



22 April 2016

Chairman Mary Nichols
Members of the Board
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Dear Chairman Nichols and Members of the Board:

SCS Global Services ("SCS") appreciates the opportunity to comment on the California Air Resource Board's presentation about the potential inclusion of international, sector-based offset credits in the Cap-and-Trade Program. SCS strongly supports the inclusion of this offset type and would like to participate in the development of rigorous procedures for third-party verification. High-quality, third-party verification is an integral component of any market-based offset program. Building upon the independent and robust requirements outlined for both verification bodies and individual verifiers in the current Cap-and-Trade Program, ARB is in a strong position to leverage this success to international, sector-based offsets.

Slide 31 of the workshop presentation discussed how jurisdictional methodologies could be validated as part of the program's design at the onset of the program, and potentially through periodic evaluations thereafter. SCS is aware that some methodologies require a reassessment of the baselines after a 10-year period, yet the methodology does not change, unless it has been updated. SCS understands that each jurisdiction will have unique characteristics, available data, and challenges; however, it is important to set clear parameters about acceptable methodologies in an effort to streamline verification efforts. It is inevitable that verifiers need to evaluate unique programs for each jurisdiction, yet the methodologies should be limited by established options or parameters. It would be helpful to get a greater understanding of what a periodic evaluation would entail. Would this mean that the methodology could change over time? If this is the case, it may be difficult to make apples-to-apples comparisons between time periods that used distinct methodologies. Additionally, should the gamut of methodologies be too wide, verification bodies may be required to develop new tools of evaluation for each individual jurisdiction. Not only would this be a time-consuming and challenging endeavor to conduct for each jurisdiction, there would be less opportunity to improve and refine auditing techniques and approaches. Consequently, verification costs would be higher because of the bespoke evaluation required for each jurisdiction.

Slide 34 mentions that “required verification methodologies would be developed by the jurisdiction as part of the program design.” SCS would like to hear more about this proposal. From having only read the powerpoint presentation, our concern is that the jurisdiction would not have the capacity or expertise to develop verification methodologies. Accreditation bodies such as the Air Resource Board and the American National Standards Institute are the entities that are equipped to develop such standards. SCS has participated in numerous working groups for a multitude of carbon standards and it is not necessary or efficient to reinvent the verification process for each new standard or jurisdiction. Perhaps jurisdictions would select from a limited set of parameters; however, adding the development of verification methodologies to the jurisdiction would one additional barrier to entry, a barrier for which they may not have the experience or expertise to tackle.

SCS supports the adoption or revision of one (or several) of the standards and guidelines for verification listed on slides 35-37. Of the standards, SCS is supportive of the adaptation of the verification procedure of ARB’s Domestic Offset program to international, sector-based offset credits.

Again, SCS appreciates the opportunity to provide comments and we hope that our comments will be helpful during the review process.

Sincerely,

A handwritten signature in black ink that reads "Christie Pollet-Young". The signature is written in a cursive, flowing style.

Christie Pollet-Young

Director of Greenhouse Gas Verification