



# CLIMATE ACTION RESERVE

523 W. 6th Street, Suite 428 | Los Angeles, CA 90014

T: (213) 891 1444 | F: (213) 623 6716

[www.climateactionreserve.org](http://www.climateactionreserve.org)

**Linda Adams - Chair**  
Secretary for Environmental  
Protection, California  
Environmental Protection  
Agency

**Peter M. Miller - Secretary**  
Senior Scientist, Natural  
Resources Defense Council

**Jeffrey Kightlinger - Treasurer**  
General Manager, Metropolitan  
Water District of Southern  
California

**Jan Schori - Audit Committee  
Chair**  
Retired General Manager,  
Sacramento Municipal Utility  
District

**Randy Armstrong**  
Environmental Issues Director,  
Shell Oil Company

**Steve Corneli**  
Senior Vice President, Market  
and Climate Policy, NRG  
Energy

**Cynthia Cory**  
Director, Environmental  
Affairs, California Farm Bureau  
Federation

**Dr. Adrián Fernández  
Bremaunz**  
Former President, National  
Institute of Ecology (INE),  
Mexico

**Peter Liu**  
Founder & Vice Chairman,  
New Resource Bank

**James Mack**  
Head of the British Columbia  
Climate Action Secretariat  
Ministry of Environment

**Nancy McFadden**  
Executive Secretary for  
Legislation, Appointments and  
Policy, Office of the Governor,  
State of California

**Elizabeth Moler**  
Retired Executive Vice  
President, Government Affairs  
and Policy, Exelon Corporation;  
Former Chair, Federal Energy  
Regulatory Commission

**Tim Profeta**  
Director, Nicholas Institute  
for Environmental Policy  
Solutions, Senior Associate  
Dean, Duke University

**Dr. Stephan Schwartzman**  
Director, Tropical Forest Policy,  
Environmental Defense Fund

September 27, 2011

The Honorable Mary Nichols  
Chairman, Air Resources Board  
1001 I Street  
Sacramento, California 95812

Re: California Cap on Greenhouse Gas Emissions and Market-Based Compliance  
Mechanisms Regulation, Including Compliance Offset Protocols

Dear Chairman Nichols and Members of the Air Resources Board,

The Climate Action Reserve (the “Reserve”) congratulates the Air Resources Board (the “Board” or “ARB”) and its staff on the further refinement of its revisions to the State of California’s cap-and-trade regulation. This work is yet another strong example of California’s environmental leadership and will be instrumental in helping the state achieve its greenhouse gas emission reduction goals under AB32 while continuing to seek broader national and international solutions.

The Reserve strongly supports this pioneering Regulation and your continued progress toward implementation of this critical program. We encourage the Board to adopt the Regulation at your meeting on October 20, 2011.

The Reserve has developed and implemented its offsets program to encourage actions to reduce greenhouse gas emissions and to demonstrate that, with the right set of rigorous rules and robust processes and oversight, offsets can and, in fact, do have true environmental integrity. We are pleased to see that the Board is also focused on creating a strong and high-quality cap-and-trade program.

We would encourage the Board to continue to strengthen the offsets component of the Regulation by ensuring offset registries meet the highest possible standards. We believe that more can and should be done in this regard.



In particular, the Reserve encourages the Board to impose much stronger competency and conflict of interest requirements for offset registries. We would expect such requirements to, at a minimum, mirror or, more preferably, exceed those imposed on verification bodes since registries will serve as ARB's first point of contact and provide vital oversight of ARB's verification system.

We would also encourage the Board to adopt additional high-quality, publicly-developed, standardized offset protocols that have been tested and improved through real-world use such as those employed by the Climate Action Reserve.

On behalf of the Board of Directors and all of the Reserve staff, I thank you for this opportunity to share our comments and voice our support for the cap-and-trade regulation. The Reserve is proud of its close collaboration with the Air Resources Board and looks forward to serving as a strong partner in the years to come as we work together to ensure the integrity of the offsets system, and the cap-and-trade program overall.

Sincerely,



Gary Gero  
President