

October 26, 2023

Ms. Rajinder Sahota
Deputy Executive Office
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Electronic Submittal: [Workshop Docket](#)

Re: *Anew comments in response to October 5th, 2023 CARB Public Cap and Trade Workshop*

As an active participant in the California Cap-and-Trade Program (the “Program”), Anew Climate (“Anew”) appreciates CARB hosting the workshop on the potential Cap-and-Trade regulatory package on October 5, 2023. We appreciate the opportunity to provide CARB with comments in strong support of the Program, including the ongoing inclusion of offsets, CARB’s plan to continue to accelerate the Program’s ambition, and extending the Program beyond 2030.

Anew Climate (Anew) is one of the largest climate solutions companies in North America. Anew has a successful track record within the markets for voluntary and compliance carbon credits, renewable natural gas, low carbon fuels, electric vehicle credits, emission reduction credits, and renewable energy credits. We have been active participants in California’s Cap-and-Trade Program since its inception, with a particular focus on forestry. To date, we have developed 20 compliance forest projects, which have generated over 18.6 million credits to date across 1.8 million acres, making us one of the most active forest carbon project developers.

Many questions for potential feedback and comment were raised during the October 5 workshop. Anew has chosen to comment here on the topics where we have the most expertise and substantiation for our position:

- Anew supports an extension of the cap-and-trade program beyond 2030 as well as including offsets and making the program more ambitious,
- Anew supports the full exemption of biogenic emissions from cap-and-trade compliance as well as the recognition of book-and-claim delivery for biomethane,
- Anew recommends that CARB prioritize aligning RNG claims among different programs.

More detail on each of these topics can be found below.

Houston Office

3200 Southwest Freeway
Suite 1310
Houston, TX 77027

Salt Lake City Office

2825 E. Cottonwood Parkway
Suite 400
Cottonwood Heights, UT 84121

Additional Offices

Carlsbad, CA
San Francisco, CA
Los Angeles, CA
Calgary, AB
Budapest, Hungary

1. We Support Extension of the Program Beyond 2030 and Inclusion of Offsets in an Ambitious Program

First and foremost, we believe the Program should be extended through at least 2045 with caps declining to net-zero emissions. More clarity and direction about the future trajectory of the Program would allow longer-term planning for investments into emission reduction strategies and technologies. According to the Independent Emissions Market Advisory Committee, once “investors know a carbon price will exist they can evaluate low-carbon technologies [however] the market will not effectively drive investor behavior if the market’s future is uncertain”.ⁱ Recent legal analysis by IETAⁱⁱ suggests a strong case for CARB’s authority to extend the program beyond 2030 through regulation. Anew believes that CARB should exercise its regulatory authority absent legislative action.

Further, we strongly support CARB’s plan to continue to increase the Program’s ambition along with the continued inclusion of offsets. We appreciate the work CARB is doing to model different emissions reduction scenarios, including with respect to targets of 48% and 55% by 2030. Anew is supportive of a more ambitious 2030 cap, provided that carbon offsets are available to play a material role in cost containment all the way to 2045. In addition, it is our view that the Cap-and-Trade Program should serve as a core element in California’s plan for achieving reductions in GHG emissions. We therefore support improvements to the Program that would allow it to achieve an increasing share of the reductions required to meet California’s climate target by 2030 and carbon neutrality target by 2045.

As a proponent of market-based mechanisms, Anew believes that the Program should continue to incentivize high-quality carbon offsets and removal investments to occur and be used toward the 2045 carbon neutrality goal. Compliance offsets are important and beneficial to the overall goals of the state as they provide an important mitigation and financial signal to activities that are not covered by compliance requirements. In addition, they serve as a cost containment provision for the Program and can therefore support CARB’s goal of increasing the stringency of the cap (while ensuring that California’s economy is not negatively impacted). Anew strongly believes that “high quality” offsets in a compliance program must be real, quantifiable, permanent, verifiable, additional, transparent, and enforceable. We believe that offsets in the Program meet these criteria as required by state law.

The continued inclusion of offsets as a GHG mitigation policy option, both in statute and regulation, recognizes the myriad of social, environmental, and economic co-benefits to California realized in all areas of the state, including tribal, rural, and urban communities. Anew supports CARB’s recognition that many of the approved offset projects provide direct environmental benefits to California, including improvements in air and water quality, as well as conservation, biodiversity and local economic benefits that come with technological innovation and bring new jobs and skills to the state. We believe it is important to note that out-of-state offset projects also enable California to magnify its climate ambition and leadership through climate action in other jurisdictions.

While the Workshop staff presentation slides only briefly touched on the continued role of offsets, Anew supports planned science-based updates to the robust compliance offset protocols in place today. While we understand that the timing of potential updates to the Forestry Protocol will likely “trail” the upcoming rulemaking due to state contracting timelines, we fully support CARB incorporating the results of the contracted assessment on forest wildfire and disease risks into these updates. We also support any efforts to update other offset protocols, including for livestock projects and projects around ozone-depleting substances, as well as considering new protocols and project types, and are happy to assist with any updates. We welcome discussions related to implementation streamlining and improvement as well.

2. Biogenic Emissions Should Be Exempted and Book-And-Claim Accounting Should Be Recognized

Biogenic emissions should be exempted from cap-and-trade compliance obligations. A key benefit of RNG is its ability to be used in a flexible manner wherever current natural gas demand exists, while retaining the option to target certain applications more specifically in the long run. To this end, CARB should fully consider all possible RNG end-uses in the near-term, as well as which may be most appropriate in the long-term. Anew therefore support that CARB “Update biogenic CO₂ exemption to provide equal treatment to process and combustion emissions,” as stated on slide 53 of the workshop slide presentation.

CARB should continue to employ book-and-claim accounting for all North American RNG in the cap-and-trade program to achieve the greatest GHG impact through renewable gas adoption. This allows project developers to easily match their supply to buyers’ demand. The vast majority of the RNG supplied in North America under existing programs is transacted via book-and-claim accounting and this has resulted in overwhelmingly positive greenhouse gas emissions reduction thus far. Book and Claim accounting is a fundamental element of Renewable Gas Standard and Clean Heat Standard policies in California, Colorado, Minnesota, New Hampshire, British Columbia, and Quebec, Low Carbon Fuel Standard programs in California, Washington, British Columbia, and Canada, as well as EPA’s Renewable Fuel Standard. Furthermore, other voluntary renewable energy procurement frameworks from World Resources Institute, Climate Disclosure Project, The Climate Registry, RE100, and Airport Carbon Accreditation allow for the purchase of RNG certificates to qualify in this manner.

Injection into a common pipeline system is the lowest-GHG way of transporting renewable gases. The fundamental premise of Book and Claim is consistent with the way conventional gas is transacted and incentivizes the buildout of RNG resources in a rational way - beginning with the most cost-effective projects. Renewable gas producers cannot change directional flow of the gas system until volumes reach scale and displace a significant share of fossil gas. The supply of conventional gas which currently serves California primarily originates out of state; the existing market for physical gas delivery optimizes moving gas from supply to demand in a least cost and generally lowest GHG manner.

Maintaining the premise of fungibility across all North American RNG markets through consistent use of Book and Claim accounting will increase competitiveness, improve investment certainty, and lead to the sustainable growth of the renewable gaseous fuel industry.

3. CARB Should Prioritize Alignment of RNG Claims Between Different Programs

CARB should focus on harmonization of reporting rules across the major programs - the Low Carbon Fuel Standard, Utility Procurement Programs, Voluntary Corporate Procurement, and the Cap-and-Trade Program - to allow for consistent claims in where volumes of renewable gases (and the associated environmental benefits) are assigned. A centralized electronic registry can address any possibility of double claims or double payments by compliance entities.

Anew appreciates CARB's efforts to maintain the rigor and high level of integrity of the Program and achieve California's ambitious climate goals. We appreciate the opportunity to provide comments today and look forward to offering further support to CARB in the coming months.

Should you have any questions pertaining to Anew and our statements here, please do not hesitate to reach out to me or our Head of Advisory, Janet Peace via jpeace@anewclimate.com.

Sincerely,

Angela Schwarz
Chief Executive Officer

ⁱ Independent Emissions Market Advisory Committee. 2022 Annual Report.

ⁱⁱ IETA. 2022. Legal Memorandum on California Cap-and-Trade Program Beyond 2030. Submitted to the Independent Emissions Market Advisory Committee. Link available [here](#).