



May 14, 2008

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**The Climate Trust Comments to  
the Oregon Department of Environmental Quality on  
OAR Chapter 340, Division 215: Greenhouse Gas Reporting  
Requirements**

**INTRODUCTION**

Thank you for providing The Climate Trust with the opportunity to submit comments to the Oregon Department of Environmental Quality (ODEQ) regarding proposed division and rules within OAR Chapter 340, Division 215. We commend Oregon for its leadership in being one of the first states in the United States to require mandatory reporting of greenhouse gas (GHG) emissions, an important first step in taking meaningful action on global climate change.

The Climate Trust is a non-profit organization whose mission is to promote climate change solutions by providing high-quality greenhouse gas offset projects and advancing sound offset policy. The Climate Trust was created in response to the Oregon Carbon Dioxide Standard (Oregon CO<sub>2</sub> Standard), the first statutory limitation of greenhouse gases in the United States. The Climate Trust solicits, negotiates, and contracts to purchase offsets with funding provided by regulated power plants, businesses, and individuals. Since its founding in 1997, The Climate Trust has directed \$8.8 million in funding into 16 greenhouse gas offset projects that are expected to offset close to 2.6 million metric tons of carbon dioxide.

These comments address the proposed greenhouse gas reporting requirements set forth in OAR Chapter 340, sections -215-0010 to -215-0400. Specifically we recommend that the pioneering work undertaken through the Oregon CO<sub>2</sub> Standard and The Climate Trust, on behalf of the citizens of Oregon, be recognized under the proposed GHG reporting requirements for the State.

**BACKGROUND**

The State of Oregon has long been a leader in the field of environmental innovation. One of the best examples of this leadership is the Oregon Carbon Dioxide Standard and the establishment of The Climate Trust. As the only state in the U.S. with a long standing legislative greenhouse gas reduction requirement and offset program, which predates the Kyoto Protocol, Oregon has nearly a decade of experience in using carbon offsets to achieve real, additional, and verifiable greenhouse gas reductions.

The Oregon legislature implemented the first statutory regulation of greenhouse gases in the United States in 1997, with the enactment of the Oregon Carbon Dioxide Standard<sup>1</sup>. The Oregon CO<sub>2</sub> Standard applies to base-load gas plants, non baseload power plants, and non-generating energy facilities that emit carbon dioxide.<sup>2</sup> This law requires that all new power plants with greater than 25 megawatts of generating capacity mitigate a portion of their carbon dioxide emissions. The law allows regulated entities to meet their compliance obligations by paying a set fee per ton to an independent qualified organization, which procures high quality greenhouse gas offsets on their behalf.

The Climate Trust was established as that independent qualified organization in 1997, and has administered and executed the offset program since its establishment. To date, The Climate Trust is the only implementer of a regulatory compliance offset program in the United States. As the offset program administrator, The Climate Trust is responsible for soliciting, evaluating and acquiring greenhouse gas offset projects that meet the high quality standards set forth in the law, some of the highest standards in the world. It is also tasked with tracking and retiring the greenhouse gas offsets purchased for compliance through its offset registry.

There are a number of important policy determinations that the State will need to make regarding the treatment of tons purchased under the Oregon CO<sub>2</sub> Standard in future greenhouse gas regulation. In order to ensure that activity under the law, both past and future, is accurately accounted for by the State, it is important that programmatic activities are accurately reflected in ODEQ's reporting requirements and protocols. These comments address our recommended approach for achieving this end.

## **REPORTING REQUIREMENTS**

Oregon's reporting requirements must reflect offsets bought and sold under the Oregon CO<sub>2</sub> Standard in order to accurately account for and reflect greenhouse gas reductions that have occurred, and will occur in the future. Under the proposed rules, all entities subject to the Oregon CO<sub>2</sub> Standard will also be required to report their greenhouse gas emissions. Accurate reporting is one of the most important means of assigning ownership of emission reductions and of ensuring that GHG offsets are not double counted or claimed by more than one entity. Accurate accounting frameworks are an essential precursor to implementing greenhouse gas reduction policies and the optimal design of cap and trade systems.

As one of the first State-level mandatory reporting programs, Oregon has a unique opportunity to help craft reporting protocol precedent for the emerging regional and possibly federal initiatives. How GHG offsets are treated under mandatory reporting programs will have important implications for the integrity and efficacy of the regulatory GHG market moving forward.

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<sup>1</sup> A summary of the legislation can be viewed here:  
<http://www.oregon.gov/ENERGY/SITING/docs/ccnewst.pdf>

<sup>2</sup> The Council originally adopted these rules pursuant to HB 3283, which the Oregon Legislature passed in 1997. The Council has subsequently updated the rules, most recently in May 2007. The rules are in Oregon Administrative Rules, Chapter 345, Division 24. Definitions are in Division One.

In order to most accurately reflect the purchase and sale of GHG offsets, The Climate Trust recommends that a separate reporting component be added to OAR Chapter 340 to record and make publicly available data regarding offsets purchased and retired under the Oregon Carbon Dioxide Standard. It is anticipated that this will take the form of an electronic spreadsheet submitted on an annual basis, in accordance with the reporting schedule as proposed in section 340-215-0040(2)(a) that reflects the GHG offset transactions conducted over the reporting period. In order to achieve this end we propose a new section be added, 340-215-0050: Oregon Carbon Dioxide Standard Reporting.

*Proposed language for new section:*

**340-215-0050**

**Oregon Carbon Dioxide Standard Offset Reporting**

(1) Independent qualified organizations purchasing and retiring GHG offsets under the Oregon Carbon Dioxide Standard (HB 3283) and applicable rules (OAR Chapter 345, Division 24) must register and report to ODEQ regarding all acquisition and retirement of GHG offsets.

- (a) Independent qualified organizations must report greenhouse gas offsets purchased and retired with funding provided by each participating entity regulated under OAR Chapter 345, Division 24.
- (b) Independent qualified organizations must report greenhouse gas offsets sold from each entity that has executed such a sale, including those not required to report their GHG emissions under section 340-215-0010.

Thank you for your consideration of our request. We would be happy to answer any questions regarding these comments or the work of The Climate Trust under the Oregon CO<sub>2</sub> Standard. For additional information please contact:

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