



# *Climate Change*

## *global warming*

Washington Mandatory GHG Emissions Reporting Rule  
Advisory Committee Meeting  
October 24, 2008



# Verification for Mandatory Reporting of GHG Emissions

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- General principles of verification
- Goals of verification under Washington's mandatory rule
- Elements of verification



# General Principles of Verification for Mandatory Reporting

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- Completeness
- Consistency
- Accuracy
- Transparency
- Conformity with reporting criteria
- Confidence



# Verification Goals under Washington's Reporting Rule

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Comprehensive inventory to support:

- GHG emissions reductions established in RCW 70.235.020
- A market based system, such as cap and trade



# Sources of Verification Standards and Principles

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- International Organization for Standardization (ISO) Publication 14064-3
- TCR General Verification Protocol
- CCAR and CARB



# Elements of a Verification System

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- Levels of quality assurance
- Materiality
- Verification Body
- Timing



# Levels of Quality Assurance

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- Third Party Verification
- Agency Review
- Self Certification
- Batch Verification



# Third Party Verification

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- Provides user confidence in the reported data
  - Independent evaluation of data accuracy
  - Confirmation of compliance with reporting rules
- Widely accepted as a “best practice”
  - Internationally: EU ETS; UK
  - Nationally: CARB, CCAR, TCR
  - WCI : Currently working on verification standards



# Third Party Verification - Options

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- Require of all reporters
- Limited 3<sup>rd</sup> party verification
  - Thresholds for 3<sup>rd</sup> party verification
    - Example:
      - » Reporting threshold = 10k MT of CO<sub>2</sub>e
      - » Cap and Trade threshold = 25k MT of CO<sub>2</sub>e
      - » 3<sup>rd</sup> Party verification threshold of 20k MT of CO<sub>2</sub>e
    - Verification cycles
      - Example:
        - » Full verification every X years
        - » Streamlined verification in off years



# Batch Verification

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- Batch or bundle small reporters under one Verification Body
  - Lowers verification costs
  - For small organizations with simple emissions
  - Approved verifier



# Materiality

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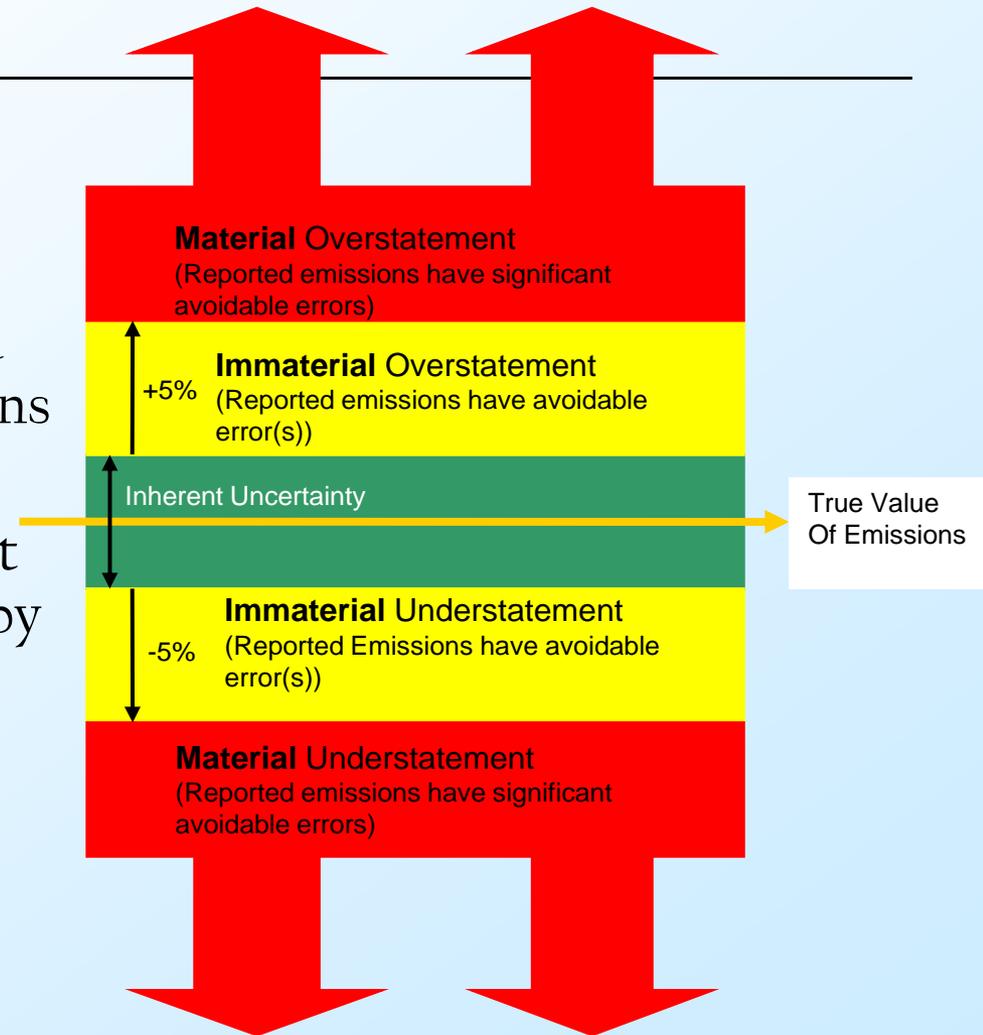
- Avoid “material” misrepresentation of emissions due to omitted or misstated data
- Set a materiality threshold
  - Example: TCR, CCAR and CARB materiality threshold = 5% of direct and indirect emissions



# TCR Materiality Threshold

## Entity-Level Materiality Threshold:

- Separate 5 percent threshold for direct & indirect emissions
- Material misstatements must be corrected to be accepted by the Registry





# Verification Body

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- Accreditation

- ISO 14065
- TCR accreditation criteria
  - Require verification by verifiers accredited through TCR program?

- Avoiding Conflict of Interest

- Relationship between verifier and reporter must be objective and impartial
- Limit number of years of relationship?
  - CARB limit – 6 consecutive years
  - TCR limit – 5 consecutive years



# Timing of Verification

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- Required under HB 2815 :
  - Annual reporting schedule
  - Begin reporting 2009 emissions in 2010
  - Report due no later than October 31<sup>st</sup>, to provide time to gather emissions data and to verify emissions



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Questions/Conclusions