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Dallas Burtraw
Committee Chair
Independent Emissions Market Advisory Committee

Electronic Submittal:

The Verified Emission Reduction Association (VERA) is appreciative the opportunity to comment on the 2021 IEMAC report. Our comments are limited to the chapter on Offsets. VERA is made up of individual companies with vast experience in achieving real greenhouse gas (GHG) reductions for the cost-effective use in California's Cap-and-Trade Program (Program). VERA strongly supports California's efforts to reduce statewide GHG emissions through a market-based program, including the use of high-quality carbon offsets. VERA is pleased that state law has codified the use of offsets in the Program¹. We continue to support CARB's efforts to maximize the benefits of offsets to contain costs and support the development of new innovative projects and technologies on a scale not achievable through command-and-control regulations.

Offsets are important and beneficial to the overall goal of the State

VERA members are fully committed to the fundamentals of environmental integrity, ensuring that offsets are *real, quantifiable, permanent, verifiable, additional and enforceable* GHG reductions, as required under the Program. We believe they are an effective component to help accomplish the Programs' lofty goals, including establishing a program in which other jurisdictions can participate.

The Legislature's decision to codify offset use recognizes that offsets benefit the Program and California's environment and economy in tribal, rural and urban areas throughout the state. VERA supports CARB's recognition that many CARB-approved offset projects can, and do, provide direct environmental benefits to California beyond the greenhouse gases they reduce.

The original AB 32 Climate Change Scoping Plan² laid out a vision for leadership and exportability of California's GHG program. It also highlighted that reducing in-state emissions alone would not solve the larger issue. Those original goals of global action for the benefit of California are being achieved with the use of offsets, both within and outside of California as the reduction of unregulated GHGs has enormous benefit to California's long-term goals of reducing the impacts of global climate change. The continued release of potent emissions such as methane, black carbon and refrigerants is of great concern and urgency. Offsets provide a viable mechanism to achieve the additional reductions necessary to help achieve the larger goal, and that is a foundational policy laid out in the Scoping Plan that needs to continue. For example, non-forestry projects help overcome the challenges of reducing emissions in hard-to-decarbonize sectors and supply chains, which is increasingly important for net-zero goals.

California's approved project types capture and destroy biogas generated by livestock manure, ozone-depleting substances (refrigerant gases), fugitive methane escaping from mining operations, and maintain or enhance carbon stocks in North American forests. Each of these projects is a separate commitment to help the

¹ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB398

² <https://www.arb.ca.gov/cc/scopingplan/document/scopingplandocument.htm>

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environment, and each one is individually selected to achieve all of the State's goals--GHG reduction, cost savings, environmental co-benefits.

With the dual benefits of generating cost-effective GHG reductions in uncapped (non-regulated) sectors and promoting environmental, social and economic co-benefits for local communities, the California offset program has been an unqualified success story. The enforcement and investigation of California's millions of issued offsets is rigorous and continuous.

VERA Response to the IEMAC Offsets Chapter

VERA is concerned the chapter on offsets is more of a subjective critique rather than a balanced analysis of the offset program viewed in its entirety. The focus was on just one of the program's four offset-producing protocols, and the chapter completely ignored co-benefits of offsets, the expanded reach of the program to non-regulated entities, the technology and methodological advances that have occurred as a result of the Program, and the local, tribal, and rural benefits that projects bring. In addition, it had a singular focus on potential overcounting of reductions, while dismissing the conservative nature of offset accounting, and therefore the 'undercounting' that is fundamental to the program.

The main thrust of the Offset Chapter was based on a report (co-authored by the IEMAC author) critiquing the Forestry Protocol. This report, along with the Offset Chapter, conveniently ignores highly relevant data that should be considered in drawing conclusions about the program's efficacy. For example:

- When claiming baselines are inaccurate, the report purports to have identified more accurate forest types from project records despite the fact that project records are summary data and do not provide enough detail to do so. It also fails to accurately assess growth of trees between when projects were actually started and when the authors elected to apply their own timestamps.
- When claiming that over crediting is occurring, the report fails to factor in carbon pools that are conservatively excluded from crediting calculations, contributing to under crediting.
- When questioning the sufficiency of CARB's buffer pool, the Offsets Chapter fails to acknowledge that many buffer credits are contributed by projects in very low fire risk areas of the country. Furthermore, when citing The Climate Trust's calculations of potential debits to the buffer pool, it ignored The Climate Trust's conclusion that the buffer pool was indeed sufficient.
- When calling into question the additionality of offset projects on lands owned by conservation organizations, the Offsets Chapter ignores the fact that land is frequently sold by conservation-conscious landowners to new owners that prioritize harvesting. This practice is widely understood in the forestry sector, which is why it is important to realize that the motivations of an existing landowner are insufficient to protect a forest for decades on end. CARB's offset program provides the necessary protection regardless of who owns the forest in the future.

The California Air Resources Board has already issued a 27-page response to this issue³ at question. VERA recommends the final IEMAC version cite the CARB response, with a link, so that readers can make their own

³ <https://ww2.arb.ca.gov/sites/default/files/2021-04/nc-carb-response-to-propublica-forest-questions.pdf>

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conclusions rather than have the agency response summarized in the author's words in a single sentence in footnote 26.

The Offset Chapter author recognizes in the concluding paragraph that any updates to the program require a full public process. VERA supports a scientifically robust review and update of the CARB offset program within the next scheduled cap-and-trade rulemaking update.

Conclusion

VERA is committed to helping the State meet its 2030 and 2045 goals. VERA can be reached through Jon Costantino at Tradesman Advisors, via email at jon@tradesmanadvisors.com.