



SB 27 Carbon Sequestration and Climate Resilience Project Registry

Appendix A: Draft Regulation

Section 1. Purpose

These regulations govern the operation of the California Carbon Sequestration and Climate Resiliency Project Registry.

Section 2. Definitions

The following definitions apply to this article:

“Agency” means the California Natural Resources Agency.

“Applicant” means a proponent of a project that seeks to list its project on the Registry.

“Carbon removal” means Direct Air Capture or sequestration of atmospheric carbon.

“Carbon removal benefits” refer to net greenhouse gas benefits, achieved by carbon removal, and greenhouse gas reduction. A net greenhouse gas benefit could include limited greenhouse gas emissions associated with the implementation of a project, provided that the removals outweigh the emissions.

“Direct Air Capture” means anthropogenic activities that use technologies to remove carbon dioxide or other greenhouse gases from the atmosphere and put them into long-term storage.

“Greenhouse gas reduction” refers to reduced future greenhouse gas emissions and indirect reduced greenhouse gas emissions.

“Project” means a nature-based climate solution on California's natural and working lands or Direct Air Capture activity in California.

“Registry” means the California Carbon Sequestration and Climate Resiliency Project Registry referred to in Section 39740.3 of the California Health and Safety Code.

Section 3. Listing Projects on the Registry

An applicant must demonstrate that a project is eligible to list on the Registry by meeting the requirements specified in 3(a) or 3(b).

a. Projects That Meet Program Requirements but Lack Funding (Health and Safety Code § 39740.4)

A project that did not receive funding from a California state program funded from the Greenhouse Gas Reduction Fund, or a program that funds natural and working lands-based carbon sequestration, may be eligible for listing on the Registry. To demonstrate eligibility, the applicant shall provide the Agency with documentation from the program administrator attesting that the project met program requirements but did not receive funding due to a lack of funds. The applicant shall also provide documentation that the project satisfies the minimum requirements established by the California Air Resources Board to ensure the project provides carbon removal benefits.

b. Application Requirements for Other Projects (Health and Safety Code § 39740.5)

Projects that do not satisfy the requirements of subdivision (a) may apply to the Agency to be listed on the Registry. To be listed on the Registry pursuant to this subdivision, the applicant must provide the documentation prescribed in this subdivision.

i. Project Background

The applicant shall provide documentation describing the proposed project, including any project phases (including any required maintenance), its location within California, the estimated cost, and for the natural and working projects, landscape type or types on which the project will occur. Those landscapes include, but are not limited to, forests, shrublands and chaparral, developed lands, wetlands, seagrasses and seaweeds, croplands, grasslands, and sparsely vegetated lands.

ii. Demonstrate carbon removal benefits

The applicant shall provide documentation demonstrating that the project will, once funded, result in carbon removal benefits. This documentation shall include quantification of the carbon removal benefits expected from the project using the latest version of a quantification methodology developed by the California Air Resources Board or an equivalent methodology approved by the California Air Resources Board where applicable. This documentation shall also specify the length of time that the project is expected to deliver carbon removal benefits.

iii. Describe How the Project Improves Climate Resilience in California

The applicant shall provide documentation describing how the project improves California's resilience to climate change. Such documentation may include identifying how the project is expected to build climate resilience; the state, regional, and/or local climate resilience strategies or plans with which the proposed project is in alignment; and how the project delivers on California's Climate Adaptation Strategy.

iv. Other Project Benefits

The applicant shall describe other project benefits. Those benefits may include, without limitation, biodiversity benefits, water and food security, improvement of public health, increased economic opportunities, and benefits to disadvantaged and low-income communities.

v. Third Party Verification

The applicant shall state whether they wish to provide optional documentation demonstrating whether the project's carbon removal benefits are real, verifiable, quantifiable, additional, and permanent. If provided, that documentation shall be verified by a third party accredited by the California Air Resources Board.

c. Direct Air Capture

For Direct Air Capture projects, the applicant shall provide documentation showing that the project has been evaluated pursuant to the California Environmental Quality Act, and that the lead agency has determined that the project will result in less than significant environmental and public health impacts.

d. Limitations

No entity may use any project listed on the Registry to offset a statutory or regulatory obligation to reduce emissions under the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)). Nothing in these regulations shall limit the ability of any lead agency to rely on a project listed on the Registry as mitigation under the California Environmental Quality Act, provided it satisfies the requirements of the Act (Public Resources Code §§ 21000 et. seq) and its implementing regulations (Cal. Code Regs., tit. 14, §§15000 et. seq.).

e. Attestation and Acknowledgment

Application materials shall be submitted by an authorized representative of the applicant, who shall attest to the following:

- i. The project has not created credits for the purposes of market-based compliance mechanisms developed or administered by the California Air Resources Board pursuant to the California Global Warming Solutions Act of 2006 and shall not be used by a state or private entity to offset a statutory or regulatory obligation to reduce emissions under the California Global Warming Solutions Act of 2006.
- ii. The applicant shall indicate that carbon removal benefits described above will be monitored and reported once a project is funded.
- iii. The applicant shall provide the Agency with all the information described in section 5 as soon as feasible after the project has been funded.
- iv. All application materials, as well as the monitoring and reporting information described in section 5, is public information which the Agency may post on its website or otherwise release it upon request.

Section 4. Retiring Projects from the Registry

A project is automatically retired from the Registry list upon full funding. Once a project has been fully funded, the applicant shall notify the Agency. If more than one funder provided finances for a project, the applicant shall specify how much each funder contributed. As soon as feasible after the project has been fully funded, the Agency shall retire the project from the Registry list. Nothing in these regulations shall preclude a project from receiving funding from multiple sources. Project value may be assigned proportionally among multiple project funders.

Section 5. Monitoring and Reporting (under development, to be determined following consideration of public comments on the discussion draft)