issuing ARB offset credits – registry offset credits are retired

# Process for ARB Offset Credit Issuance (2)



\*OPRs can administer these parts of the program

# Contact Information

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