

Fact Sheet and Policy Recommendations
Project Based Compliance Offsets under California's Cap-and-Trade Program
Prepared by the Verified Emission Reduction Association (VERA)¹

The case for keeping and expanding the use of Compliance Offsets (CCOs) in California's Climate Cap-and-Trade policy portfolio:

- CCOs are real, verified, quantifiable, additional, permanent and enforceable greenhouse gas (GHG) reductions that advance several state climate, environmental and economic policies, while saving Californians money:
 - California should maximize every cost-saving lever as it heads to 2045.
 - Using offsets can save upwards of \$7 billion dollars through 2045.²
- Continuation of the current CCOs policy framework:
 - Puts private capital to work in a variety of sectors
 - Promotes GHG-reduction technology and innovation.
 - Ensures natural and working lands can be part of the solution.
 - Provides direct economic benefits to rural and tribal communities.
 - Produces direct and indirect local environmental benefits.
 - Provides policy certainty that achieves the dual goal of minimizing costs and maintaining robust Greenhouse Gas Reduction Fund (GGRF) proceeds.

Ensuring Compliance Offsets continue as a GHG reduction workhorse without state funds:

- Retain explicit statutory authority and inclusion of compliance offsets in the Cap-and-Trade Program with any Program extension.
- Maintain or increase the maximum offset usage limit post-2030:
 - The more offsets are used, the greater the Program cost savings and greater the real, verified, enforceable, additional and permanent GHG reductions occur.
- If maximum usage limits remain in statute, allow CARB to implement rule-based flexibility into the post-2030 Program:
 - Including rule-based triggers that become effective with rising allowance prices as a direct, real-time cost-containment provision.
 - For example, if allowance auction prices reach a CARB determined threshold, e.g. a percentage of the APCR Tier 1 level, then allow for additional use of compliance offsets within that compliance period and/or the additional use of non-DEBS.
 - This would allow additional real-time cost containment.

¹ More information about VERA can be found at www.californiaoffsets.com or by contacting Sacramento representative Jon Costantino at jon@tradesmanadvisors.com.

² cCarbon Analysis, March 2025