CAPCOA Greenhouse Gas Reduction Exchange Workshop

February 18, 2014
San Joaquin Valley Air Pollution Control District

Agenda

9:00  Overview of CAPCOA GHG Exchange (GHGRx.org)
10:00 Demonstration of GHG Rx website
10:30 Question and Answer Session
11:00 Closing Remarks
CAPCOA Greenhouse Gas Reduction Exchange

For webcast participants, email questions to:

webcast@valleyair.org

Subject: GHG Rx
What is CAPCOA?

• California Air Pollution Control Officers Association (CAPCOA.org)
• Non-profit association of California’s 35 local air pollution control officers – including the San Joaquin Valley Air District
• Forum for local air districts to work together on statewide issues
CAPCOA’s Work on GHGs and Land Use
CAPCOA Greenhouse Gas Reduction Exchange (GHG Rx)

online at www.ghgrx.org
Mission Statement: Our mission is to provide a trusted source of high quality California-based greenhouse gas credits to keep investments, jobs, and benefits in-state, through an Exchange with integrity, transparency, low transaction costs, and exceptional customer service.

Objectives: To provide a secure, low-cost, high quality, greenhouse gas exchange for credits created in California. Financial resources invested in-state will help create local jobs and realize needed air pollution co-benefits from projects in California.
Background & Purpose

• Developed to respond to requests from local governments and others in order to:
  • Encourage local generation and exchange of high quality GHG emission reduction credits
  • Facilitate mitigation of GHGs for CEQA, climate action plan commitments, and other voluntary purposes
• Credits are derived from voluntary projects in CA
• Program operates on two levels:
  • Decentralized project review by Participating Districts
  • Centralized platform provides common rules, tracking, and public access to information
CAPCOA’s Objectives

• Ensure high quality credits
• Make it easy for buyers and sellers to find each other
• Keep transaction costs low
• Keep financial investments, air quality and other co-benefits in the local community
Additional Benefits

• Accelerate local GHG reduction
• Stimulate local economy
• Create a “feasible” mitigation option for CEQA
GHG Rx Platform Elements

• Credit Project Database
  • Credit projects are shown in summary form with contacts and links to complete information
  • Searchable by district, project type, etc.
  • Districts validate (verify) credit projects prior to listing, track credit transactions, and update listings
  • Districts are not involved in financial transactions

• Bulletin Board listings
  • Buyers seeking credits
  • Parties seeking funds to develop projects

• Funding Opportunities listings
Anticipated Users

• Lead agencies
• CEQA project developers
• Land use consultants
• GHG reduction project implementers
• Individuals
• Private companies
GHG Rx Key Features

• Credits are derived from voluntary projects in California
• No membership required
• Costs are kept low
• Builds on decades of CA Air District expertise with criteria pollutant emission reduction credits
Participating Air Districts (PDs)

- Bay Area AQMD
- Placer County APCD
- Sacramento Metropolitan AQMD
- South Coast AQMD
- San Joaquin Valley APCD
- Northern Sonoma APCD

Contact CAPCOA to list projects in other districts (916-441-5700)
GHG Rx “Rules of the Road”

• Participation Agreement
  • Follow the Administrative Guidelines for the GHG Rx
  • Use CAPCOA-approved quality criteria and protocols to evaluate credits
  • Issue legally binding instrument and terms for credits approved

• Administrative Guidelines approved by CAPCOA Board
  • Establish roles & responsibilities
  • Identify credit tracking requirements
  • Set quality assurance procedures for data and projects
  • Provide common forms
  • Include Users’ Guides
GHG Rx Quality Criteria

• GHG Rx Quality Criteria Guidance
  • Establish criteria for approval of protocols for projects
  • Include protocol for making case-by-case approvals of projects

• Overarching criteria: emission reductions must:
  • Be real, additional/surplus, quantifiable, validated (verified), enforceable, permanent
  • Occur in California
  • Be after date specified in protocol
GHG Funding Opportunities

- GHG Rx provides information on funding available for climate change and air pollution reduction projects
- To submit information, please contact staff from your district or CAPCOA
GHG Bulletin Board

• Listing for:
  • Buyers seeking to purchase credits
  • Parties seeking funding to develop projects
  • Can request post on website
  • Approved by System Administrator before posted
Resource Links

• Administrative Guidelines (link on ghgrx.org)
  • Background, purpose
  • Functionality
  • Users, roles
  • Quality control
  • Rules for participation
  • Standardized forms
Resource Links

• Protocols (link on ghgrx.org)
  • Biomass-to-energy
  • Boiler Efficiency
  • Organic Waste (Livestock)*
  • Forest Management – I
  • Forest Management – II*
  • Forest Management – III*
  • Case-by-case*

*Provisionally approved by CAPCOA Board
Resource Links

• User Guide (link on ghgrx.org)
  • Use of GHG Rx website
  • Detailed instruction with screenshots
How the GHG Rx Works

Step 1: Submitting a Project

• A “project” is an activity that reduces GHG emissions and can thus generate GHG reduction “credits” for listing on the Rx
• Project developers = individuals, businesses, organizations, traders, brokers, etc.
• Projects follow CAPCOA-approved protocols
• Applications are submitted to the local air district
How the GHG Rx Works

Step 1: Submitting a Project, cont.

Credit listing information:

- Listing entity information (name, address, etc.)
- Credit project information (project description, location, protocol followed, implementation and expiration dates, etc.)
- Quantity of credits (minimum listing = 10 metric tons; minimum sale = 1 metric ton)
- History of credits (have they been listed elsewhere?)

Supporting Information:

- Maps, photographs
- Calculations
- Demonstration of how project complies with a CAPCOA protocol
- Monitoring and/or validation (a.k.a. verification) schedule
- Other information, such as location in environmental justice areas
How the GHG Rx Works

Step 2: Air District Review

• Review application for completeness
• Determine if project meets basic Rx criteria (real, additional/surplus, quantifiable, verifiable, enforceable and permanent)
• Verify protocol requirements are met
• Evaluate baseline and reduction calculations
• Conduct field visit
• Prepare validation report

Compliance with GHG banking rules at participating air districts satisfy these requirements.
How the GHG Rx Works

Step 3: Issue Legally Binding Instrument

Air District issues credit certificate with terms:

• Attestst that the credits described in the application have been reviewed and meet all CAPCOA criteria

• Requires the applicant notify the Air District of any sale, transfer or retirement of the credits

• Renders the credits invalid if the terms of the approval are not met
How the GHG Rx Works

Step 4: Listing Credits

• Air District posts credits and all documentation on the Rx
• Unique project number and serial numbers assigned
• Seller notifies Air District of any credits sold, transferred or retired
• Sold, transferred, retired credits recorded by the Air District and shown as transactions
• Controls in place to eliminate any fraudulent or inappropriate listings
How the GHG Rx Works

Step 5: Tracking Credits

• Issuing District tracks credits throughout their life
  • Initial validation and issuance, periodic reviews, changes in status
  • Updates information on GHG Rx
  • Each credit has a unique serial number: 100-BA-SC-BM-11-1-250
    Proj # -Air District – County – protocol – year – qty credits

• Periodic audit of projects by
  • Participating Districts & CAPCOA
Quality Control

- Participating air districts sign MOU with CAPCOA, requiring them to:
  - Follow the administrative rules of the GHG Rx
  - Use CAPCOA-approved criteria and protocols to evaluate credits
  - Issue binding terms for credits approved
Quality Control

• Administrative Guidelines govern the function of the GHG Rx
  • Establish roles & responsibilities
  • Identify credit tracking requirements
  • Set quality assurance procedures for data and projects
  • Provide common forms
  • Include Users’ Guides
Quality Control

• GHG Rx Quality Criteria Guidance
  • Establish criteria for approval of protocols for projects
  • Include protocol for making case-by-case approvals of projects

• Overarching criteria - emission reductions must:
  • Be real, additional/surplus, quantifiable, validated (verified), enforceable, permanent
  • Occur in California

• Protocols reviewed by CAPCOA Engineering Managers, approved by CAPCOA Board
Questions?
GHG Rx Platform Demonstration
CAPCOA’s Greenhouse Gas Reduction Exchange

Question and Answer Session
For webcast participants,
email: webcast@valleyair.org
Subject: GHG Rx
Questions After Today?
Check Appendix C of Administrative Guidelines for list of district contacts

San Joaquin Valley APCD
Leonard Scandura
leonard.scandura@valleyair.org
661-392-5601