



SoCal Climate Solutions Exchange Technical Advisory Group Meeting

April 23, 2008

Summary of Comments from April 2, 2008 Meeting

- Will this program be voluntary or will it be required for CEQA?
- Too many roles for the District, oversight needed
- AQIP should not compete with private projects
- AQMD should try to ensure that state and federal requirements do not penalize early reductions

April 17 & 18, 2008 Board Retreat

- Briefing on Climate Change
 - Background and legal issues
 - Intersection with AQMD programs
 - Current and proposed activities
 - CEQA and local government
 - SCAQMD programs
 - SoCal Climate Solutions Exchange
 - Legislation

SoCal Climate Solutions Exchange Discussion

- Background
- Process

Staff Recommendations

- White Paper at June Board meeting
- GHG policy and work plan to Board in July

White Paper

- Background
- Objectives
- Design Principles
- Public Process
- Agency Coordination
- Initial Concepts
- Moving Forward

White Paper, Appendices

- Definition of surplus in other programs
- Key Stakeholder comments
- Other voluntary GHG trading programs
- Protocols

Today's Discussion

- Design principles
- Oversight
- Surplus
- Protocols

Design Principles

- Program development will occur in an open public process
- Reductions will be real, quantifiable, verifiable, surplus, enforceable, and permanent over a specified time period
- Incentives will be available to encourage reductions in environmental justice areas

Design Principles, (Cont.)

- Program administration will be efficient, streamlined, and timely
- Fees will enable the program to be self sustaining
- Information will be transparent

Oversight

- Concerns raised that AQMD would have too many roles in Exchange and AQIP
 - Protocols
 - Quantification
 - Issuance
 - Registration
 - Tracking

Possible Oversight Models

1. Public review
 - ❑ Project approval
 - ❑ Periodic committee/Board report on exchange activity
2. Public reports with periodic audits by 3rd party CPA
3. Review panel, similar to BACT Scientific Review Committee

Models

	Public Review	CPA Oversight	Review Panel
Protocols	Yes – AQMD Board approval	Yes – approved by CARB Board or EO	Yes – during development
Quantification	Part of public notification	Audit	Could review
Issuance	Public information	Audit	Could review

Model, (Cont.)

	Public Review	CPA Oversight	Review Panel
Registration	Public information	Audit	Could review
Tracking	Public information	Audit	Could review

Surplus

- Emissions Trading Policy Statement (ETP)
 - 1986, replaced Bubble Policy
 - Surplus = not required by current regulations in the SIP, not already relied on for SIP planning purposes, and not used by the source to meet any other regulatory requirement

Surplus, (Cont.)

- **Economic Incentive Program (EIP) – surplus if not:**
 - ❑ Otherwise relied on for the SIP or SIP-related requirements, such as transportation conformity
 - ❑ Other state air programs not in the SIP
 - ❑ Federal rules to reduce precursors of criteria pollutants, such as new source performance standard (NSPS)
 - ❑ Rules for reducing VOCs under section 183 of the CAA
 - ❑ Statutorily mandated mobile source requirements

Surplus - State

- Carl Moyer - surplus if not required by:
 - ❑ Any federal, state or local regulation
 - ❑ A memorandum of agreement / understanding with a regulatory agency
 - ❑ Settlement agreement
 - ❑ Mitigation requirement
 - ❑ Other legal mandate
 - ❑ Reduction must be surplus for minimum 3 years prior to regulatory requirement

Surplus - Local

- New Source Review – surplus if:
 - ❑ Not required by an AQMP control measure or rule that has had a public workshop
 - ❑ Not required by adopted federal, state, or District rule, regulation or statute
 - ❑ Not in a demonstration program required by District

Surplus - Local

- **Rule 108 (Alternative Control Plans) – surplus if not:**
 - ❑ Current SIP or relied upon in SIP
 - ❑ Tier I of AQMP
 - ❑ Used to meet other regulatory requirements

Surplus – Local, (Cont.)

- **Scrapping programs**

- HEROES (Moyer) – vehicle registered for past 2 years, replaced, credit for 3 years
- Rule 1620 – credit used for employee trip reduction requirements

- **Pilot credit rules, 1631, 1632, 1633, 1634**

- Surplus = not required or relied upon by any local, state, federal rule, or CAA, or attainment demonstration, reasonable further progress demonstration or emission inventory, to ensure no double counting

How Can We Define Surplus (Additional) for the SoCal Climate Solutions Exchange?

- No regulatory requirement by implementation date
- Would not have happened anyway due to other regulatory requirements
- Suggest: surplus if in advance of rule requirement by ≥ 12 months

Protocols

- CARB approved
 - Forestry management
- CCAR
 - Forestry – avoiding deforestation; reforestation; forest conservation management
 - Landfill methane capture and destruction
 - Livestock waste (bio-digesters)

Protocols, (Cont.)

- Chicago Climate Exchange (CCX)
 - ❑ Agriculture – soil sequestration
 - ❑ Agriculture – methane combustion
 - ❑ Agriculture – grass soil sequestration
 - ❑ Energy efficiency and soil switching
 - ❑ Forestry
 - ❑ Landfill methane destruction
 - ❑ Renewable energy
 - ❑ Coal mine methane
 - ❑ Rangeland soil
 - ❑ ODS destruction

Suggested Process

- CARB, CCAR, AQMD to meet regarding protocol needs
- CAPCOA meeting with CARB
- Identify:
 - What is done
 - What is pending
 - What is needed
- Make use of expertise and resources to avoid duplication and increase number of protocols available

Protocols – Suggestions?

Next Steps/Schedule

- May 2, 2008 Board meeting
- White Paper discussion
- Board input
- If direction to proceed
 - Continue Technical Advisory Group
 - Wider public process
 - Draft rules to Governing Board - September