

June 1st , 2011

Climate Action Reserve  
Attention: Policy Team  
523 West Sixth Street, Suite 428  
Los Angeles, CA 90014

**Re: Public Comments on Draft Version 4.0 of the Landfill Project Protocol**

Dear Policy Team,

Thank you for the opportunity to comment on the proposed Version 4.0 of the Landfill Project Protocol (the "Version 4.0"). We commend the Reserve for its ongoing refinement of the Landfill Project Protocol and specifically revisions that address:

- Flexibility on project start date,
- Meter inspection requirements and
- The option to apply for a second crediting period.

All of these revisions positively contribute to project viability and management. We appreciate that the Reserve has listened to input from project developers in evaluating and now proposing these revisions.

We would also like to point out some concerns we have with other proposed changes which, in our view, have the potential to have a material and adverse impact on the viability of existing projects as well as the development of future projects. We would also like to offer some suggestions that address these concerns in a way that allows the Reserve to continue to meet the high standards for environmental integrity already established with the Protocol.

1. Protocol version for registered projects

We understand that the Standard Performance test will be applied only to new projects seeking registration after the adoption of Version 4.0, and projects seeking a second crediting period under Version 4.0. It is crucial that already-registered projects are able to remain registered to pre-4.0 versions throughout the crediting period; this is crucial because such projects were developed based on economic assumptions stemming from the availability of multiple revenue streams available under previous versions. If a registered project were forced to move to Version 4.0, there is a risk that it would fail the Version 4.0 eligibility requirements, become ineligible for ongoing CRTs, and severely disrupt the project economics. It should be exceedingly clear that a project registered under a prior version would not be subject to adopting Version 4.0 through direct or indirect requirements.

## 2. Waste in Place thresholds

### **WIP thresholds are too low to deliver viable volumes of gas for LFGE.**

The analysis in support of the revised performance threshold makes assumptions and draws conclusions about the financial viability of projects using information from available databases with landfill project data (LMOP, REC and VER registries). Based on the information available through these databases, the analysis concludes that landfills over a certain WIP threshold do not need ER revenues in order to develop LFGE projects. Our analysis and experience suggests that the thresholds are very low and will severely impact the ability of new LFGE projects to move forward. By resetting the size threshold to the proposed WIP benchmarks, the eligibility criteria effectively eliminate any LFGE projects because a project below that threshold is simply too small to generate sufficient gas volumes for a power project.

## 3. Renewable Energy Certificate / Green Power Exclusion

Section 2.2 Project Definition of Version 4.0 states that *“Projects that utilize landfill methane for energy generation may avoid GHG emissions associated with fossil fuel combustion. However, under this protocol such projects do not receive credit for fossil fuel displacement. Although the Reserve does not issue CRTs for fossil fuel displacement, it strongly supports using landfill methane for energy production.”* The REC and Green power exclusion that is part of this same document undermines support for LFGE because the revisions in version 4.0 make such projects more economically challenging. There is therefore a contradiction in the Reserve’s intentions that should be addressed.

### **The proposed Performance Standard Test is likely to reduce the opportunities for landfill methane to energy projects by constraining the economics to an “either/or” option.**

The “either/or” decision inherent in the Protocol will make investments in LFGE projects harder to find and harder to justify because it effectively removes one source of project return. Of the several US landfill projects that our company has invested in and those under consideration, none have strong enough economics to support a positive investment decision without accessing all available revenue streams, including both VERs and RECs.

In addition to the basic financial viability, having multiple environmental commodities from a single project is also important from an investment standpoint because this reduces risk through revenue diversification. If one market fails, or the values drop then there is the potential that the other market will maintain viability and the project returns. For this reason it is easier to secure investment when both RECS and VERS are available for any given project.

# Verdeo

A Sindicatum Carbon Capital Company

## 4. Summary conclusions

We ask that the Policy Team:

- Add specific language into Version 4.0 that addresses the use of prior versions of the protocol during crediting periods. Section 3 Eligibility is the most suitable place for such comments to be embedded. Specifically, we recommend adding the following language: “Projects registered under a previous version of the Protocol will remain eligible according to the requirements in that version through the end of the crediting period.”
- Ensure that projects registered under a protocol version prior to version 4.0 will not be encouraged or directed to move to Version 4.0 through other registration or issuance processes such as:
  - Variances. A project seeking a variance against an earlier version will not be required to move to Version 4.0 (or later) in order to attain the variance;
  - Attestations. Attestations will not be amended in such a way as to effectively require projects to move to Version 4.0 (or later).
- Raise the WIP thresholds consistent with the ability of Landfills to produce gas volumes that support energy production.
- Re-consider the Green Power / Renewable Energy Certificate exclusion.

Thank you for your consideration of these comments and for your ongoing valuable work on offset projects. Sincerely,

Bill Reynolds

[Bill.reynolds@sindicatum.com](mailto:Bill.reynolds@sindicatum.com)