



September 9, 2009

Re: PG&E Comments on the Draft Organic Waste Digestion Project Protocol

PG&E congratulates the Climate Action Reserve (Reserve) on the release of the draft Organic Waste Digestion (OWD) Project Protocol. As the Reserve is aware, PG&E's ClimateSmart program has been active in signing contracts for new Reserve-quality GHG emissions reduction projects in California. The ClimateSmart program's goal is to enter into contracts for a total of 1.5 million tons from diverse project types. PG&E encourages the Reserve to approve the OWD Protocol in a timely fashion per the published schedule.

In addition to approving the OWD protocol, the protocol development process has identified significant next steps beyond the OWD protocol: developing protocols for composting and pre-consumer solid waste streams. PG&E notes that Appendix C recommends Meat and Poultry processing and Vegetable processing be included as eligible OWD project types. As it does not appear that solid wastes from these processes are eligible for the OWD protocol, the Reserve should "fast-track" development of a protocol to address these processes.

PG&E has two comments to make specifically on the OWD protocol. First, Section 3.2 of the draft OWD protocol states that projects may earn credits for up to 10 years after eligible material is first digested (including manure) in an operational Biogas Control System. The Reserve may want to consider allowing projects to allow earning for more than the 10-yr period as diverting food waste to OWD projects requires significant ongoing expenses and may not be common practice even at the end of the 10-yr period. PG&E recommends that the Reserve consider creating parameters for extending project lifetimes.

Finally, the Reserve asked parties' opinions on whether the Reserve should issue methane reduction credits when the methane is destroyed (in year 1) or over the 10 year period when methane would have been released according to the first order decay model. PG&E believes that the critical activity is the methane destruction, and the Reserve should issue credits for all of the avoided methane emissions in the year the methane is destroyed. This is not forward crediting, where offsets are issued for future emissions reduction activity. In this case, the activity has occurred, and those emissions will never be emitted.

Thank you for your time,

Soumya Sastry