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)

1. Offset Protocol Approval
2. Developer Submits Project Information
3. Offset Project Listing
4. Annual Monitoring and Reporting for Offset Projects
5. Third-Party Verification of Emission Reductions
6. ARB issues ARB Offset Credits

*OPRs can administer these parts of the program
Contact Information

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