

Draft Executive Summary

[The Compliance Offsets Protocol Task Force](#) (Task Force) was established through legislation to provide guidance to the California Air Resources Board (CARB or Board) in establishing new offset protocols for the Cap-and-Trade Program with direct environmental benefits in the state while prioritizing disadvantaged communities, Native American or tribal lands, and rural and agricultural regions. This Final Recommendations Report is a result countless hours of work by Task Force members; three public Task Force meetings; [#] Task Force Subgroup meetings; and written and verbal input from the public, experts, and other interested parties.

In drafting this Final Recommendations Report, the Task Force considered public comments received on the [Compliance Offsets Protocol Task Force's Initial Draft Recommendations](#) at the [November 13, 2020 Task Force meeting](#), and [written comments](#) submitted by [Date].

Background

Assembly Bill (AB) 398 required CARB to establish the Task Force to provide guidance to CARB in approving new offset protocols for the Cap-and-Trade Program for the purpose of increasing offset projects with direct environmental benefits in the state while prioritizing disadvantaged communities, Native American or tribal lands, and rural and agricultural regions. In addition, AB 293 requires the Task Force to consider the development of additional offset protocols, including, but not limited to, protocols for the enhanced management or conservation of agricultural and natural lands, and for the enhancement and restoration of wetlands. Furthermore, the Task Force shall develop recommendations to CARB on methodologies to allow groups of landowners to jointly develop natural and working lands offset projects under approved Compliance Offset Protocols.

AB 398 directed CARB to appoint members to the Task Force that include, but are not limited to, a representative from each of the following stakeholder groups: scientists, air pollution control and air quality management districts, carbon market experts, tribal representatives, environmental justice advocates, labor and workforce representatives, forestry experts, agriculture experts, environmental advocates, conservation advocates, and dairy experts. Following an open, public, and multi-month solicitation process for applicants, the Board appointed thirteen members to the Task Force at the January 2020 Board Hearing. The membership represents a wide range of stakeholder groups and expertise. Furthermore, two public member positions were appointed to benefit the work of the Task Force. In its Resolution appointing the Task Force members, the Board also adopted a [charter](#) to help the Task Force conduct its business pursuant to AB 398 and other applicable laws.

See appendix for a list of Task Force members.

Process

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The Task Force held two public meetings, the first on March 2, 2020 and the second on November 13, 2020. The first meeting was a kickoff meeting and included discussion of key topic areas for the Task Force to consider. Furthermore, Task Force members self-selected into five subgroups based on topic areas.

- Subgroup A: Blue Carbon and Wetlands
- Subgroup B: Forestry
- Subgroup C/D: Livestock, Agriculture, and Rangelands
- Subgroup E: Urban Forestry, High GWP (ODS), and Mine Methane Capture
- Subgroup F: Overarching/Programmatic Considerations

After the first meeting, each subgroup worked independently to develop recommendations. Each subgroup provided its discussions and recommendations to CARB for compilation into a draft report, [Compliance Offsets Protocol Task Force Initial Draft Recommendations](#). CARB publicly noticed the availability of the initial draft report for review and comment. The release of the report was the first time Task Force members had an opportunity to review subgroup products outside of their subgroup.

The second meeting occurred in November 2020 and included discussion of the initial draft report and comments received by the public as well as hear additional public comment. This meeting was the first time Task Force members had an opportunity to discuss amongst the entire group the content and recommendations in the report.

[Insert paragraph on final meeting]

Recommendations

Recommendations are organized by subgroups since the bulk of the work occurred within them. Recommendations do not necessarily represent endorsement by any individual Task Force member.

The final recommendations from the Task Force are to be considered by CARB. If the Board decides to proceed with any new protocols based on Task Force recommendations, this would be done pursuant to the same public rulemaking process CARB undertakes for all regulations and amendments. That process includes opportunities for all interested parties to submit input, concerns, and recommendations.

[Recommendations herein are from the Initial Draft Recommendations report and are included here to illustrate how the final recommendations will be presented in the executive summary]

Subgroup Recommendations: Overarching/Programmatic Considerations

The purpose of the Overarching/Programmatic Considerations subgroup is to examine and make recommendations to CARB regarding overarching issues that affect the California compliance offsets program as a whole, and do not fall into a particular issue area or protocol type.

Item	Recommendations
	Options for expanding utilization of offsets
1	Improve invalidation requirements
2	Allow offset usage limits to be traded among compliance entities
3	Consider recommendations regarding allowance supply adjustments
4	Recognize that compliance grade offsets can be a tool for helping achieve other state and federal climate policy initiatives
	Specific to disadvantaged communities, Native American or tribal lands, and rural and agricultural regions
5	Project development loans and subsidies
6	Project consolidation across fragmented tribal land ownership
7	Pricing agreements
8	Project inventory and verification streamlining
9	Investments and partnerships incentives
10	Land and project conversions
11	Agency technical support
	Criteria for prioritization of new protocols and amendments
12	Air quality and environmental justice considerations
13	Prioritize benefits for California: direct environmental benefits in the state
14	Aggregation of project participants
15	Efficient use of CARB resources

Subgroup Recommendations: Blue Carbon and Wetlands

The purpose of the Blue Carbon and Wetlands subgroup is to assess, evaluate, and recommend potential blue carbon/wetlands greenhouse gas emission reduction or removal methodologies for consideration and further development as compliance offset protocols by CARB.

Item	Recommendations
1	Review American Carbon Registry’s Restoration of California Deltaic and Coastal Wetlands Methodology for consideration as a compliance offset protocol
2	Support continued research, and explore climate finance options to support project development within blue carbon/wetlands ecotypes

Subgroup Recommendations: Forestry

The purpose of the Forestry subgroup is to consider and recommend potential changes to the existing *Compliance Offset Protocol U.S. Forest Projects*, adopted June 25, 2015, as well as any new offset protocols, for the Task Force to consider that will improve efficiency, reduce costs, decrease barriers to participation, and increase offset projects with direct environmental benefits to the state of California, while prioritizing disadvantaged communities, Native American or tribal lands, and rural regions.

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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.
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.

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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 QCEs to be granted in phases over five years.
15	Reforestation baseline	Provide an alternative, more predictable baseline for reforestation projects using FIA data.
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.

Item	Topic	Non-Consensus Potential Recommendations
1	Default baseline	Consider an alternative default baseline approach based for smaller forestland owners based on FIA Common Practice that does not require growth and yield modeling.
2	Dynamic baseline	Consider an alternative dynamic baseline approach based on FIA data that changes in response to exogenous factors and does not require growth and yield modeling.
3	Avoided wildfire protocol	Consider a new offset protocol for the avoidance of wildfire emissions.

Subgroup Recommendations: Livestock, Agriculture, and Rangeland

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The purpose of the Livestock, Agriculture, and Rangeland subgroup is to evaluate and recommend strategies for incentivizing climate friendly agricultural practices with California regulatory offset protocols.

Item	Recommendations
	Protocols which can be developed with existing scientific research
1	Avoided grassland conversion
2	Cattle feed additives to reduce enteric fermentation
3	Diversion/conversion of cattle manure storage from anaerobic to aerobic systems
	Practices where protocols could be developed, but there are scientific or economic barriers
4	Compost applications to grazed grasslands (offsets alone unlikely to overcome economic barriers)
5	Subsurface drip fertigation with manure or synthetic fertilizer (more research needed to quantify under specific cropping scenarios)
	Practices where significant additional research is necessary
6	Limited or no-till agriculture (quantification/permanence of carbon sequestration)
7	Cover crops (quantification/permanence of carbon sequestration)

Subgroup Recommendations: Urban Forestry, High GWP (ODS), and Mine Methane Capture

The purpose of Urban Forestry, High Global Warming Potential (Ozone Depleting Substances), and Mine Methane Capture subgroup is to examine and make recommendations to CARB regarding possible modifications to existing offset protocols in the areas of urban forestry, destruction of high global warming potential gases, and mine methane capture, as well as to consider new protocols in these areas.

Item	Recommendations
	Urban Forestry
1	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
	Modification(s) to Ozone Depleting Substances (ODS) protocol
2	Add R-22, R-134a, R-125, R-32, and R-143a as eligible; do not add halons
3	Reduce scope of regulatory conformance to activities directly affecting ODS processing and destruction
4	Modify ODS foam baseline to better align with current recovery and reuse
5	Update GWP factors for refrigerants, refrigerant substitutes, and 10-year emission rates
6	Allow ODS sourced from the federal government as eligible
7	Review the current American Carbon Registry (ACR) ODS protocol
	Modification(s) to Mine Methane Capture (MMC) protocol

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8	Update MMC protocol to facilitate more projects that will reduce venting methane
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Appendix

Task Force Members

Stakeholder Group	Name
Scientists	Frank Mitloehner
Air pollution control and air quality management districts	Bruce Springsteen
Carbon market experts	Emily Warms
Tribal representatives	Tim Hayden
Environmental justice advocates	Neil Tangri
Labor and workforce representatives	Antonio Sanchez
Forestry experts	David Ford
Agriculture experts	Robert Parkhurst
Environmental advocates	Brian Nowicki
Conservation advocates	Constance Best
Dairy experts	Jean-Pierre "J.P." Cativiela
Public member (non-statutory)	Andrea Tuttle
Public member (non-statutory)	Gavin McCabe
Chair	Gavin McCabe

Affiliation and Statement of Financial Interest in Offsets (Optional)

Name:

Affiliation:

Financial Interest:

Task Force Subgroups

Overarching/Programmatic Considerations Subgroup

Name	Stakeholder Group
Emily Warms (chair)	Carbon market experts
David Ford	Forestry experts
Brian Nowicki	Environmental advocates
Antonio Sanchez	Labor and workforce representatives
Neil Tangri	Environmental justice advocates
Andrea Tuttle	Public member (non-statutory)

Blue Carbon and Wetlands Subgroup

Name	Stakeholder Group
Tim Hayden (chair)	Tribal representatives
Gavin McCabe	Public member (non-statutory)
Neil Tangri	Environmental justice advocates

Appendix

Andrea Tuttle	Public member (non-statutory)
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Forestry Subgroup

Name	Stakeholder Group
David Ford (chair)	Forestry experts
Constance Best	Conservation advocates
Tim Hayden	Tribal representatives
Brian Nowicki	Environmental advocates
Bruce Springsteen	Air pollution control and air quality management districts
Emily Warms	Carbon market experts

Livestock, Agriculture, and Rangelands Subgroup

Name	Stakeholder Group
J.P. Cativiela (co-chair)	Dairy experts
Robert Parkhurst (co-chair)	Agriculture experts
Tim Hayden	Tribal representatives
Frank Mitloehner	Scientists

Urban Forestry, High GWP (ODS), and Mine Methane Capture Subgroup

Name	Stakeholder Group
Gavin McCabe (chair)	Public member (non-statutory)
Antonio Sanchez	Labor and workforce representatives
Bruce Springsteen	Air pollution control and air quality management districts
Neil Tangri	Environmental justice advocates
Emily Warms	Carbon market experts