

## ARB Compliance Offset Program

### Ozone Depleting Substances Offset Protocol (October 20, 2011)

#### Frequently Asked Questions

In California's Greenhouse Gas (GHG) Cap-and-Trade Program, covered entities may use ARB offset credits to fulfill up to 8 percent of their compliance obligation. Offset credits are tradable compliance instruments that represent verified GHG emission reductions or removal enhancements made in sectors and sources not covered by the Cap-and-Trade Program.

ARB has developed this Frequently Asked Questions (FAQs) document specific to ozone depleting substances projects using ARB's Compliance Offset Protocol Ozone Depleting Substances (ODS) Projects (protocol) dated October 20, 2011, and the Cap-and-Trade Regulation (Regulation) as amended, effective November 1, 2015, except where explicitly noted.

The Regulation, which appears at sections 95801 to 96022 of Title 17, California Code of Regulations, and the protocols incorporated therein, are a set of rules that establish the compliance offset program and the methods for quantifying GHG emission reductions and enhanced sequestration.

**Disclaimer:** ARB staff has prepared this document to describe the regulatory requirements in a user-friendly format. **Unlike the Regulation and offset protocols, this guidance document does not have the force of law.** It is not intended to and cannot establish new mandatory requirements beyond those that are already in the Regulation, and it does not supplant, replace, or amend any of the legal requirements of the Regulation or protocols. Conversely, this document's omission or truncation of regulatory requirements does not relieve operators of their legal obligation to fully comply with all requirements of the Regulation and the Offset Protocols and is not intended as a substitute for reading the Regulation and protocols.

ARB makes every effort to keep its documents up to date. However, ARB does not guarantee the accuracy of this document and shall not be responsible for any errors or omission in content. ARB reserves the right to make changes without notice.

Conformance with protocols and the Regulation requirements is the responsibility of the Offset Project Operator, Authorized Project Designee, and Verification Body, as applicable. ARB cannot guarantee that offset projects using this document will pass verification.

1. Verification Services

- a) **Many ODS projects are likely to use the same destruction facility, and there are likely to be many ODS projects every year: must the destruction facility be visited separately for each project, or is it reasonable to combine multiple projects from one OPO or APD into one site visit?**

Each project requires its own site visit. However, the verifiers could combine multiple projects into one site visit if they all happen to be at the same facility. Each project's data must be verified separately.

- b) **How many site visits must be conducted by the verifiers if there are multiple destruction events during a project?**

All destruction events for a project must occur at the same destruction facility, but may be covered under separate Certificates of Destruction. Every project requires only one site visit regardless of the number of destruction events.

- c) **Does the Regulation stipulate any potential conflict of interest (COI) issues between a verification body or verifier and a destruction facility? For example, can a verification body or verifier be involved with a verification for a project if they have conducted an audit at that same destruction facility?**

The regulation does not identify COI between the verification body or verifier and the destruction facility, with one exception: the potential for conflict of interest must be deemed to be high where, during the previous five years, a verifier has conducted a third party certification of the destruction facility to meet Technology and Economic Assessment Panel of the Montreal Protocol (TEAP) requirements (see Section 95979(b)(2)(T) of the Cap-and-Trade Regulation (Regulation)).

- d) **The regulation stipulates that the verifier must make at least one site visit every year to each offset project location for which an Offset Project Data Report is submitted (§ 95977.1(b)(3)(D)). Which project location(s) should be visited for an ODS destruction project: the destruction facility, the recovery facility, the source of ODS, the testing laboratory, the OPO/APD's office?**

At a minimum the verifier must make a site visit to the destruction facility. However, the verifier may also make site visits to any other location (Recovery facility, aggregation facility, any facility in the chain of custody, etc.) they deem necessary to reach reasonable assurance that the reported emission reductions do not contain an offset material misstatement and are in conformance with the regulation and ARB's ODS Protocol.

## 2. Project Definition

### a) **Can ODS destroyed at two different destruction facilities be combined into one project?**

No. All of the destruction events, if combined into one project, have to occur within 12 consecutive months and be at the same destruction facility. If two different destruction facilities are used then the destruction events would have to be considered two separate projects. Each project would require its own Offset Project Data Report and offset verification, including a site visit to each facility.

## 3. Eligibility and Regulatory Compliance

### a) **What are the requirements for personnel to recover ODS refrigerants?**

Only U.S. EPA-certified technicians may handle, recover and dispose of ODS refrigerants. U.S. EPA requirements for recovery of refrigerants can be found at <http://www.epa.gov/ozone/title6/608/608fact.html#noventing>. The type of EPA certification indicates the type of appliance/equipment/system that a certified technician can service. Technician certification must be retained as part of the documentation retention requirements of the Cap-and-Trade Regulation. Section 3.5 of ARB's ODS Protocol prohibits offset projects where refrigerants are recovered by uncertified personnel from receiving ARB or registry offset credits.

### b) **For eligible ODS, how does one prove that the ODS is not "intended for use" as an application that is not eligible?**

A facility's historical ODS use records could be used to check the regular usage of ODS. For example, the record required to be maintained pursuant to the Clean Air Act section 608 (<http://www.epa.gov/ozone/title6/608/>) would be a good source to check a facility's historical ODS use.

### c) **How is it determined if an ODS destruction facility meets the Montreal Protocol's Technology & Economic Assessment Panel (TEAP) requirements?**

If the facility is permitted for Hazardous Waste Combustion (HWC) under the Resource Conservation and Recovery Act (RCRA) it is assumed TEAP requirements have been met. Unpermitted facilities must demonstrate that TEAP standards provided in the Report of the Task Force on Destruction Technologies (the Report) are applied at the destruction facility for the destruction method. The Report lists technologies based on the types of ODS, and rationales, sampling and analytical methods for the described technologies. For each area listed in TEAP, the performance of the transformation and destruction facility has to meet or exceed the TEAP standards laid out in the Report.

4. Quantification

- a) **Does the calculation of substitute refrigerants need be included in the calculation of project emissions in the event of facility demolition, shut down, equipment replacement, etc.?**

Yes. Substitute refrigerants should still be included and the appropriate value should be selected from Table 5.4 of ARB's ODS Protocol.

5. Project Documentation Requirements

- a) **Section 6.5 of ARB's ODS Protocol states: "if any of the requirements above are not met, no GHG reductions" can be credited for that container. Does this sentence apply just to the ODS composition and quality analysis or to all of the requirements spelled out in Section 6?**

This sentence refers to all requirements in Section 6 of ARB's ODS Protocol, including documentation requirements set forth in the Regulation. Failure to meet these requirements will render the container ineligible for ARB offset credits.

- b) **If ODS is documented as non-mixed (the ODS is composed of greater than 90% of one type of ODS gas) and it is found to be mixed when tested at a destruction facility, does the OPO or APD need to send the ODS to a third party to test?**

A third-party technician must conduct the sampling, but ARB's ODS Protocol does not specify the locale of where the analysis of mixed ODS must occur. Regardless of where the analysis occurs, the analysis must meet all the requirements in section 6.5.1 and be analyzed by an Air-Conditioning, Heating, and Refrigeration Institute (AHRI) certified laboratory (a list of certified laboratories can be found here - <http://www.ahrinet.org/refrigerant+testing+laboratory.aspx>) using AHRI 700-2006 standard.

- c) **The composition of the ODS container may be analyzed at multiple times during the project: which analysis should be used for determining the global warming potential (GWP) for the mixture?**

If the refrigerant is pure (composed of greater than 90% of one type of ODS) then the analysis conducted for the sample taken at the destruction facility must be used for calculating baseline emissions. For ODS mixtures, values taken from sampling that meets the requirements of section 6.5.1 of ARB's ODS Protocol must be used. As two samples will be taken as specified in section 6.5.1, both samples shall be analyzed at an AHRI approved laboratory per the requirements of Section 6.5. The analysis will determine the GWP weighted concentrations for both samples. The Offset Project

Operator or Authorized Project Designee will use the results with the lesser GWP-weighted concentration for the protocol.

**d) Is destruction of virgin ODS stockpiles eligible for ARB offset credits?**

Yes. Destruction of ODS, virgin or not, stockpiled over 24 months or stockpiled prior to the adoption date of ARB's ODS Protocol (October 20, 2011) and destroyed within twelve months of the adoption date of this protocol are eligible for ARB offset credits.

**e) How is the saturation point for ODS calculated?**

For non-mixed ODS the saturation point is the saturation point of the major ODS species. For mixed ODS the saturation point is the lowest saturation value of any species that makes up at least 10% of the composition. All values are by mass.

**f) If the destruction facility is either the OPO or APD, can the facility technician take the sample?**

No. Section 6.5 of ARB's ODS Protocol states that each sample must be taken by a technician unaffiliated with the OPO or APD. In the event that the destruction facility is either the OPO or APD, an outside technician must be hired to perform this task.

**g) When determining point of origin, Table 6.1 of ARB's ODS Protocol indicates the handling methods for refrigerant ODS quantities less and greater than 500 lbs, what about the quantity equal to 500 lbs?**

Refrigerant ODS quantities equal to 500 lbs must meet the same requirements as quantities greater than 500 lbs.

**h) For point of origin determination, does all 500 pounds of refrigerant need to be in the same cylinder?**

For projects submitted under ARB's compliance offset program using the ARB Compliance Offset Protocol any point at which 500 pounds is reached in a single transaction or shipment counts as a point of origin; the 500 pounds does not need to be in a single cylinder. A single transaction or shipment would include more than 500 pounds listed on a single purchase order, bill of lading or other purchase or shipping document.

For projects using early action quantification methodologies, guidance issued by the Climate Action Reserve prior to October 20, 2011 regarding point of origin may be applied to all early action offset projects regardless whether listed on the American Carbon Registry or the Climate Action Reserve. The following clarification is from U.S. Ozone Depleting Substances Project Protocol Version 1.0 Errata and Clarification issued by the Reserve:

**Clarification:** The following text shall be inserted below Table 6.1 as a new paragraph: “Project developers must be able to document the point of origin for all ODS that will be included in the project as defined above. For containers of ODS greater than 500 lbs. (determined as the weight of eligible ODS within a single container), the project developer must provide documentation as to the origin of the ODS within that container. If it is shown that, prior to aggregation in the project container, the ODS was contained as a quantity greater than 500 lbs., then the documentation must extend back to this previous container and its point of origin. The project developer must provide documentation tracking the ODS back to a point where it was either a) contained as a quantity of less than 500 lbs., or b) collected by a service technician as a quantity of greater than 500 lbs.”

## 6. Reporting

- a) **Can a Reporting Period run from November 1, 2012 to October 31, 2013 or must it be from January 1 to December 31 of the same year? Sometimes the Compliance Offset Protocol refers to a calendar year, other times it refers to 12-month period.**

The regulation allows for a 12-month period that can begin in any month and continue for 12 consecutive months without regard to the calendar year. So, the example of November 1, 2012 to October 31, 2013 is consistent with the regulatory language. No ODS offset project can be longer than 12 months. An Offset Project Operator or Authorized Project Designee may only submit one Offset Project Data Report for each ODS project. The Offset Project Data Report may contain one or more destruction events. Once a report is submitted for an ODS project, any future destruction events carried out by the same Offset Project Operator or Authorized Project Designee would be considered a new offset project, and require a new Offset Project Data Report to be submitted.

## 7. Future Protocol Updates

- a) **Does ARB plan to update any tables, or factors within tables? What is the process for making updates to parts of the protocol that are considered quantification methods?**

Any changes made to ARB’s Compliance Offset Protocols must meet the requirements of California’s Administrative Procedure Act (APA) and requires a public process and the opportunity for public comments. Under AB 32, limited portions of the protocol identified as quantification methodologies are exempt from the APA process but any changes to these methodologies would still require a public process. As such, ARB will not be able to simply update Compliance Offset Protocols by publishing an errata or update.

