



Wednesday, December 15, 2010

Chair Mary Nichols
Air Resources Board, California Environmental Protection Agency
1001 I Street
Sacramento, CA 95812

RE: REDD Components of Proposed Regulation Order

Dear Chair Nichols:

The undersigned organizations strongly support the inclusion of sector-based credits from Reducing Emissions from Deforestation and Forest Degradation (REDD) in California's cap and trade system. We commend the California Air Resources Board's (ARB) expressed intent in its final draft regulations to link with international REDD programs. ARB's groundbreaking efforts to create a sectoral REDD crediting mechanism will spur action to address a major source of global greenhouse gas emissions and promote significant forest conservation and sustainable development outcomes. Moreover, the rapid and comprehensive development of a REDD crediting pathway is vitally important to ensure adequate offset supply and cost containment of greenhouse gas reductions, especially during the first compliance period.

We recognize that the development of sector-specific requirements for REDD will require a significant investment of ARB staff time and resources in 2011. As ARB seeks to develop these requirements, we would make the following recommendations:

1. *Draw from Existing Standards.* We note that the Climate Action Reserve, the Governors' Climate and Forests Taskforce and the Voluntary Carbon Standard have initiated processes to develop sectoral REDD protocols, frameworks and standards. We encourage ARB to participate in these efforts and draw on these processes and the resulting work products in the development of California's sectoral REDD requirements.
2. *Support Nested REDD.* We support ARB's decision to allow for the inclusion of a "nested approach" to REDD in §95994(a)(6) and urge ARB to ensure that sector-specific requirements for REDD include standards and guidelines that also allow for the direct crediting of projects nested within sectoral REDD systems, where appropriate.
3. *Support Timely MOU Recommendations.* In executing the recent MOU with the states of Acre and Chiapas, California acknowledged that jurisdictions seeking to supply sectoral REDD offsets to the California carbon market will take varying approaches to integrating local REDD activities within a jurisdictional accounting framework. We encourage ARB to support working group recommendations, as outlined in the MOU, that can meet ARB sector-based REDD offset criteria and can be adopted in time for use in the first compliance period.
4. *Include Strong Social and Environmental Safeguards.* We support the initial thinking of ARB staff, voiced in public workshops in 2010, to include strong social and environmental safeguards in forthcoming sectoral REDD requirements. We also encourage ARB to rely on existing standards and frameworks, such as those developed by the Climate, Community and Biodiversity Alliance, to implement such requirements.
5. *Maintain REDD Consistency and Integrity.* We support the early inclusion of forest offsets from Mexico. But we urge ARB to ensure that any such offsets, even if entering through the use of North American ARB Compliance Offset Protocols, fully satisfy ARB's sectoral requirements for international REDD. We believe that all international REDD offsets, regardless of country of origin, should be subject to the same rules and requirements, which will help ensure integrity and asset fungibility.

We thank you for your leadership on this important issue and look forward to continued participation in the regulatory process to develop sector-specific requirements for REDD.

Sincerely,

Toby Janson-Smith, Conservation International
Derek Walker, Environmental Defense Fund
Joy Warren, Modesto Irrigation District
Louis Blumberg, The Nature Conservancy
Brian Shillinglaw, New Forests

Robert Parkhurst, Pacific Gas & Electric Company
Elizabeth Hadley, City of Redding
Mike Bloom, City of Roseville
Tim Tutt, Sacramento Municipal Utility District
Leslie Durschinger, Terra Global Capital
Dan Severson, Turlock Irrigation District