



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

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2008

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VIA E-MAIL and
U.S. POSTAL SERVICE

Mr. Kevin Kennedy, Chief
Program Evaluation Branch
Office of Climate Change
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Role of Offsets Under AB 32

Dear Mr. Kennedy:

The San Francisco Bay Area Rapid Transit District (“BART”) operates a heavy rail public rapid-transit system serving the San Francisco Bay Area. The system consists of 104 miles of track and 43 stations, and serves 1.3 billion passenger miles per year. Because each BART trip is estimated to produce only 14% of the per-mile greenhouse gas (“GHG”) emissions generated by travel by private auto, BART helps to reduce the Bay Area’s net greenhouse gas emissions by an estimated 0.4 million metric tons (“MMT”) CO2 per year. This reduction is equivalent to roughly one percent of the Bay Area’s transportation sector CO2 emissions, and is the same magnitude as many of the Discrete Early Action measures adopted by ARB. BART appreciates the opportunity to respond to the GHG emission offsets questions posed by Air Resources Board staff in connection with the April 4, 2008 AB 32 Technical Stakeholder Working Group Meeting on offsets.

Question 1: Should California have an offsets program for compliance purposes?

BART strongly supports establishment of an offset program for AB 32 compliance purposes. The ability to go outside the universe of AB 32-regulated sources to create low-cost, verifiable GHG emission reductions will help assure the overall success of the AB 32 program by expanding the pool of potential reductions and reducing compliance costs.

As we have previously commented to ARB, AB 32’s provisions for market-based compliance mechanisms provide opportunities to create financial incentives for transit service expansions and other incentive programs. If transit is not included in the AB 32 emissions capped sector (such as the transportation



sector), the most direct way to realize those potential transit benefits is through the establishment of an offset program, with transit projects eligible to create and provide GHG offsets. In our view, offsets resulting from measurable reductions in greenhouse gas emissions due to transit projects could contribute toward the cost of transit projects (capital or operating) and would provide valuable fiscal opportunities for transit agencies to enhance service and take drivers out of their cars. These fiscal incentives will lead to co-benefits that support achievement of other important state objectives, such as congestion relief, reduced energy dependence, a strengthened economy, regional accessibility, and enhancement of livable regions strategies.

A precedent for providing credit for transit-based GHG reductions has already been set under the Kyoto Protocol's Clean Development Mechanism. For example, Bus Rapid Transit in Bogotá, Colombia has been registered as a source of Certified Emissions Reductions. Using BART's data that in FY07 BART reduced driving by providing 1.3 billion annual passenger miles of transportation service, initial estimates suggest that the all electric BART system resulted in a net emission reduction of 0.4 MMT of CO₂ annually. The American Public Transit Association's analysis indicates that the transit industry nationally provides a net reduction of 6.9 MMT of CO₂ annually. Under an approach similar to that used in Bogota, these reductions could be verified and used in an offset program.

Question 2: What should the project approval and quantification process be for approving projects?

In ARB's "Framework for Discussion" regarding offsets under AB 32, ARB suggests that it could establish a top-down approach to project approval (where at the outset of the program ARB would identify types of projects that could generate credit and establish specific criteria for those project types), a bottom-up approach (under which project developers would submit their projects for approval on a project-specific basis), or a hybrid of the two. In order to make an offset program usable and effective at the outset of any market-based trading program under AB 32, the range of source types from which offsets may be created must be as broad as possible. A "top-down" type approach is likely to limit the source categories that may create usable offsets (at least at first) simply due to the resource constraints on ARB's ability to identify project types and establish project-specific approval criteria. Accordingly, BART's view is that ARB should pursue either a hybrid or bottom-up approach that maximizes the availability of offsets. In particular, we encourage ARB staff to focus their efforts on establishing reasonable, generally applicable criteria for verifying and approving offset projects

With regard to offsets from transit projects, BART is working with other transit agencies such as the Los Angeles Metropolitan Transportation Authority (LA Metro), Tri-Met (Oregon), King County-Seattle Metro (Washington), and the American Public Transportation Association to develop and agree upon a suitable, nationally applicable methodology for quantifying transit-based emissions reductions for use as offsets. We look forward to discussing this approach with ARB staff and applying it to future BART projects.

Mr. Kevin Kennedy, Chief

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Questions 3 through 5: Should there be quantitative limits on the use of offsets for compliance purposes? If so, how should the limits be determined? Should California establish geographic limits or preferences on the location of projects that could be used to generate credits within the offsets system. If so, what should be the nature of those limits or preferences? Should California discount credits from offset projects?

These questions all pertain to various types of potential restrictions on the creation and use of GHG offsets for AB 32 compliance. BART urges ARB to not apply quantitative limits to an AB 32 offset program, and also to not apply discounts or percentage reductions to actual GHG emission reductions when they are approved as offsets. As stated above, a broad pool of offsets will reduce AB 32 compliance costs and help assure the overall success of the program, and these potential offset restrictions will adversely affect either the pool of available offsets or the market demand for offsets, with negative impacts on the potential success of the overall program. With regard to geographic limits or preferences, there are competing interests that ARB should consider in determining whether to establish such limits or preferences. Reasons favoring restricting offsets to those created in California include the co-benefits with investment within the state (congestion relief, potential reduction in criteria pollutant emissions, opportunities for more Transit Oriented Development, health / public safety benefits, reduced dependence on fossil fuels) and better opportunities to verify and monitor performance at a "local" level, as opposed to international. On the other hand, ARB should also consider the potential value of accessing lower cost offsets that would be available from a geographically wider market.

Thank you again for the opportunity to respond to ARB's questions regarding a establishment of an AB 32 offset program. If you have any questions, please contact me at 510-287-4794 or by email at vmenott@bart.gov.

Very truly yours,

/s/

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