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Organization: The Climate Trust

**The Climate Registry:  
Local Government Operations Protocol (Appendix D)  
Public Comment Draft**



The Climate Registry

**February 23, 2009**

**PUBLIC COMMENT TEMPLATE**

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## INSTRUCTIONS FOR COMMENTING

### Instruction for Using the Comment Template

We are providing this template to assist your submission. To use this template, please follow the instructions below:

- **Please review the Cover Memo to Accompany the LGO Protocol (Appendix D) prior to undertaking your review of the draft LGO Protocol appendix itself.** The Cover Memo directs your attention to several aspects of the program-neutral protocol and appendix on which the Registry particularly seeks comment.
- **Please submit all of your comments in this template.** This template enables us to more effectively review, organize and synthesize your feedback on the LGO protocol appendix. Please do not send comments or feedback in a separate file or email. If you need more space to enter your comment, please expand the text box accordingly. If there are sections on which you are not submitting comments, please **delete** those sections. If you would like to provide supplementary information or documentation, please save in an accompanying MS word file – note in the subject line of your email that you have attached another file. **Please be sure to separate independent comments under the same section either by bulleting or putting a space between them.**
- **Please utilize the General Comments box for additional thoughts.** The Registry is not considering changes to the program-neutral portion of the LGO protocol at this time. Should you feel that additional information is needed in The Registry’s appendix to work with the existing guidance in the program-neutral LGO Protocol, please make a note of in the “General Feedback” box at the end of the template.
- **Please add your name and organization to the document header.** To do so, double click the “Name/Organization” header at the top of this instruction sheet and type in the information. Example: John Smith – NASA.
- **Please write comments in Times New Roman font, 12pt and in blue text.** This will help us track your comments more easily.
- **Save the template using the following naming convention: “Your Organization Name\_Draft LGO Appendix D Public Comments.doc” (e.g., “TheClimateRegistry\_ Draft LGO Appendix D Public Comments.doc”)**
- **Please save the template as a MS Word document and not as a pdf document.** This will facilitate our analysis of the comments.
- **If you have questions during the public comment process, please email them to: [peggy@theclimateregistry.org](mailto:peggy@theclimateregistry.org).**

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- **Submit comments by email to: [TheClimateRegistry@gmail.com](mailto:TheClimateRegistry@gmail.com) no later than close of business day **Friday, March 20, 2009**.** We appreciate any effort to submit your feedback before the deadline.

**Thank You!**  
**The Climate Registry**

## **Additional feedback not falling under any of the above sections**

Comment(s):

These comments focus specifically on the treatment of greenhouse gas (GHG) offsets under the proposed Protocol. They provide recommended changes to the Protocol which will allow it to contribute to the promotion and advancement of a credible, transparent and robust GHG offset accounting framework.

### *Reporting Requirements of Section 13.1.2.5 Page 118*

These comments address the proposed greenhouse gas reporting requirements set forth in Section 13.1.2.5 (“Informational Items”) under the title of “Carbon offsets retired/generated and sold” The draft protocol reads:

*Local governments should account for and report all carbon offsets which they purchase and retire. These offsets may not be deducted from Scope 1 or Scope 2 emissions due to the fact that a complete accounting framework which accurately and credibly tracks the ownership and retirement of these credits has not yet been established. Local governments should also report any offsets that they both generate and sell as part of a climate mitigation project. (page 118)*

### **Recommendation: Adjusting GHG Footprints to Reflect Offset Transactions**

Accounting for contractual emission reductions purchased and sold is of paramount importance to a robust and comprehensive GHG accounting system. The contractual GHG emission footprint prepares the framework for carbon markets to accurately track and account for credits. The Climate Trust therefore recommends the Protocol adopt a dual footprint reporting framework.

A high quality offset credit must convey unambiguous, documented and uncontested title to the emission reductions it represents through contractual assignment and/or government recognition of ownership rights. Although the Protocol requires reporting entities to document offsets sold, it does not require cities to adjust their Scope 1 or Scope 2 emission inventories to reflect these transactions. Since the protocol does not require these entities to adjust for these transactions, the current draft of the Protocol will not allow buyers of GHG offsets purchased from local governments to establish unambiguous ownership over these emission reductions. This could result in double counting of offsets, since previously sold offsets are not accounted for in the current iteration of the protocol.

### **Dual Footprint Reporting Proposal**

Reporting entities should be required to add any offsets they sell from climate mitigation projects into their Scope 1 or Scope 2 emissions. The Climate Trust recommends that the Protocol require

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reporting entities who are buyers and/or sellers of GHG offsets to report two separate footprints: a physical GHG emission footprint and a contractual GHG emission footprint.

1. The Physical GHG emission footprint includes all GHG emissions covered by the reporting requirements of the Protocol, without any adjustment for GHG offsets purchased or sold.
2. The Contractual GHG emission footprint adjusts the physical GHG emission footprint to reflect any offsets purchased and/or sold.

#### *Adding GHG Emission Reductions Sold*

After compiling a complete physical GHG footprint, reporting entities must add any GHG offsets sold from projects within the Protocol's reporting boundary into their contractual GHG footprint in order to protect the integrity of the offset instrument and to avoid potential double counting of emission reduction benefits.

Once a reporting entity transfers ownership rights of emission reductions occurring within its reporting boundaries, that entity cedes all rights to make claims relative to that emission reduction. Because the physical emission reduction occurs within the reporting entity boundary, the emission reduction credit transferred with the sale of the offset credit must be added to the offset seller's footprint in order to avoid double counting or claiming of that emission reduction credit.

In order for GHG offset credits to be a credible commodity, clear accounting standards must be developed and implemented that accurately reflect transactions that take place. The dual footprint accounting standard will also ensure the greatest transparency in the marketplace by making clear where and how emission reduction and footprint accounting are taking place.

#### *Subtracting GHG Emission Reductions Purchased*

After compiling a complete physical GHG footprint, regulated entities should be able to subtract any GHG offsets purchased from providers which are approved by the California Climate Action Registry, California Air Resources Board and ICLEI. The Climate Trust recommends that the following types of offset credits, at a minimum, be allowed for voluntary footprint adjustments:

- Regulatory grade offsets: those approved by a regulatory regime such as the Regional Greenhouse Gas Initiative, The Clean Development Mechanism, The Climate Trust and any other regulatory bodies approved by the California Climate Action Registry.
- Offsets sourced from a credible voluntary registry: including the Environmental Resources Trust Greenhouse Gas Registry, the California Action Reserve, and any registry approved by the Voluntary Carbon Standard
- Other offsets deemed credible by the California Climate Action Registry

The inclusion of both physical and contractual footprints in the Protocol will ensure that emission reductions occurring both inside and outside of reporting entities' operations are accurately accounted for and tracked over time.