

June 3, 2011

Climate Action Reserve

523 W. Sixth Street, Suite 428

Los Angeles, CA 90014

Dear Climate Action Reserve Staff,

We are pleased to provide comments on the proposed revisions found in Version 4.0 of the Climate Action Reserve (Reserve) Landfill Project Protocol (Protocol). We are appreciative of the Reserve's transparent and participatory manner of creating and updating protocols.

We support a variety of changes found in Version 4.0 of the Landfill Project Protocol that allow greater management flexibility for Project Developers while also simplifying the overall Protocol. We also have some recommendations and questions regarding these changes.

- We support the revised start date definition to allow for a 45 day selection period from when landfill gas (LFG) is first destroyed. Projects often experience times of inconsistency during the initial start-up period while the system and equipment is being checked for functionality and optimization. This flexible start date definition understands this reality, while also conforming to other Reserve methane destruction protocols.
- We support the option for an additional 10-year crediting period. This will allow projects that are never required to capture landfill gas to have continued viability.
  - However, we do have a clarifying question with regards to the second 10-year crediting period. Is the second crediting period limited to only projects that first list under Version 4.0? Will other projects registered under previous versions of the Protocol be eligible for a second crediting period?
  - We strongly recommend that other landfill projects currently registered under earlier versions of the Protocol also have the opportunity for a second 10-year crediting period. We do not see a definitive difference between projects listing under Version 4.0 and other previously registered projects in terms of being eligible for a second crediting period.
- We support the changes to the QA/QC procedures for flow meters and continuous methane analyzers. This allows greater flexibility for project managers to determine what works best for a specific project to ensure proper functioning equipment while also minimizing administrative burden.
- We would like to recommend a potential additional option under Section 6.2 for adjusting metered values for calibrations that indicate over-reporting. In our experience, flow meter factory calibration forms usually present percent difference readings for multiple flow points.

With multiple data points, it allows a more complete picture of how inaccurate the flow meter is at different flow ranges. We recommend the option of using a least squares analysis to determine the amount of adjustment for over-reporting flow meters when multiple data points exist from a factory calibration. Statistically speaking, this type of analysis leads to a significantly more accurate representation of the appropriate adjustment needed compared to simply taking the greatest calibration drift that was recorded.

We would also like to express our views on the new proposed performance standard as it relates to landfill gas-to-energy (LFGE) projects. We believe that the analysis conducted by the Reserve has oversimplified the interplay between RECs and carbon offsets for LFGE projects. The Reserve assumes that projects not claiming both RECs and carbon offsets do not need both of these revenue streams to be viable. However, it is much more likely that these projects cannot claim both RECs and carbon offsets due to a variety of reasons, including the project being located in a state that does not maintain a Renewable Portfolio Standard (RPS) or the project being ineligible for carbon offsets due to non-regulatory reasons. We recommend a more detailed and in-depth analysis of project economics focusing on real world examples and project specific data. This will allow a more accurate representation of the current market for LFGE projects, instead of using one simplified database to make generalized assumptions about LFGE project economics. We believe that the new performance standard as drafted would severely hinder the development of new LFGE projects and recommend that it not be adopted.

In addition, we would like to comment on portions of the waste in place (WIP) threshold analysis.

- We would like to note that the EPA Mandatory Greenhouse Gas Reporting Rule adjusts the k-factor for bulk waste at a threshold of 40 inches of precipitation per year. We believe that the Reserve should consider this threshold for determining which counties are wet and dry.
- We would also like to comment on using WIP as a metric for LFG generation potential. In the last few years the characteristics of waste being accepted at landfills have been changing dramatically. New organic waste diversion programs have come online, altering the LFG generation potential of sites. Thus, we believe that general WIP does not provide an accurate enough assessment of LFG potential at sites to conduct this analysis thoroughly.
- Finally, we understand the Reserve's preference to strike a balance in favor of ensuring that projects that pass an additionality screen are actually additional. However, we believe that the current exclusion rate of almost 60% for landfills that are additional is much too high compared to the 5% inclusion rate of projects that are not additional. Using the analysis completed by the Reserve, we recommend that the WIP threshold for Wet Counties be located where the percentage rates for exclusion and inclusion cross, which appears to be around the 1,900,000 to 2,000,000 metric ton level. This threshold would only add a few percentage points to the amount of projects falsely included, while drastically dropping the exclusion rate of truly additional projects to around 12%. This would ensure that actually additional projects still have the opportunity to reduce greenhouse gas emissions, while also ensuring a stringent WIP threshold that excludes almost all non-additional projects. Thus, if the Reserve maintains WIP as part of the performance standard, we believe that the current WIP thresholds for Wet Counties are too stringent and should be reconsidered.

In closing, we appreciate the opportunity to present our comments on Version 4.0 of the Protocol and feel that many beneficial additions have been included. We do, however, ask for diligent consideration of our comments on the new LFGE project performance standard and the WIP thresholds.

Respectfully submitted,



ELEMENT MARKETS

