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California Air Resources Board
Sacramento CA

RE: *Proposed 15-day Modifications on ODS Offset Protocol and Cap-and-Trade Regulations*

EOS Climate is developing projects in the U.S. and globally for collection and destruction of ozone-depleting substances (ODS) that remain in older equipment and building infrastructure. We have pioneered ODS destruction as a verifiable emission reduction for greenhouse gas (GHG) markets, originating ISO-14064 conforming methodology, and deploying state-of-the-art technologies and creating an integrated system for collection, aggregation, processing, and destruction of ODS. This system is designed to deliver a stable supply of the highest quality GHG emission reductions for both voluntary and compliance markets. We completed the first U.S. ODS projects under the Climate Action Reserve protocol and to date have generated over 1.4 million verified Climate Reserve Tons (CRTs).

We congratulate the California Air Resources Board (ARB) staff for its continued leadership and vision in assembling a comprehensive set of proposals for California to meet the AB 32 targets while containing costs, providing flexibility, and maximizing the benefits to the economy and environment. We again applaud CARB as the first government institution in the world to take effective, market-based action to address the climate threat posed by ODS banks. We are offering comments on proposed modifications in two documents: 1) the July 2011 Compliance Offset Protocol for Ozone Depleting Substances Projects; and 2) the July 2011 regulatory text for the California Cap on GHG Emissions and Market-Based Compliance Mechanisms.

Eligibility for CFC-13

For reasons outlined in our December 2010 comments submitted on the previous draft protocol, we agree with the addition of CFC-113 to the list of eligible refrigerants.

We believe that an additional refrigerant, CFC-13 (R13) should also be added:

- CFC-13 has been used in low temperature commercial and industrial applications, such as ultra-low temperature laboratory freezers. The Climate Action Reserve working group had assumed that remaining use and inventories of R13 were negligible.
- Based on our work with refrigerant reclaimers and facility owners and operators, demand for CFC-13 remains in high demand to recharge high value older equipment. Because of their age and high-pressure requirements, these older units commonly leak, and in many cases, the full refrigerant charge is released.
- Newer units use ethane, propane, HFC-245fa, HFC-236 and propylene.

- For industrial process refrigeration, 40 CFR 82 allows a leak rate up to 35%. The Climate Action Reserve workgroup compiled data and input from industry and government experts, including the EPA Vintaging Model. That survey reported an average annual leak rate for CFC-13 between 7 and 33%.

Verification of Early Action Offset Credits

Because of relatively minor differences between the Climate Action Reserve protocol and ARB's Compliance Offset Protocol, the number of credits issued by the Climate Action Reserve for an ODS destruction project may need to be adjusted in the calculation of early action offsets. Given that potential scenario, we recommend that the regulations specify documentation that must be reviewed by the early action offset verification body:

- 1) Original Verification Report
- 2) Certificate of Destruction
- 3) Reports of Gas Chromatography Analysis
- 4) Weight Tickets

A single ODS destruction project, as defined in the CAR and ARB protocols, can encompass multiple destruction events over as many as 12 months. As a result, an individual project could include multiple reporting periods that vary by refrigerant type, origin, purity, and other key metrics essential to emission reduction calculations. We recommend that ARB conduct verifications on each of the discreet reporting periods within an individual project to ensure accurate accounting for different ODS sources and destruction events.

Requirements for Compliance Offset Protocols

The proposed revision for Section 95972(a)(9) "Consist of approved standardized methods" should be more specific and state that the protocols must use standard criteria for additionality and project eligibility, and standard baselines assumptions, emission factors, and monitoring methods. This would avoid protocols and offsets that rely on project-specific and inconsistent determinations.

As noted in our prior comments, by making ODS destruction eligible under AB 32 as a GHG offset, California is demonstrating leadership to the nation and the rest of the world on a rapid, direct way to address the threat that ODS banks pose to our global climate system. We applaud the efforts by ARB to integrate practical considerations and the best science to establish effective policy. We appreciate the opportunity to provide additional input and look forward to working with ARB and stakeholders to implement AB 32.

Sincerely,

Jeff Cohen,
Senior Vice President, Science & Policy