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Steve Cliff (cliff@arb.ca.gov)  
Assistant Division Chief, Climate Program

Greg Mayeur (gmayeur@arb.ca.gov)  
Manager, Offset Program Implementation

Yachun Chow (ychow@arb.ca.gov)  
Air Resources Engineer and Staff Lead for the Rice Protocol

Dear Steve, Greg, and Yachun,

The American Carbon Registry (ACR), an enterprise of Winrock International and an approved California Offset Project Registry, has deep roots in the agriculture sector and considerable expertise in agriculture and land use GHG accounting. We applaud the ARB for its work developing and approving new and innovative compliance offset protocols, in particular those that focus on the agriculture and land use sectors, which offer substantial opportunity for emissions reductions while also rewarding producers for the voluntary adoption of low emissions agriculture practices.

ACR supports ARB's development of the first crop-based compliance offset protocol for emissions reductions from Rice Cultivation, based on work in which ACR and others have been engaged for a number of years in California and the Mid-South. We believe the adoption of the ARB rice protocol and the successful implementation of projects for the California offset market will pave the way for the adoption of additional agriculture and crop-based protocols, which will help to ensure an adequate supply of offsets critical to the program's cost containment. We are therefore eager to work with ARB to find practical solutions to a variety of issues that will be common to projects of this type.

Rice farmers in the Sacramento Valley and Mid-South Rice Growing Regions are already engaged in pilot projects, such as the first voluntary rice project listed on ACR, developed by Terra Global Capital'. This first project will generate voluntary and potentially early action carbon credits by implementing voluntary management practices, many of which are the same project activities proposed in ARB's draft Rice Protocol.

However, as will be the case for many agriculture offset projects that would be too small in scale to be viable, the project is only economically feasible due to ACR's rules that allow for aggregation of multiple farmers and fields into one project and which provide conservative approaches to monitoring and verification of emissions reductions.

Currently as drafted, the ARB Rice Cultivation protocol does not include rules to aggregate multiple farmers into a single project. We believe that the absence of aggregation or other ARB approved methods to reduce the costs for participation will present a significant barrier to broad uptake by rice growers since for most fields, the cost to generate offsets will exceed carbon market revenues. A detailed proposal describing how aggregation could fit within the Cap and Trade regulation is available in the Updated Proposal on Aggregation developed by the Coalition on Agricultural Greenhouse Gases (C-AGG)<sup>ii</sup>, in which ACR is a participant.

In conclusion, we understand ARB's concerns regarding the enforceability issues that may arise in an aggregated project, but are hopeful that we can collaborate to identify creative solutions that will address the technical, policy and legal issues related to approaches to decrease costs for small projects. We are excited to see the first crop-based offset projects come to market and again congratulate the ARB for its innovation in taking on new offset challenges.

Sincerely,

Mary Grady and Jessica Orrego  
American Carbon Registry

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<sup>i</sup> <https://acr2.apx.com/mymodule/reg/prjView.asp?id1=205>

<sup>ii</sup> <http://c-agg.org/home/>