Verification for Mandatory Reporting of GHG Emissions

- General principles of verification
- Goals of verification under Washington’s mandatory rule
- Elements of verification
General Principles of Verification for Mandatory Reporting

- Completeness
- Consistency
- Accuracy
- Transparency
- Conformity with reporting criteria
- Confidence
Verification Goals under Washington’s Reporting Rule

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

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

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

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

- 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

• Require of all reporters

• Limited 3\textsuperscript{rd} party verification
  
  – Thresholds for 3\textsuperscript{rd} party verification
  
    – Example:
      
      » Reporting threshold = 10k MT of CO2e
      » Cap and Trade threshold = 25k MT of CO2e
      » 3\textsuperscript{rd} Party verification threshold of 20k MT of CO2e

  – Verification cycles
  
    – Example:
      
      » Full verification every X years
      » Streamlined verification in off years
Batch Verification

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

● 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

[Diagram showing the materiality thresholds with arrows indicating overstatement and understatement, and the inherent uncertainty layer in the middle.]
Verification Body

- 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

- Required under HB 2815:
  - Annual reporting schedule
  - Begin reporting 2009 emissions in 2010
  - Report due no later than October 31st, to provide time to gather emissions data and to verify emissions
Climate Change
global warming

Questions/Conclusions