

Senate Public Utilities Committee
Interested Party Testimony: Senate Bill 151

Rebecca Mellino, The Nature Conservancy in Ohio
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Good morning Chair Wilkin, Vice Chair Reineke, Ranking Member DeMora, and members of the Senate Public Utilities Committee, I am Rebecca Mellino, Associate Director of Climate and Energy Policy for The Nature Conservancy in Ohio. Thank you for the opportunity to offer testimony as an interested party of SB 151.

The Nature Conservancy is a global organization with chapters in all 50 states and projects in over 80 countries. We are a non-partisan, science-based organization that seeks to conserve the lands and waters on which all life depends. We work collaboratively with businesses, farmers, sportsmen groups, governments, and local communities to develop pragmatic solutions to conservation challenges, including land conservation, water quality, and climate change. More than 65,000 Ohioans are Nature Conservancy supporters, and we own and manage over 20,000 acres of nature preserves throughout the state.

The Nature Conservancy is supportive of carbon offsets; they are an essential part of the solution to mitigating our carbon emissions. We first want to thank Senator Wilkin for introducing the bill and for including several improvements from previous versions. It is important for the PUCO to have the discretion to audit any voluntary carbon offset program that it is overseeing and this new language ensures that is possible. While we appreciate these changes and the overall intent of the bill, TNC has concerns and suggestions for additional ways to improve this bill's language to ensure meaningful carbon emission reductions are realized.

The bill requires an agreement between the natural gas supplier and a carbon registry that states the registry will "conduct regular verification to assure that the offsets are being applied correctly by the supplier". However, in our experience, this type of verification is not the job of a registry, and this type of role falls to an auditor or third party verifier.

This bill requires the Public Utilities Commission to oversee that the carbon credits being sold and used by the natural gas companies are meaningful. There are a few language

changes we suggest to ensure that the PUC can be successful in this role. It is true that carbon offset registries act as an accounting ledger to track serial numbers when the credits are transferred between owners, and they retire credits when they are used. Additionally, registries establish protocols that state how carbon credits can be created, and they require third party Measurement, Reporting, and Verification (MRV) to confirm the accuracy of the credits.

In order to ensure verification of credits, this bill should additionally include the requirement for a Validation and Verification Body (VBB) which are independent parties that are hired by a registry to validate and verify carbon projects. A VBB ensures that the protocols established by the MRV are met by a project on the ground. For example, the VBB would visit a forest project at the beginning and throughout a 30 year project to count and measure the growth of trees to verify that the amount of growth meets the expected carbon sequestration that is being sold in the credits. This on the ground verification role by the VBB is the gold standard in a carbon market.

Both the carbon registry and the VBB are essential parties to ensure the appropriate tracking and on the ground verification of carbon credits.

Lastly, a best practice is to use carbon offsets only for the “last mile” to reach net zero. As written, the bill allows for any amount of natural gas to be offset by any customer type. Especially for larger account and use types where buildings and equipment are owned, energy efficiency should first be encouraged. A limit could be put on customer types eligible or total amount of energy being able to be offset by this program.

Thank you for your consideration, please reach out if you have any questions.

Respectfully Submitted,

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The Nature Conservancy in Ohio