

September 11, 2014

California Air Resources Board  
1001 I Street  
Sacramento, CA 95812-2828

Re: Concerns Regarding Additionality and Common Practice Changes

Dear Members of the California Air Resources Board:

Finite Carbon is the largest developer of forest carbon offset projects for the California compliance market with 13 currently under development. We believe the Air Resources Board has done an exceptional job to date with regard to promoting an open, transparent mechanism for making rules under the program in an effort to reduce greenhouse gas emissions in the state. A transparent and inclusive rulemaking process with sufficient stakeholder consultation is critical for the success and legitimacy of the program.

As a carbon offset developer, we believe one of the core principles of the program is to ensure that offsets issued under the program meet the criteria of being real, additional, quantifiable, permanent, verifiable, and enforceable. We consider it the responsibility of all stakeholders to ensure that the rules developed by ARB are consistent with these principles.

Unfortunately, it has been recently brought to our attention that ARB intends to make significant policy changes which will affect common practice values which have not been subject to a public rulemaking process. Common practice values directly impact the volume of offsets issued to every forestry project and any policy which changes these values risks creating non-additional offsets. Therefore, we think it is critical that any policy changes which affect common practice values be subject to a transparent rulemaking process that seeks input from stakeholders including landowners and environmental organizations.

The current methodology for calculating common practice was approved as part of the Regulation and was therefore subjected to intense public scrutiny from a wide range of stakeholders, ensuring its legitimacy. Making significant policy changes to this methodology which results in significantly different values should be subject to the same transparent public process.

## **Proposed Updates**

ARB has proposed two significant changes which will impact how forest carbon project offsets are calculated: changes to the Assessment Area Data File and changes to how “high” and “low” site classes are determined.

Site class and common practice values are the core components used to determine the number of carbon offsets which are issued to offset projects. ARB has not published its reasoning for the change to the determination of high/low site classes nor the new Assessment Area Data File values to its website for stakeholder review. In a file provided privately to Finite Carbon for its review, it appears that in some cases the number of offsets which will be issued to projects in certain areas of the country will be significantly higher than the current values would allow. Therefore, these changes have been proposed to the board without first being made available to the public and may result in board approval of new policy which could result in the issuance of non-additional carbon offsets.

## **Proposed Actions**

Given the lack of transparency of these policy changes and the inherent risk of approving such policy changes without the opportunity for feedback from an expert community of forestry and environmental experts, we recommend that these changes be postponed and subject to further review. Specifically:

1. We recommend that changes to the determination of high and low site class found on page 109 of the proposed Quantification Methodology Updates remain unchanged.
2. We recommend that ARB’s proposed changes to the Assessment Area Data file be delayed until the scheduled Regulatory Review Update process and current values remain unchanged.

We thank you for the opportunity to voice these concerns as we all share the desire to maintain the integrity of the program and the process for making policy updates in a transparent and public manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Carney". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Sean Carney, President