

Date: August 24, 2011

Subject: ACR Member Update: American Carbon Registry Offset Protocols in Consideration by California Air Resources Board

At today's California Air Resources Board (ARB) public meeting, ARB staff updated the Board on Assembly Bill 32 (AB 32) climate change program activities and the AB 32 Scoping Plan. As part of the ARB staff [presentation on offset demand and offset protocols](#), Ms. Edie Chang highlighted three carbon offset protocols that are being recommended to the Board for review and consideration for potential adoption as compliance protocols for the California cap-and-trade program. The three protocols named are all connected to the American Carbon Registry (ACR) including ACR-approved protocols for [Conversion of Pneumatic Controllers](#) and [N₂O Reductions from Changes in Fertilizer Management](#) as well as a third protocol for [Emission Reductions in Rice Management Systems](#), which is in the ACR approval process for publication this fall.

ARB staff are reported to have been working for many months on an in-depth technical review of over 20 offset protocols with the objective of narrowing the list to a few high quality protocols that could be adopted for the compliance program. As part of this review, ARB has indicated their intent to adopt protocols that are environmentally and scientifically rigorous, that can increase offset supply, and that can provide the opportunity for agriculture sector participation in the nation's first economy-wide cap-and-trade system. If successfully reviewed and adopted, the three ACR protocols in consideration could help ARB achieve these objectives.

The ACR protocol for [Conversion of High-Bleed Pneumatic Controllers in Oil & Natural Gas Systems](#) details ways for oil & gas companies to accelerate reduction of fugitive emissions of methane, a potent greenhouse gas, by retrofitting existing high-bleed pneumatic controllers with low-bleed options. According to the U.S. Environmental Protection Agency, high-bleed pneumatic controllers are among the largest sources of vented methane by equipment type in the domestic oil & natural gas industry, responsible for about 48 billion cubic feet of methane each year (about 19.2 million tonnes CO₂ equivalent).

"We are excited that ARB is considering adoption of the first carbon offset methodology to enable U.S. oil & gas companies to quantify and verify reductions from a significant source of GHG emissions," said John Savage of Verdeo Sindicatum Corp, a leading developer of methane emission reduction projects.

The ACR protocol for [N₂O Emissions Reductions from Changes in Fertilizer Management](#) details requirements for quantifying GHG emissions reductions in the agriculture sector resulting from changes in how fertilizer is applied and used. The methodology incorporates site specific data into a peer-reviewed, tested and highly parameterized model to calculate N₂O emissions reductions that result from changes in fertilizer management including changes in fertilizer rate, type, placement, timing, use of timed-release fertilizers, use of nitrification inhibitors, and other factors. The innovative approach takes into account multiple, simultaneous practice changes and produces the rigorous, science-based results necessary to create compliance-grade offsets.

Nitrogen fertilizers represent one of the largest sources of GHG emissions from global agricultural production. In the U.S., nitrous oxide (N₂O) from agricultural soil management is responsible for over 200 million tonnes CO₂ equivalent per year according to the 2011 USEPA GHG Inventory. Thus there are opportunities to achieve significant emission reductions of N₂O, a GHG with approximately 300 times the global warming potential of carbon dioxide. Fertilizers have also been a key factor in the increased yields achieved by modern agriculture. Optimizing fertilizer management practices without reducing yields is therefore an effective way to reduce N₂O emissions, enhance competitiveness, and improve water quality in agricultural areas.

“The ACR fertilizer management methodology is innovative in its flexibility to address multiple practice changes as well as its applicability for virtually any crop for which the underlying model has been properly calibrated and validated,” stated Nicholas Martin, ACR chief technical officer. *“The protocol is not prescriptive so it can lead to emission reductions across a wide range of production systems without sacrificing yield. This is particularly relevant for engaging the agriculture sector in California, which produces over 400 specialty crops, to participate in the cap-and-trade program.”*

The protocol for [Emission Reductions in Rice Management Systems](#), currently in the scientific peer review stage of the ACR approval process, is applicable to agricultural land management project activities that involve a change in rice cultivation practices. Currently only activities in California are eligible, however, the methodology includes a provision for expansion to additional practices and additional geographical regions, including Arkansas and the mid-South, through later modules. According to the U.S. Environmental Protection Agency’s national GHG inventory for 2010, the top two rice producing states, Arkansas and California, are responsible for over half of U.S. emissions from rice production.

“ARB’s consideration of a rice methodology sends an important signal to rice producers about the economic and environmental win-win of cutting GHG emissions from rice,” stated Belinda Morris, California regional director of EDF’s Center for Conservation Incentives. *“We look forward to working with producers and other stakeholders in California and the mid-South to ensure a pathway exists for high-quality offsets to enter the California market.”*

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About the American Carbon Registry

The nonprofit American Carbon Registry (ACR), an enterprise of [Winrock International](#), is a leading carbon offset program recognized for its strong standards for environmental integrity. Founded in 1996 as the GHG Registry by Environmental Resources Trust, ACR has 15 years of experience in the development of rigorous, science-based carbon offset standards and methodologies as well as in carbon offset issuance, serialization and transparent online transaction and retirement reporting. As the first private voluntary GHG registry in the world, ACR has set the bar in the global voluntary carbon market for offset quality and operational transparency. www.americancarbonregistry.org

About Winrock International

Winrock International is a nonprofit organization that works with people in the United States and around the world to empower the disadvantaged, increase economic opportunity, and sustain natural resources. Winrock is headquartered in Little Rock, Arkansas. www.winrock.org.

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