CLIMATE ACTION RESERVE

SUMMARY OF COMMENTS & RESPONSES
DRAFT MEXICO HALOCARBON PROTOCOL VERSION 1.0

Two sets of comments were received during the public comment period for the Climate Action Reserve (Reserve) draft Mexico Halocarbon Protocol Version 1.0. Staff from the Reserve provide responses to the comments below. The public comment period for the draft protocol was from April 14 to May 14, 2021.

The comment letters can be viewed on the Reserve's website at https://www.climateactionreserve.org/how/protocols/mexico-halocarbon/.

COMMENTS RECEIVED BY:

1. Silver Breeze CRR
2. South Pole

2.2 Project Definition

1. **COMMENT:** Clarify how refrigerant classification will be handled since refrigerants in these projects are not Hazardous Waste (RP, Spanish acronym) but are classified as Special Handling Waste (RME, Spanish acronym). They are classified as RME due to the volume of the residue. In addition, the cooling or heating equipment that uses refrigerant gases are also classified as Special Handling Waste, so for these two cases the refrigerants or units must carry a traceability chain with RME authorizations. (**Silver Breeze**)

RESPONSE: Given that the Mexican regulations NOM-098-SEMARNAT-2002 and NOM-040-SEMARNAT-2002 are not limited to the destruction of hazardous waste, but apply to the destruction of waste in general, the "dangerous" adjective was removed from the protocol to only refer to waste in general. It is clear in the protocol that required waste destruction permits, and underlying permitting conditions through the chain of custody, must include the destruction of halocarbons, regardless of what management classification they have under Mexican regulation.

2. **COMMENT:** It is understood that the destruction time of a project is only 12 months. In the case of having a destruction in the same facility for more than 12 months, it is said that a new project must be registered. Would this mean proving baseline and additionality again? Regulatory Surplus and other legal requirements that have already been proven on the last project?

And please explain better the 10-year project duration that is also mentioned on 3.2, what does this mean together with the one-year maximum destruction action of the halocarbons.

For project cycle understanding, what is the function of the auditor within this 12-month period? Is there a validation/verification procedure as with other standards?

It would be more appropriate to link (mentioning of the specific subsection/clause) the requirements of the crediting period and quantification of GHG and monitoring/reporting period here. (**South Pole**)

RESPONSE: Each halocarbon project can span a maximum of 12 months, measured from the project start date to completion of halocarbon destruction. At the project developer's discretion, a project may have more than one destruction event with the maximum number being limited by what would be possible during a 12-month period. Every project will have only one reporting period. For each project (or reporting period) there needs to be one verification. The emission reductions represent the avoided halocarbon emissions that would have happened in 10 years. The 10-year quantification approach is called the project "crediting period."

The Reserve has a standardized approach to additionality. There are two components to additionality testing. The first componente is the Performance Standard Test (PST). The PST is assessed by the Reserve at the time of protocol development. Through the PST assessment it was determined that any destruction of halocarbons in Mexico is additional given that halocarbon destruction is extremely rare. Based on the PST projects are additional.

The second approach to additionality is the Legal Requirement Test (LRT). The LRT is used to demonstrate that the project is not required by any regulation or legal mandate. The LRT needs to be assessed for every individual project submitted under this protocol.

To adequately quantify and ensure CRT integrity, baseline and regulatory compliance need to be assessed for every individual project. The baseline conditions (leak rate and refrigerant quantity) are determined based on the refrigerant source and are tied to each destruction event. Regulatory compliance needs to be demonstrated for all activities encompassed in every individual project.

The Reserve requires all projects to be verified by an ISO 14064 certified verification body. Verification bodies need to pass a Reserve program-wide training and a protocol-specific training to be eligible to perform verification. Verification bodies will review and issue a verification report describing projects' compliance to the Reserve standards. The Reserve program does not include validation of projects. Instead, projects are listed at time of submittal. Listing is an assessment of project eligibility performed by the Reserve.

The protocol has sections individually dedicated to crediting period, quantification, monitoring and reporting, and there are links to the sections in the Table of contents.

3.5 Regulatory Compliance

3. **COMMENT:** The process of safeguarding the refrigerants must start in a refrigerant recycling center authorized for handling special waste and authorized by SEMARNAT if it is authorized to handle hazardous waste (which is only CFC R-12 and R-11). In recycling centers, the refrigerant must be treated and separated from impurities and then sent to an authorized destruction center. (**Silver Breeze**)

RESPONSE: The protocol is limited to requiring that projects demonstrate regulatory compliance in waste management throughout their chain of custody and throughout implementation. Having the proper permits is part of demonstrating regulatory compliance. It is implicit in the text that refrigerants must be treated and separated in centers authorized to handle halocarbons regardless of whether they are classified as Special Handling Waste or Hazardous Waste under Mexican law. Notwithstanding, the protocol was updated to clarify that regulatory compliance (and thus permitting) is required from collection to disposal.

6.4 Halocarbon Composition and Quantity Analysis Requirements

4. **COMMENT:** South Pole is satisfied to see this change (Section 6.4.2), that Mexican labs can perform [halocarbon composition and quantity] analysis when AHRI accreditation is not available in Mexico. We believe [this change] will allow more project development in the future. (**South Pole**)

RESPONSE: Thank you for your comment. We agree with your assessment.

7.3 Reporting Period and Verification Cycle

5. **COMMENT:** Kindly explicitly mention that project activities only need to be monitored for 12 months or equivalent to the project duration. This should be done to ensure that there is no confusion between crediting period and reporting/monitoring period. (**South Pole**)

RESPONSE: Please see response to comment number 2.