



October 30, 2015

Ryan McCarthy, Office of the Chair  
Air Resources Board, California Environmental Protection Agency  
1001 I Street  
Sacramento, CA 95812

RE: Comments on Draft Short-lived Climate Pollutant Strategy

Dear Mr. McCarthy:

The American Carbon Registry (ACR), an approved Offset Project Registry (OPR) for the California Cap-and-Trade program, respectfully submits comments herein on the California Air Resources Board's Draft Short-lived Climate Pollutant (SLCP) Strategy. We appreciate that California continues to pioneer climate action, taking a leadership role in addressing the subset of climate pollutants whose mitigation would provide near-term environmental benefit and would extend the limited time available to address the issue comprehensively.

As we have highlighted previously, ACR has developed, and is continuing to develop, carbon offset methodologies that address methane and F-gases, including key sources identified in ARB's Draft SLCP Strategy. These sources include livestock manure, enteric fermentation, air-conditioning equipment, refrigeration systems, and foam blowing agents.

ACR's methodologies, available at <http://americancarbonregistry.org/carbon-accounting/standards-methodologies>, may provide a useful foundation for certain initiatives within the SLCP strategy. Of particular value may be the following:

- Use of Certified Reclaimed HFC Refrigerants and Advanced Refrigeration Systems
- Grazing Land and Livestock Management
- Reduced Carbon Intensity of Fed Cattle (currently in scientific peer review)
- Conversion of Foam Blowing Agents from High-GWP to Low-GWP Materials (currently in scientific peer review)

In addition, ACR is updating ARB's existing ODS destruction protocol with new data. One relevant implication for the SLCP strategy is that the revised protocol will better support destruction of F-gases in foam insulation.

Greenhouse Gas Reduction Fund proceeds could be used to purchase and retire offsets generated from specified voluntary methodologies. Alternatively, ARB could auction put options to offset project developers, enabling them to pay ARB for a guaranteed floor price for the offsets. If market prices for offsets exceed the established floor price, project developers would choose not to exercise their put options, and the emissions reductions would have been achieved at no cost to the public. The World Bank's Pilot Auction Facility for Methane and Climate Change Mitigation is an existing, functioning example of this type of mechanism. A price guarantee from a creditworthy buyer provides offset project developers and their financial backers the certainty needed to invest in emissions reduction activities.

The price ultimately paid from state funds would be either zero or the minimum price at which such emissions reductions can be incentivized.

Incorporating offsets into the SLCP Strategy would leverage market forces. Across the range of SLCP sources addressed by offsets methodologies, the market would identify the lowest cost opportunities to reduce emissions, thereby maximizing climate benefit for funds expended.

Offsets offer a way to address sources that are otherwise difficult to reach. Indeed, the Draft SLCP Strategy's approach to enteric methane is limited to researching mitigation options. We are proposing that ARB act on existing mitigation options, embodied in peer-reviewed offsets methodologies, for what we all agree is an urgent problem.

An additional benefit of an offsets mechanism is price discovery. It can otherwise be difficult to ascertain the carbon price necessary to address certain sources of emissions. Understanding the costs of mitigation options can, of course, be valuable in any subsequent considerations of effective climate policy.

The emissions reductions practices included in the suggested offsets methodologies, while scientifically sound and environmentally beneficial, have unfortunately seen limited implementation. Therein lies an opportunity for California to once again drive innovation. Applying these leading edge emissions reduction approaches would establish a base of experience that furthers California's position as a climate leader.

Please feel free to contact me if you would like to further discuss the ACR methodologies or how offsets could be an important component of a successful SLCP strategy. Thank you for the opportunity to provide our comments to ARB.

Respectfully,



Arjun Patney  
Policy Director, American Carbon Registry  
an enterprise of Winrock International  
arjun.patney@winrock.org