AB 398
Compliance
Offsets Protocol
Task Force Meeting

November 13, 2020

CALIFORNIA
AIR RESOURCES BOARD

Agenda

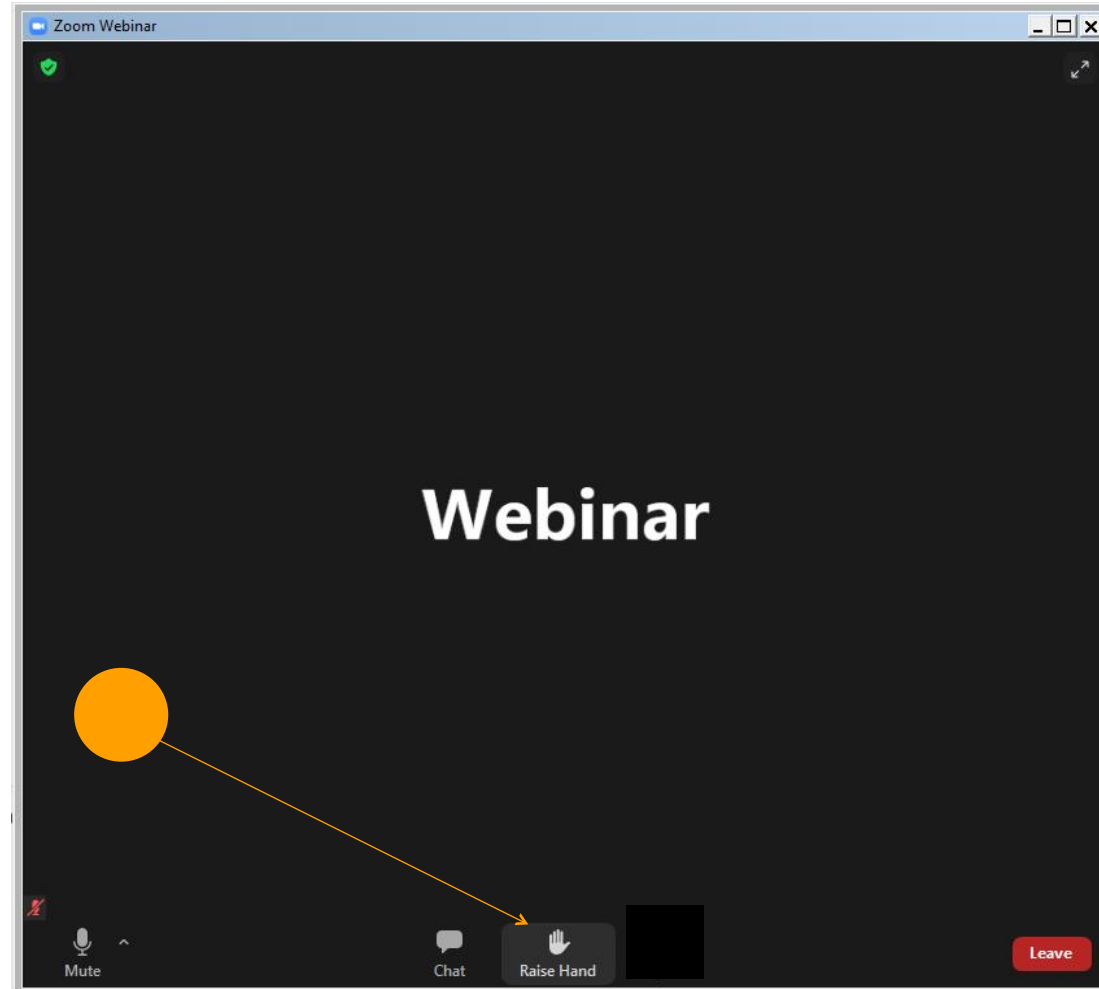| Topic	Time*
Bagley-Keene Open Meeting Act and Public Records Act	9:10 a.m.
Reminder of Task Force mandate	
Report format	
Proposed schedule on next steps	
Discussion of Initial Draft Recommendations[†]	10:15 a.m.
Lunch	12:00 p.m.
Discussion of Initial Draft Recommendations[†]	1:00 p.m.
Discussion of areas flagged in Initial Draft Recommendations for further Task Force deliberation[†]	4:15 p.m.

*All times are notional.
[†]There will be a public comment period.

Meeting Agreements

- Assume good will

- Listen with an open mind and take an active problem solving approach

- Avoid editorials and engage with respect

- Use conversational courtesy

- Honor time and share the floor

- Appreciate humor, but not at others' expense

- Be comfortable – take personal breaks as needed
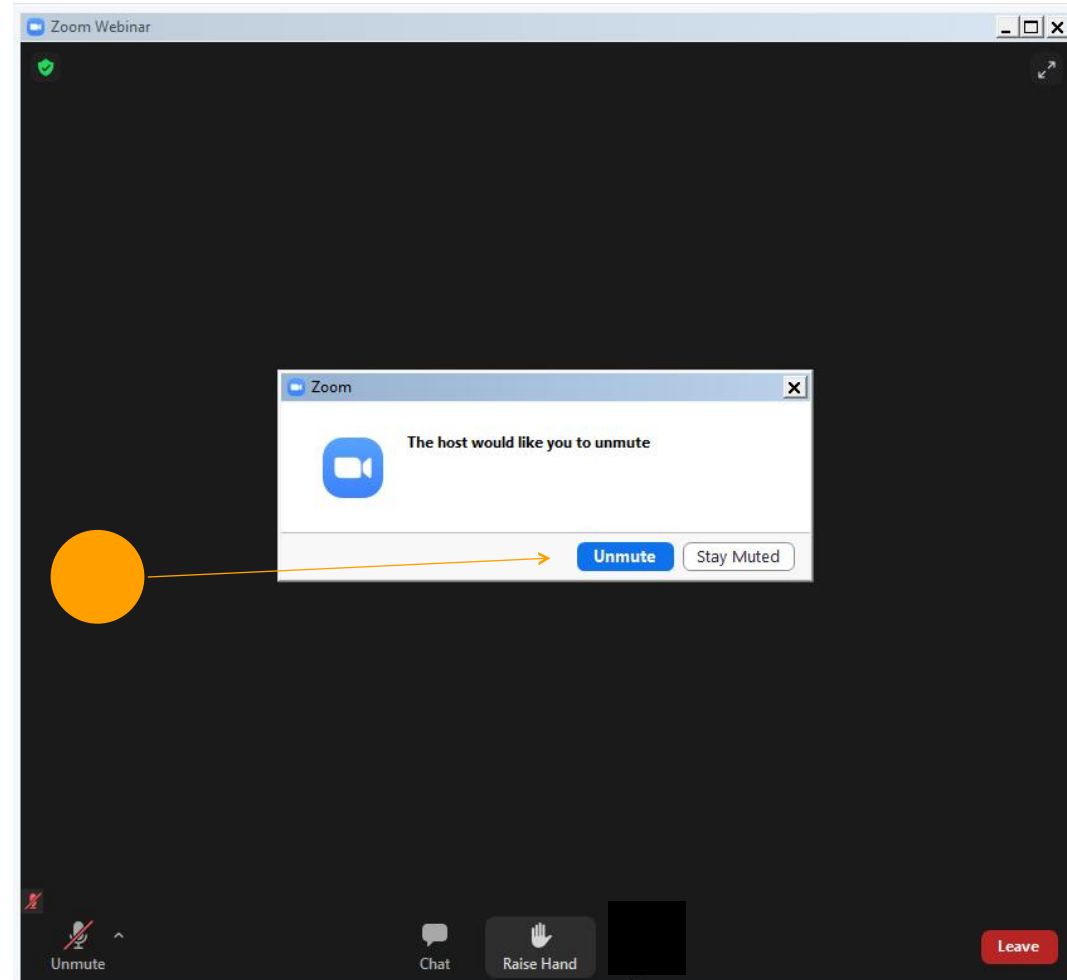
Zoom Attendees: How to Join Speaking Queue

- Zoom: to be added to the speaking queue, click the **Raise Hand** icon at the bottom center of your screen.

- For those on the phone, press ***9**. You will hear a voice telling you have been added to the speaking queue.

Zoom Attendees: Unmuting/Muting

The facilitator will call your name when it is your turn to speak.

- Zoom: You will receive a message – click the Unmute button.

- On phone: Dial ***6** to mute/unmute

Written Comments

- Written comments may be submitted during the Task Force meeting to: OffsetTaskForce@arb.ca.gov

Tech Support

- Please reach out for help if you have any technical challenges!

- Contact Corin Choppin, Facilitation Team Zoom Support, via text or phone at **916-606-9609**

- Reminder: Meeting is being recorded

Bagley-Keene Open Meeting Act

- Designed to ensure a "state body" conducts its business openly and transparently

- Requirements:
  - Task Force needs quorum of at least 7 members to hold meetings
  - Information given to Task Force as a group must also be made available to the public
  - Task Force meetings must be public
  - Task Force quorum may not deliberate outside of noticed meetings
    - Includes informal gatherings unless they are purely social gatherings
  - Task Force members need to avoid serial communications that involve more than 6 members

Task Force Related Documents

- Records in the possession of the Task Force are public (pursuant to California's Public Records Act), including records used/created for Task Force purposes. The key Task Force related documents are available on CARB's website at https://ww2.arb.ca.gov/our-work/programs/compliance-offset-program/compliance-offset-protocol-task-force

- CARB's Task Force website includes, among other documents and information:
  - Draft Task Force reports
  - Public comments
  - Information about the Task Force
  - Meeting notes and recordings

Task Force Mandate (1 of 2)

- Assembly Bill 398 (Garcia, Chapter 135, Statutes of 2017)
  - Provide guidance in approving new offset protocols for the purpose of increasing offset projects with direct environmental benefits in the state while prioritizing:
    - Disadvantaged communities
    - Native American or tribal lands
    - Rural and agricultural regions

Task Force Mandate (2 of 2)

- Assembly Bill 293 (Garcia, Chapter 85, Statutes of 2019)
  - Consideration of additional offset protocols, including but not limited to:
    - Enhanced management or conservation of agricultural and natural lands
    - Enhancement and restoration of wetlands
  - Recommendations on joint development of natural and working lands offset projects under approved Compliance Offset Protocols

Report Format Proposal

- Include an Executive Summary listing recommendations

- Appendices at end of report, not after each chapter

- Overall report format options:
  - Keep the report as is as far as the unique framing of each chapter, **OR**
  - Reformat the initial draft report to have more consistency across chapters

Proposed Schedule

- Pursuant to the Task Force Charter, the Task Force will prepare a final written report within one year of convening

- Approximate timeline

Description	Date
Revisions to CARB	Mid-January
Begin 15 day public comment	Late-January
End 15 day public comment	Early-February
Final meeting	Mid-February
Final report posting	March 2, 2021

Discussion of Initial Draft Recommendations per Task Force Subgroups

Subgroup Recommendations: Overarching/Programmatic Considerations (1 of 3)

- Options for expanding utilization of offsets
  - Improve invalidation requirements
  - Allow offset usage limits to be traded among compliance entities
  - Consider recommendations regarding allowance supply adjustments
  - Recognize that compliance grade offsets can be a tool for helping achieve other state and federal climate policy initiatives

Subgroup Recommendations: Overarching/Programmatic Considerations (2 of 3)

- Specific to disadvantaged communities, Native American or tribal lands, and rural and agricultural regions
  - Project development loans and subsidies
  - Project consolidation across fragmented tribal land ownership
  - Pricing agreements
  - Project inventory and verification streamlining
  - Investments and partnerships incentives
  - Land and project conversions
  - Agency technical support

Subgroup Recommendations: Overarching/Programmatic Considerations (3 of 3)

- Criteria for prioritization of new protocols and amendments
  - Air quality and environmental justice considerations
  - Prioritize benefits for California: direct environmental benefits in the state
  - Aggregation of project participants
  - Efficient use of CARB resources

Subgroup Recommendations: Blue Carbon/Wetlands

- Review American Carbon Registry's Restoration of California Deltaic and Coastal Wetlands Methodology for recommendation as a compliance offset protocol

- Support continued research, and explore climate finance options to support project development within blue carbon/wetlands ecotypes

Subgroup Recommendations: Forestry (1 of 4)

Item	Topic	Consensus Recommendations
1	Geographic eligibility: Hawaii and Alaska	Now that there is FIA data available, include Hawaii and additional parts of Alaska in program.
2	Eligibility: Previously listed projects	Allow for land in projects that were previously listed for an offset project to be eligible for inclusion in another project if no offsets were previously issued.
3	Definition: Forest Owner	Scope definition to owners of affirmative interests with title and/or control of property resources relevant to offset project responsibility and liability.
4a	Reversals: Standard of Negligence	Clarify standard of negligence related to intentional reversals to be consistent with typical California legal standard of willful misconduct or gross negligence.
4b	Reversals: Alternative Accounting for Certain Types	Provide additional flexibility for managing certain types of reversals, while maintaining offset permanence and core requirements that all reversals be verified and compensated.
5	Invalidation Guidance	Limit offset invalidation to infractions that occur on the project site and have an environmental impact. Apply a remedy that is proportional to the violation's direct effect on carbon stocks. Reduce the invalidation period for IFM projects to three years.

Subgroup Recommendations: Forestry (2 of 4)

Item	Topic	Consensus Recommendations
6	Verification Guidance	Publish guidance for verification to ensure verifiers focus on assessing material compliance with the Protocol with reasonable assurance. Improve efficiency of ARB review.
7	ARB Guidance	Regularly publish guidance, directives or decisions from ARB communicated to project developers, verifiers or registries.
8	Common Practice Baseline	Update FIA-derived common practice statistics for each defined assessment on a regular schedule. Remove site index classifications and use average values consistently for Assessment Areas. Change period of time for determining High Stocking Reference if project area has changed ownership in the last 10 years.
9	New methods for inventory and modeling	Provide an efficient process for ARB approval of new technologies and methodologies proposed by project developers that provide greater accuracy in measurement.
10	Verification: Sequential Sampling	Evaluate the technical appropriateness and practical application of sequential sampling in verification and consider alternative statistical methods if necessary.

Subgroup Recommendations: Forestry (3 of 4)

Item	Topic	Consensus Recommendations
11	Verification: Projects with few or no new offset accruals	Reduce verification frequency and intensity for projects with small offset issuances and projects no longer seeking new offset issuances.
12	Project Boundary Changes	Allow project area boundaries to be changed under certain circumstances to add or remove area after project registration.
13	Aggregation of projects	Convene a work group to assess alternatives from existing models and recommend a methodology to ARB.
14a	Qualified Conservation Easements (QCE)	Require interagency cooperation between ARB and state funding agency to apportion responsibility for enforcement of conservation easement.
14b	Qualified Conservation Easements: Timing	Allow for QCE to be granted no later than date Forest Owner requests issuance from ARB of offset credits for first reporting period, provided there is a binding commitment to do so. Allow for QECs to be granted in phases over five years.
15	Reforestation baseline	Provide an alternative, more predictable baseline for reforestation projects using FIA data.

Subgroup Recommendations: Forestry (4 of 4)

Item	Topic	Consensus Recommendations
16	Non-federal public lands baseline	Simplify the method for estimating baseline onsite carbon stocks for an improved forest management project on lands owned or controlled by non-federal public agencies.
17a	Buffer pool: Insurance	Allow project operators to purchase ARB approved insurance products to fund buffer pool liability as an alternative to contributing offsets.
17b	Buffer pool: Discounts	Require all projects to address climate resiliency and ways to reduce risk of natural disturbances. Allow a reduction in the buffer contribution for insects/disease when projects demonstrate improved resiliency to these disturbances.

Subgroup Recommendations:
Livestock, Agriculture, and Rangeland

- **Protocols which can be developed with existing scientific research**
  - Avoided grassland conversion
  - Cattle feed additives to reduce enteric fermentation
  - Diversion/conversion of cattle manure storage from anaerobic to aerobic systems

- **Practices where protocols could be developed, but there are scientific or economic barriers**
  - Compost applications to grazed grasslands (offsets alone unlikely to overcome economic barriers)
  - Subsurface drip fertigation with manure or synthetic fertilizer (more research needed to quantify under specific cropping scenarios)

- **Practices where significant additional research is necessary**
  - Limited or no-till agriculture (quantification/permanence of carbon sequestration)
  - Cover crops (quantification/permanence of carbon sequestration)

Subgroup Recommendations: Urban Forestry

- Consider adopting the Climate Action Reserve (CAR) Urban Forest Management Protocol v.1.1 after making modifications to address ongoing issues such as cost and scale

Subgroup Recommendations: Ozone Depleting Substances

- Ozone depleting substances (ODS) protocol
  - Add R-22, R-134a, R-125, R-32, and R-143a as eligible; do not add halons
  - Reduce scope of regulatory conformance to activities directly affecting ODS processing and destruction
  - Modify ODS foam baseline to better align with current recovery and reuse
  - Update GWP factors for refrigerants, refrigerant substitutes, and 10-year emission rates
  - Allow ODS sourced from the federal government as eligible
  - Review the current American Carbon Registry (ACR) ODS protocol

Subgroup Recommendations:
Mine Methane Capture

- Mine methane capture (MMC)
  - Update MMC protocol to facilitate more projects that will reduce venting methane

Discussion of areas flagged in Initial Draft Recommendations for further Task Force deliberation

"Major Conclusion" Flags

#	Page	Flag	Chapter	Context
1	13	[FLAG: Major conclusion for Task Force review and consensus.]	Analysis and Recommendations on Overarching/Programmatic Considerations	"With the dual benefits of generating GHG reductions in uncapped sectors and promoting environmental, social and economic co-benefits, the offset program has been a success story by almost all measures." (p. 13)
8	26	[FLAG: Major conclusion for Task Force review and consensus.]	Analysis and Recommendations on Overarching/Programmatic Considerations	"Mindful that quality and integrity of offsets are of primary importance in ensuring credibility and public confidence in the market, we want to ensure that CARB continues its tradition of setting high standards for credits and their enforcement." (p. 26)

For reference, each flag is numbered in the order it appears in Compliance Offsets Protocol Task Force Initial Draft Recommendations, October 7, 2020

Other Flags (1 of 4)

#	Page	Flag	Chapter	Context
2	18	[OVERLAP: Forestry Chapter Recommendation 5]	Analysis and Recommendations on Overarching/Programmatic Considerations	Overlap; invalidation
3	21	[NOTE: This section overlaps with content...*	Analysis and Recommendations on Overarching/Programmatic Considerations	Overlap; disadvantaged communities, Native American or tribal lands, and rural and agricultural regions

*...in the Blue Carbon/Wetlands Subgroup report (VI) and Livestock, Agriculture and Rangeland Subgroup report (discussion and recommendations on benefits and impacts to disadvantaged communities, Native American or tribal lands and rural and agricultural regions), and may be similar to those in other subgroup reports. To the extent that there is overlap, we recommend that those sections not be duplicative, but rather refer to this section by reference and then focus on recommendations specific to that particular subgroup topic. The purpose of this would be to reduce redundancy within the report.]

Other Flags (2 of 4)

#	Page	Flag	Chapter	Context
4	23	[FLAG: Overlap also with Forestry Chapter Recommendation 13 on Aggregation of Projects]	Analysis and Recommendations on Overarching/Programmatic Considerations	Overlap; aggregation
5	23	[FLAG: Overlap also with Forestry Chapter Recommendation 6 on Verification Guidance]	Analysis and Recommendations on Overarching/Programmatic Considerations	Overlap; verification
6	24	[NOTE: We recommend that report compilers expand this section as appropriate, with recommendations from other subgroups to the extent that common themes emerge related to the topics described below.]	Analysis and Recommendations on Overarching/Programmatic Considerations	Note to report compilers to expand section as appropriate

Other Flags (3 of 4)

#	Page	Flag	Chapter	Context
7	25	FLAG: Overlap with Forestry Chapter Recommendation 13 on Aggregation of Projects.]	Analysis and Recommendations on Overarching/Programmatic Considerations	Overlap; aggregation
9	35	[FLAG: Overlap with Overarching/ Programmatic Chapter Recommendation Section III. B.]	Analysis and Recommendations on Blue Carbon and Wetlands	Overlap; disadvantaged communities, Native American or tribal lands, and rural and agricultural regions
10	37	[Flag: Previous sentence is repeated on next page, may or may not serve a different purpose.]	Analysis and Recommendations on Blue Carbon and Wetlands	Repeat
11	37	[Flag: Previous sentence is repeated on previous page, may or may not serve a different purpose.	Analysis and Recommendations on Blue Carbon and Wetlands	Repeat

Other Flags (4 of 4)

#	Page	Flag	Chapter	Context
12	62	[OVERLAP: Programmatic Chapter recommendation B. ii.]	Analysis and Recommendations on Forestry	Overlap; invalidation
13	79	[FLAG: Overlap with Programmatic Chapter Recommendations B. ii. 2 and C. iii.]	Analysis and Recommendations on Forestry	Overlap; aggregation
14	112	[FLAG: Overlapping theme of aggregation; see Programmatic Recommendations (III. C. iii.), Forestry Recommendation 13; Subgroup E's Urban Forestry New Project Proposal (II. C)]	Analysis and Recommendations on Livestock, Agriculture and Rangeland	Overlap; aggregation
15	150	[FLAG: Overlap with Programmatic Chapter Recommendation Section III. B.]	Analysis and Recommendations on Livestock, Agriculture and Rangeland	Overlap; disadvantaged communities, Native American or tribal lands, and rural and agricultural regions

Additional Information

Documents

- Compliance Offsets Protocol Task Force Initial Draft Recommendations, October 7, 2020

https://ww2.arb.ca.gov/sites/default/files/2020-10/offsets_task_force_draft_report_100720.pdf

- Compliance Offsets Protocol Task Force Webpage:

https://ww2.arb.ca.gov/our-work/programs/compliance-offset-program/compliance-offset-protocol-task-force

Contact Information

- Paul Cheng, Compliance Offsets Protocol Task Force Lead: Paul.Cheng@arb.ca.gov
- Shelby Livingston, Offset Program Manager: Shelby.Livingston@arb.ca.gov
- Jason Gray, Chief, Cap-and-Trade Program: Jason.Gray@arb.ca.gov
- Task Force e-mail: OffsetTaskForce@arb.ca.gov