



Shell
ENERGY

Shell Energy North America
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July 7, 2023

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Via Upload to www.arb.ca.gov

RE: Comments on Joint California-Quebec Workshop: Potential Amendments to the Cap-and-Trade Regulation

To the Air Resources Board:

Shell Energy North America (US), L.P. (“Shell Energy”) markets and trades natural gas, power and environmental products and provides risk management support to wholesale and retail customers throughout North America. Shell Energy welcomes the opportunity to comment on the Workshop held June 14 on potential amendments to the Cap-and-Trade Regulation.

Shell Energy has long supported the greenhouse gas (GHG) reduction goals established by Assembly Bill 32 (Statutes of 2006) and as amended by Assembly Bill 398 (Statutes of 2017). These bills led to the creation of the State’s Cap-and-Trade program, which has not only been proven to help reduce emissions but also serves as a model of ambition for other jurisdictions. As California continues to strengthen its greenhouse gas emission targets, Shell Energy generally supports continued refinements to the program, including consideration of changes to the cap based on the accelerated target of a 48% reduction in emissions compared to baseline by 2030, as laid out in the Board’s December 2022 Scoping Plan.

Additionally, Shell Energy agrees with Staff’s recognition at the Workshop that offsets play an important cost-containment element within the program and that the design of the protocols has been found consistent with state law. Indeed, offsets are a critical tool in responding to volatility and represent a cost-effective means of managing compliance with carbon programs. The use of offset credits encourages voluntary GHG emission reduction programs, promotes innovation, and can help reduce emissions in all sectors of the economy, not just those industries or sectors covered by a carbon pricing system.

Shell Energy agrees that updates to the Compliance Offset Program should continue to be informed by the best available science and data and that the protocols should be updated over time to incorporate new technology and improvements. As the Workshop presentation acknowledges, offset protocols are regularly reviewed and updated through periodic rulemakings. Shell Energy agrees that future updates to the Offsets Program should be conducted consistent with administrative procedure as required by regulation, including public workshops, stakeholder interaction, and Board adoption.

Shell Energy appreciates the effort by the Board and Staff to ensure the Cap-and-Trade Program and its subparts are continuously updated and to the extent revisions to the regulation are contemplated, made available for stakeholder input through the appropriate rulemakings.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'CLim', is positioned below the closing text.

Christa Lim
Director - Regulatory Affairs
Shell Energy North America (US), L.P.