Voluntary Early Actions Update

California Air Resources Board
February 28, 2008
AB 32 Approaches to GHG Emission Reductions

- AB 32 directs ARB to address greenhouse gas (GHG) emissions by:
  - Adopting mandatory reporting regulations
  - Publishing a list of early actions
  - Developing the Scoping Plan as the vision for reaching the 2020 goal
  - Encouraging/quantifying voluntary early actions
AB 32 Encourages Voluntary Early Reductions

- AB 32 directs ARB to design regulations in a matter that encourages early action to reduce GHG emissions
  - (H&S Code §38562(b)(1))

- ARB is to ensure that entities that have voluntarily reduced their GHG emissions prior to 2012 receive appropriate credit for early voluntary reductions
  - (H&S Code §38562(b)(2))

- ARB is to adopt methodologies for the quantification of voluntary greenhouse gas emission reductions
  - (H&S Code §38571)
Need for Early Action

• Early actions to reduce GHGs are critical
  – Board approved 44 early action measures expected to reduce GHG emissions by 43 MMT

• Voluntary early actions also important
  – Can provide substantial additional reductions
  – Help show what reductions are possible and in which sectors
  – Establish momentum for further reductions
• Stakeholders state that uncertainty is inhibiting voluntary early action
• Two distinct issues:
  – Uncertainty as to how voluntary actions will be treated is keeping some entities from taking action at their own facilities
  – Uncertainty as to how the program will quantify and credit near term voluntary reductions is causing other entities to avoid investment in outside projects
**Addressing Voluntary Actions**

- In October 2007, staff discussed with the Board possible avenues for addressing voluntary early actions
  - Policy statement on treatment of early voluntary reductions
  - Solicitation of voluntary reduction protocols and projects
- Board directed staff to return with recommendations
Staff has reviewed options internally and with stakeholders
  – Circulated for public comment a draft policy statement addressing voluntary early action
  – Informally shared ideas for soliciting voluntary protocol and project proposals
The Draft Policy Statement

• Focused on encouraging voluntary actions now, while Scoping Plan is in preparation
• Reinforces AB 32 provisions by:
  – Encouraging voluntary early reductions of GHG emissions
  – Ensuring that voluntary reductions of GHG emissions are recognized in program design, and
  – Ensuring that any credits provided for voluntary early actions are based on emission reductions that are real, permanent, quantifiable, verifiable, enforceable and additional
• The draft policy statement was reviewed by stakeholders
• ARB has received 17 comments
• Main issues raised
  – Additionality
  – Prior action
  – Regulatory issues and barriers
  – Need for quantification methodologies for projects or protocols
Addressing Comments on the Draft Policy Statement

• Additionality
  – This important criterion has been added

• Prior action
  – Policy statement is intended to encourage new actions on a going-forward basis
  – Past reductions (e.g. prior to AB 32) will be addressed in the Scoping Plan

• Regulatory issues and barriers
  – These issues need full consideration, and will be addressed in the Scoping Plan

• Quantification methods
• ARB encourages proposals for voluntary early GHG emission reductions
• Proposals must include adequate documentation on key elements, including quantification method
• ARB staff would review methodology and confirm the technical soundness of the proposed method
• Executive Officer would be delegated to confirm the quantification methodology
Voluntary Early Projects (cont.)

• ARB confirmation does not address credits under the Climate Change Program
• Appropriate credit determined following ARB adoption of verification regulation, and as part of measure adoption
• ARB will work with CCAR to develop a process for recording emission reductions
Revised Policy Statement

• The revised policy statement commits ARB to:
  – Work with the California Climate Action Registry to develop a process for recording voluntary emission reductions
  – Review proposed quantification methodologies for voluntary GHG emission reductions
    • Where appropriate, ARB will issue an Executive Order to confirm the technical soundness of the methodologies.
  – Work with the South Coast Air Quality Management District and other local air districts to promote development of quantification methodologies and protocols
• Also states the intention of the Board and ARB staff to implement AB 32 in a manner that ensures recognition of actions taken to reduce greenhouse gas emissions after the enactment of AB 32
Thank You

• Questions or Comments?