



September 8, 2010

Eddie Chang  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95812

Dear Ms. Chang

Please accept this letter in reference to the August 23, 2010 staff workshop on the AB 32 cap-and-trade program under development at CARB. The primary issue covered in that workshop was the scope and depth of CEQA required analyses performed by the agency in support of the cap-and-trade emissions reduction regulation. Also at that workshop was a discussion of the extent to which future analyses will be performed and how emissions reduction project developers (offset credit developers) can participate in the AB 32 program as a whole. This letter focuses on the latter of these issues.

To accomplish the long-term emissions reductions mandates specified in AB 32, emissions reduction projects will be needed throughout the California landscape, both within the group of capped entities and from outside the cap. Further, projects outside California will be needed to help stabilize the climate and create options for entities to invest in emissions reductions opportunities. In addition to achieving specified volumes of carbon dioxide reductions, these projects can facilitate the development of new low-cost emission reduction practices and can also achieve valuable environmental co-benefits like ecosystem restoration and habitat conservation.

Although CARB has rightly focused its current efforts on performing CEQA analysis for the offset project types slated for adoption at the outset of the regulation, EDF recommends CARB do more to create a transparent and efficient process whereby emissions reduction project and protocol developers are fully informed of the necessary steps for new protocol consideration and adoption by the agency. Currently, offset project and protocol developers have little information on the type and quality of information necessary to assist CARB's evaluation of offsets for qualification under the AB32 program. This lack of guidance has led to considerable uncertainty in project and protocol development, potentially leading to decreased reductions by way of decreased protocol availability.

EDF supports the certification of scientifically accurate and rigorously developed offset project types and protocols for use under the AB 32 cap-and-trade framework. In line with this support, EDF is currently working on three projects to create protocols that accurately quantify GHG reductions associated with 1) wetland creation and restoration; 2) rice cultivation; and 3) rangeland carbon sequestration. These project types are but three of many that can be used to

reduce emissions and provide environmental co-benefits throughout the state, (and nation). Once finalized and peer reviewed for conformance with specified technical and scientific requirements, these projects should be allowed to compete for space in the AB 32 program.

As project protocols similar to the wetlands restoration, rice cultivation and rangeland carbon sequestration programs are developed, it would be helpful for CARB to deliver a clear statement on the level of environmental review that should accompany protocol submissions to the agency. CARB's effort in this arena can yield valuable results by enabling project developers to supply the right information for rigorous agency review, thereby cutting down the time and resource intensity associated with the CEQA process and providing much needed regulatory certainty to emerging carbon offsets entrepreneurs.

Thank you for your time and consideration of this manner.

Sincerely,

Timothy O'Connor  
Attorney, Energy Program  
Environmental Defense Fund

Belinda Morris  
Regional Director, Center for Conservation Incentives  
Environmental Defense Fund