

Funding Guidelines for Agencies that Administer California Climate Investments

Draft Funding Guidelines Supplement for California Carbon Sequestration and Climate Resiliency Project Registry



Date: March 30, 2023

Note:

The California Air Resources Board is accepting public comments on the Draft Supplement for California Carbon Sequestration and Climate Resiliency Project Registry until June 2, 2023, via GGRFProgram@arb.ca.gov. The Draft Supplement is subject to change pending stakeholder comments.



PROGRAM WEBPAGE

For more information on this topic and upcoming meetings, please see the program website for Administration activities at: www.arb.ca.gov/caclimateinvestments. Public comments may be submitted to GGRFProgram@arb.ca.gov.

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Purpose

California Climate Investments is a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions; strengthening the economy; improving public health and the environment; and providing benefits to residents of disadvantaged communities, low-income communities, and low-income households, collectively referred to as “priority populations.”

In 2018, the California Air Resources Board (CARB or Board) approved and CARB released the current version of the *Funding Guidelines for Agencies that Administer California Climate Investments* (2018 Funding Guidelines). The Funding Guidelines are intended to help administering agencies set up their programs and to provide consistency in designing and implementing California Climate Investments programs that meet the State’s statutory and policy objectives for appropriations from the Greenhouse Gas Reduction Fund (GGRF). The document was a result of a robust public process that included a series of public workshops and a public hearing before the Board. The Funding Guidelines can be found at: www.arb.ca.gov/ccifundingguidelines.

This document, the *Funding Guidelines Supplement for California Carbon Sequestration and Climate Resiliency Project Registry* (Supplement), is to be used in conjunction with the 2018 Funding Guidelines and provides guidance on minimum program requirements pursuant to Senate Bill (SB) 27 (Skinner, Chapter 237, Statutes of 2021).

SB 27 directs the California Natural Resources Agency (CNRA) to establish the California Carbon Sequestration and Climate Resiliency Project Registry (Registry) by July 1, 2023. SB 27 requires CARB to establish minimum program requirements for GGRF or other State funded programs that did not receive funding but would like to list a project on the Registry.

The purpose of this Supplement is to provide guidance for project proponents who wish to fund a natural and working lands-based carbon sequestration projects and establish minimum program requirements to ensure projects provide carbon removal benefits for the purposes of the Registry. This Draft Supplement is available for public comment until June 2, 2023. CARB staff expects to release the Final Supplement before CNRA launches the Registry later in 2023.

CARB staff is concurrently in the process of updating the 2018 Funding Guidelines and associated materials to clarify existing language, help California Climate Investments programs achieve their goals, and respond to new legislative requirements. CARB staff will seek input from the public in identifying areas for potential improvement and whether additional materials could help stakeholders achieve the objectives and principles of California Climate Investments.

CARB staff will consider feedback received through the public process on the Supplement when updating the 2018 Funding Guidelines; however, the full Funding Guidelines update will go through a separate public process that will conclude in the

fall of 2024. CARB staff will host a workshop in May 2023 that will provide an opportunity for the public to provide input on the broader Funding Guidelines and this Draft Supplement. While the Supplement will be in effect this summer, it will also be incorporated into the Final Funding Guidelines update next year.

Following the first workshop, CARB will continue to develop the draft update to the Funding Guidelines and incorporate stakeholder input and comments. For more information on the timeline for the broader Funding Guidelines update, please visit: www.arb.ca.gov/cci-fundingguidelines.

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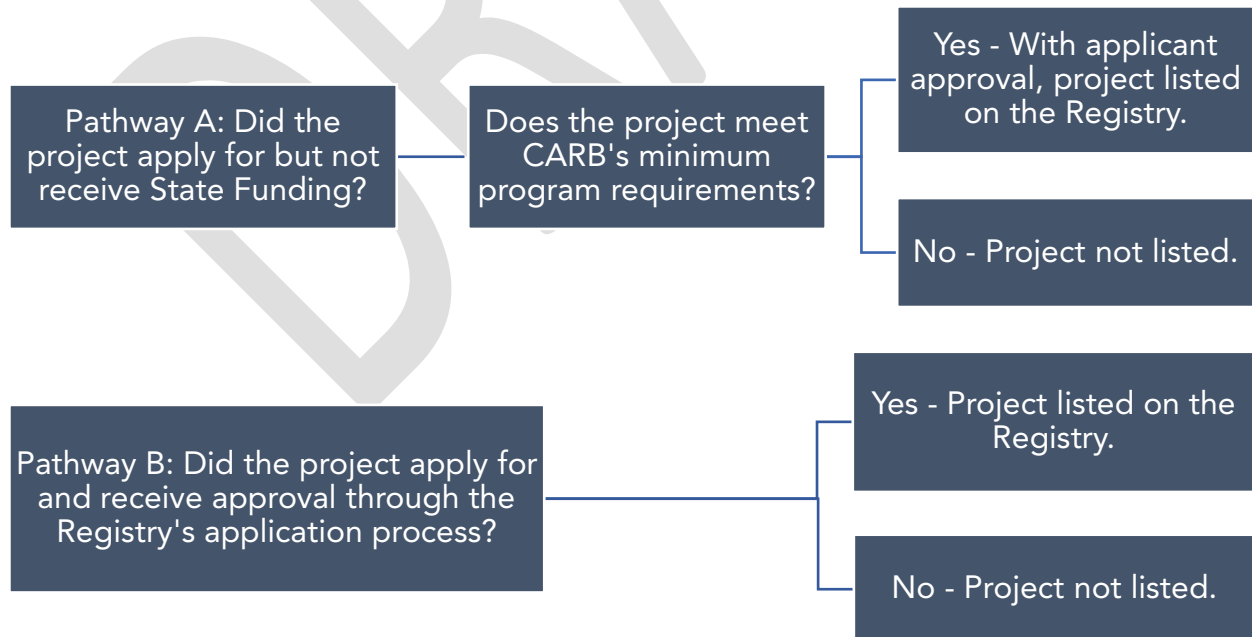
Registry Eligibility Pathways

Pursuant to SB 27, CNRA must establish the Registry, no later than July 1, 2023, for the purposes of identifying and listing projects in the State that drive climate action on the State’s natural and working lands (NWL) and are seeking funding from State agencies or private entities. Direct air capture projects are also eligible project types. The legislation provides two pathways by which natural and working land and direct air capture projects may be listed, as illustrated in Figure 1. Full details about the Registry requirements can be found at <https://resources.ca.gov/Initiatives/Expanding-Nature-Based-Solutions>.

The first path (Pathway A) allows listing of projects that previously applied for funding from either a State program funded from the GGRF or any other State program that funds NWL-based projects but that were ultimately not funded due to lack of sufficient funding. To be listed on the Registry, such projects must also meet minimum program requirements established by CARB as enumerated in this Supplement to ensure they provide carbon removal benefits. (Health & Safety Code, § 39740.4.)

The second path (Pathway B) allows proponents of projects in California to apply to CNRA directly to have their project listed on the Registry. SB 27 includes several minimum criteria for projects to be listed under this pathway, including quantification of expected greenhouse gas (GHG) benefits and monitoring and reporting. (Health & Safety Code, § 39740.5.)

Figure 1. Registry Pathways Flowchart



Minimum Program Requirements for Pathway A

For the purposes of Registry eligibility through Pathway A, projects that applied for funding from a state program that funds NWL-based projects and were ultimately not funded due to lack of sufficient funding must meet the following minimum program requirements established by CARB to ensure they provide carbon removal benefits. At a minimum, project proponents must demonstrate that a project will achieve net GHG benefits by using CARB established Quantification Methodologies and Benefits Calculator Tools available at www.arb.ca.gov/cci-resources.

Each Quantification Method describes how GHGs are reduced or sequestered and has an associated Benefits Calculator Tool to estimate the benefits from an individual project. User Guides are available within each Benefits Calculator Tool to provide guidance for potential applicants on how to appropriately use the tool.

CARB Quantification Methodologies and Benefit Calculator Tools

CARB is responsible for providing guidance on estimating the GHG emission reductions and co-benefits from projects receiving monies from the GGRF. This guidance includes Quantification Methodologies, Co-benefit Assessment Methodologies, and Benefits Calculator Tools. CARB develops these methodologies and tools based on the project types eligible for funding by each administering agency. As such, CARB has developed numerous Quantification Methodologies that are available to the public to quantify the benefits of various types of NWL projects.

Existing Quantification Methodologies

CARB developed the existing Quantification Methodologies consistent with the guiding principles of California Climate Investments, including ensuring transparency and accountability. These Quantification Methodologies can be used to estimate the benefits of proposed projects, inform project selection, and track results of funded projects. The implementing principles ensure that the quantification methodologies would:

- Apply at the project level;
- Provide uniform methods to be applied statewide and be accessible by all applicants;
- Use existing and proven methods;
- Use project-level data, where available and appropriate; and
- Result in GHG emission reduction estimates that are conservative and supported by empirical literature.

CARB assessed peer-reviewed literature and tools and consulted with experts, as needed, to determine methods appropriate for the various project types. CARB also consulted with GGRF administering agencies to determine available project-level inputs. The quantification methods were developed to provide estimates that are as accurate as possible with data readily available at the project level.

CARB releases all Quantification Methodologies to the public for at least a two-week public comment period. CARB reviews and considers public comments received and makes updates to the Quantification Method and Benefits Calculator Tools to address comments where there is sufficient justification.

New Quantification Methodology Requests

If a proposed project type does not have CARB-developed Quantification Methodology, project proponents may suggest that CARB develop a new Quantification Methodology. CARB may develop new Quantification Methods, if feasible, in adherence with CARB's guiding principles. Project proponents can contact CARB at GGRFProgram@arb.ca.gov to discuss the potential development of additional Quantification Methodologies.

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