

7 June 2012

Nicole Singh  
Acting Executive Director  
Regional Greenhouse Gas Initiative, Inc.  
90 Church Street, 4th Floor  
New York, NY 10007

Dear Ms. Singh:

The Verified Carbon Standard Association (VCSA) welcomes the opportunity to offer the following recommendations in response to RGGI's May 2012 Request for Stakeholder Comments on Program Review. We appreciate the effort undertaken by the RGGI states to invite further input regarding a number of program design elements. Our recommendations focus exclusively on the request for stakeholder feedback on potential improvements to the RGGI offset program.

### **Standardized Protocols**

The application of standardized methods to determine the additionality and crediting baselines for offset projects has, to a degree, been more aspirational than rigorous or systematic. What has been lacking until now is an overarching framework to guide protocol developers and regulators in the consistent design of standardized offset protocols. Without such a framework, program administrators risk adopting inconsistent protocols or having to evaluate protocols that have been formulated by different developers using entirely different criteria, thereby placing the environmental integrity of the offset program in question.

In February of 2012, following an 18-month expert review and public comment process, the VCSA issued a set of requirements that set forth comprehensive requirements for the development of standardized methods which cover both activity methods (aka, positive lists) and performance methods (aka, performance benchmarks) for developing offset protocols. Those requirements, along with a description of and participants in the expert process can be viewed at <http://v-c-s.org/standardized-methods>.

- VCSA recommendation: We recommend that RGGI adopt the VCSA requirements for standardized methods as the basis for amending its existing protocols and adding new protocols. We would be happy to provide a detailed briefing of the requirements at your convenience.

### **End Use Energy Efficiency Protocols**

Regarding RGGI's interest in a standardized protocol for End Use Energy Efficiency, the VCSA approved such a protocol in 2010 developed by the Maine State Housing Authority for quantifying GHG emission reductions associated with energy efficiency measures in residential buildings. A copy of the protocol can be downloaded at <http://v-c-s.org/methodologies/VM0008>. The protocol is currently under revision to bring it in full conformance to the VCSA's new requirements for standardized methods.

- VCSA recommendation: The Maine Housing protocol uses a performance benchmark approach to crediting emission reductions resulting from efficiency measures that reduce electricity and fuel use. We believe the protocol can be adapted to include only those efficiency gains related to reduced fuel consumption (ie, excluding emission reductions associated with reduced electricity consumption) and, on that basis, recommend that RGGI evaluate it for inclusion as an approved protocol.

## Other Existing Protocols for Further Consideration

The VCSA strongly recommends that RGGI reconsider its present approach to revising the offset program. The protocol-by-protocol consideration demonstrated in the Request for Stakeholder input unnecessarily limits RGGI's opportunity to take advantage of (and spur) the high level of innovation being expressed by entrepreneurs, businesses, research institutions and public agencies that are developing methods, technologies and practices to mitigate GHG emissions. Rather than considering which protocols should be eligible for use in the RGGI program, the VCSA recommends that RGGI establish program-wide requirements for the development of offset protocols which will enable the development of consistent (and coherent) protocols that RGGI can then more readily review (and adopt).

→ VCSA recommendation: We reiterate the recommendation submitted as part of our February 10, 2012 comments that to increase the opportunity for offsets to play a contributing role in its emissions reduction program, RGGI initiate an open, transparent process for evaluating and recognizing established high quality carbon offset programs including the VCS. We suggest that RGGI adopt selection criteria similar to those introduced in the U.S. Senate and House bills (S. 2729 and H.R. 2454) during the 2009 Congressional debate over national cap and trade legislation for recognizing early action offset programs. Those bills directed the Administrator of EPA, in conjunction with the Secretary of Agriculture, to approve any regulatory or voluntary greenhouse gas emission offset program that:

- Developed or approved offset project-type standards, methodologies, and protocols through a public consultation process or a public peer review process;
- Made available to the public the standards, methodologies, and protocols of the program for emission reduction projects;
- Required that all emission reductions be verified by a State regulatory agency or an accredited third-party independent verification entity;
- Required that all issued credits be registered in a publicly accessible registry, with individual serial numbers assigned for each ton of carbon dioxide equivalent emission reductions; and
- Ensured that no credits are issued for activities for which the administrator of the program has funded, solicited, or served as a fund administrator for the development of the project or activity that caused the emission reduction.

Coupled with RGGI's indication of specific project types that it would accept, relying on existing GHG programs will allow the RGGI offset program to deliver results faster and at less cost, especially because the rules of the GHG programs are already well established and they have a proven track record of developing sound methodologies (or protocols), providing oversight of auditors, and establishing robust registry systems.

## Wetland Restoration and Conservation Protocols

Regarding RGGI's interest in Wetland Restoration and Conservation protocols, the VCSA has convened an expert review and public comment process that will deliver requirements to guide the development of protocols for crediting climate benefits from a range of activities in wetlands areas, including mangroves, freshwater tidal coastal wetlands, salt marshes, sea grasses, floodplains, peatlands and potentially other areas. A draft of the requirements is currently open for public comment and can be viewed at [http://v-c-s.org/wetlands\\_restoration\\_conservation](http://v-c-s.org/wetlands_restoration_conservation).

→ VCSA recommendation: We recommend that RGGI adopt the VCSA wetlands requirements, once they have been finalized, as the framework for protocols that will be eligible under the RGGI program. We would be happy to provide a detailed briefing of the requirements at your convenience.

## **Streamlining the Administrative Efficiency of the Offset Program**

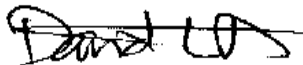
To build a truly robust, dynamic and administratively efficient offset program that spurs innovation and a diverse supply of offset credits, RGGI should focus on establishing appropriate frameworks that provide coherent and consistent rules and procedures for the development of protocols that meet its interests in such program-level considerations such as the use of standardized methods and new activity areas or sectors such as wetlands restoration and conservation. Rather than concerning itself with the development and/or approval of specific protocols, RGGI should recognize GHG programs that have been operating in the voluntary market and are playing significant supporting roles for emerging compliance regimes. For example, California is relying on the methodology development, project approval and credit issuance infrastructure established by voluntary GHG programs, while Australia is recognizing projects registered by voluntary GHG programs for transition into its Carbon Farming Initiative. Likewise, the Democratic Republic of Congo has indicated that REDD+ projects must conform to designated standards including those established by voluntary GHG programs.

→ VCSA recommendation: Rather than serving as the ultimate arbiter of whether projects are eligible to issue carbon credits under its offset program, RGGI should evolve to oversee GHG programs that perform the same function (ie, develop and/or approve methodologies, register projects and issue credits).

Thank you for the opportunity to provide input to the further development of the RGGI Program. Adopting the recommendations we propose here will yield a number of important outcomes including moderation of future compliance costs, increased administrative efficiency of the RGGI offsets program, and encouragement of innovative measures that reduce or sequester carbon, all while maintaining the environmental integrity of the RGGI Program.

Should you have any questions, please do not hesitate to contact me by telephone (+1 202 296 1427) or email (dantonioli@v-c-s.org).

Sincerely,



David Antonioli  
Chief Executive Officer