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Craig Ebert
President, Climate Action Reserve
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RE: Dairy Digester Project Forecast Methodology, Version 1.0 Draft for Public Comment

ClimeCo Corporation (ClimeCo) appreciates the opportunity to provide comments on the publicly released draft of the Dairy Digester Project Forward Methodology (June 6, 2019) (Methodology). ClimeCo thanks the Climate Action Reserve for the opportunity to develop and submit this project methodology on behalf of ClimeCo's partners in emissions offset markets, and as an investor and developer of offset projects with over fifteen years of experience on livestock anaerobic digestion projects specifically.

ClimeCo and its partners strongly support the Climate Forward Program (Program) as a significant step to incentivize climate-conscious behavior and remove barriers that otherwise inhibit developers and livestock operations from participating in traditional carbon offset schemes. As such, ClimeCo wishes to address two items in the public draft methodology that we believe creates barriers and could ultimately disincentivize Program and Methodology utilization.

I. Section 3.5. Regulatory Compliance

ClimeCo and its partners believe language in the Regulatory Compliance section of the Methodology should be clarified. Certain undefined terms and unclear procedures will hinder the Confirmation Body's ability to confirm and enforce this section in a uniform way. Specifically, we recommend that the Program leverage language utilized in most project protocols from existing offset programs that define a boundary and activity for which the regulatory compliance section applies, including guidelines for how the offset program and verification bodies under such programs review and treat regulatory compliance.

In this case, the requirement that "no laws must be broken in the implementation of each project" provides no markers for interpretation. As a result, the Confirmation Body and the Program could potentially, for example, be tasked with reviewing violations that predate the defined project activity, such as the review of construction activities in the development of the project. To clarify the scope of enforcement, ClimeCo recommends the Program define the term "implementation" in the Methodology. Given discussions ClimeCo has had with the Program in the development of this Methodology, it is understood that "implementation" in this section was not to include activities predating the start and operation of project technology (the anaerobic digester).

Additionally, ClimeCo recommends the Program refer to and include language used in the existing U.S. Livestock Project Protocol (January 23, 2013) for guidance on Regulatory Compliance treatment and materiality of violations. In line with this guidance, we recommend that the Reserve clarify further that only a violation of (1) a requirement having a bearing on the integrity of the potentially generated forecasted mitigation units (FMUs); or (2) an environmental and health and safety requirement associated with the installation and operation of the biogas control system that captures and destroys the methane, be considered within this regulatory compliance review.

Currently, compliance language is defined in the Attestation of Regulatory Compliance form rather than within the Methodology. Separating the compliance definitions from the Methodology creates a risk that generalized programmatic changes, which may occur administratively, could detrimentally impact the Methodology's acceptance and use. Generalizing compliance language across several different Methodologies fails to capture important Project-type nuances and that could create unnecessary constraints or miss important safeguards.

II. Section 7.3.1. Reporting and Confirmation Period, Initial Project Confirmation

ClimeCo and its partners strongly recommend the removal of language in this section that prohibits Confirmation activities from beginning until at least one year after the project start date. In practice, this constraint delays Forward Mitigation Unit issuance by a full year, which will substantially impact a potential Project Proponent's decision to invest in a Project. We believe that the one-year delay is an unnecessary barrier to Methodology acceptance and use and is not justified by the quantitative, evidence-based risk review in the Methodology. Ultimately, it provides no administrative or activity-related benefit to either the Project Proponent or the Climate Forward Program and Registry.

ClimeCo conducted extensive research and statistical analysis into emissions reductions variability and longevity of dairy digester projects. Our analyses are publicly available in Appendix D of the Methodology. Based on our research, we included specific mitigation safeguards to address concerns over the risk that the project will fail to operate as designed. In combination with the often-substantial financial commitment to develop the project, we see no risk in a Confirmation taking place immediately after the project start date. The protocol was designed under the assumption that Confirmation ensures that the mitigation measures are in place and that the project is operating as designed. The one-year waiting period is therefore redundant to existing safeguards.

This redundancy is particularly concerning because the inclusion of a delay in Confirmation activities will act as a barrier to Methodology acceptance and use by Project Proponents and dairy operations. The Climate Action Reserve has made clear that this Program and methodologies developed thereunder are intended to support project activities that otherwise would not take place due to financial barriers found in other offset-type systems. Delaying FMU issuance changes a project's economics quite significantly, making it a less attractive investment for Project Proponents and dairy operators. Ultimately, the delay may diminish incentives to adopt climate conscious behavior at dairy operations. If the Climate Action Reserve insists on some period of delay between Project Start Date and Confirmation, we strongly urge a reduced period of time, *e.g.*, two months, though we reiterate that we see no utility to any delay at all.

III. Conclusion

ClimeCo and its partners stand ready to work with the Climate Action Reserve, dairy industry, and other stakeholders involved with the Climate Forward Program and Dairy Digester Project Forward Methodology and appreciate the opportunity to provide comments. We look forward to continuing to support the development of a successful, forward-looking incentive program and methodologies that remove barriers to sustainable climate action.

Sincerely,

Dr. Scott Subler
Senior Vice President