June 3, 2010

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Voluntary Carbon Standard Association

I am writing to comment on the publicly available Voluntary Carbon Standard Association (VCS) draft, "Greenhouse Gas Emissions Reductions by Recovering and Destroying Ozone Depleting Substances (ODS) from Products." Since many ozone-depleting substances (ODS) are also greenhouse gases, we applaud the action taken earlier this year by VCS to extend its scope to include recovery and destruction of unneeded ODS. Preventing unnecessary release of ODS into the atmosphere supports both recovery of the stratospheric ozone layer and protection of the global climate system.

I appreciate the opportunity to comment on the new methodology, having participated on the Climate Action Reserve (CAR) working group for the two new CAR ODS destruction protocols referenced in the new VCS methodology. We share VCS's objective of generating the appropriate incentives to significantly increase ODS recovery from refrigeration and air-conditioning equipment through this new methodology.

Below are comments for your consideration. We welcome the opportunity to discuss these with you further.

- We believe it would be helpful for users if the new VCS methodology included the eligibility requirements from the VCS Extension of Scope document and specifically discussed how the methodology met those criteria rather than simply referencing the criteria. We would make the same suggestion with the references to the two CAR protocols in that the specific information that was incorporated into this methodology should be included either in the body or as an appendix to the document.

- Particularly because the VCS methodology is intended to be applied globally, VCS should not include HCFCs as eligible ODS under the methodology. We think this to be a prudent step to protect the integrity of the credits issued by VCS since global production of HCFCs may continue until 2040. Including HCFCs broadly under the new VCS methodology would likely create a perverse incentive for new production, that would not happen otherwise, and the quantities could be mislabeled as stockpiled or recovered ODS from equipment. We believe this is likely based on our U.S. experience, and based on the experience of other countries, in enforcing against and preventing the illegal imports of CFCs under the Montreal Protocol. We believe it to be impossible to determine when virgin HCFCs were produced and extremely difficult to verify the prior use of HCFC in equipment. We recognize that the VCS methodology requires that consumption of the

particular HCFC must have ceased within the country, and that import controls must be in place; this would only help prevent some leakage. However, our experience indicates that with continued production outside a country, combined with demand for the chemical or a possibly higher financial incentive from destruction credits, illegal imports would increase. It would be extremely unfortunate for these emerging types of projects to encourage illegally produced and/or imported HCFCs due to the issuance of VCS credits. For these reasons, VCS should not issue credits for destruction of a chemical until production (except for well-defined and overseen essential uses) has been phased out globally.

- We question the issuance of credits based on existing laws, statutes or other regulatory frameworks in a host country which mandates ODS destruction but for which the compliance rate is demonstrated to be below 50%. It would appear that the incentive for credits is greatest for those failing to comply with existing regulations, and we would question if that is the action VCS seeks to recognize. VCS would be encouraging non-compliance with domestic regulations by entities interested in obtaining credits. In addition, we would also question the practicalities of obtaining an accurate compliance rate with stakeholders being asked to report noncompliance, some of whom may have an incentive to report lower compliance and hence higher potential value in ODS destruction.

- With regard to ODS blowing agent from foam projects, it would be useful to clarify what is meant by the statement regarding one baseline scenario, "Before final disposal, the refrigerators containing foam are *mechanically manipulated*." (emphasis added) It would be helpful if the methodology confirmed that the VCS requirement allows projects that undertake the manual dismantling of products containing foam with the additional requirement to demonstrate achievement of the requisite 90% recovery efficiency.

- For testing the recovery efficiency of blowing agent contained in the foam of refrigeration appliances, we support the requirement in the methodology for random selection of appliances: "Systematically sorting out refrigeration appliances from the mass flow of incoming devices for the purpose of manipulating the quantity of recovered ODS is strictly forbidden." We would, however, question whether an annual test of at least 1,000 refrigeration appliances is appropriate or warranted for determining the recovery efficiency. Our concern would be that the VCS requirement for annual testing of 1,000 appliances may place a significant burden on the recovery facility and could dissuade them from engaging in projects to recover the blowing agents from foam. We would suggest VCS consider whether fewer appliances tested on an annual basis is a reasonable approach to ensure accuracy while still encouraging these types of recovery projects.

Again, thanks for the opportunity to provide comments and we welcome the opportunity to discuss the issues above further.