



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

July 12, 2010

RE: AgRefresh's Comments on CARB's Approval of CAR's Forest Project Protocol

July 12, 2010

Dear Chairman Nichols:

AgRefresh commends the California Air Resources Board ("CARB") on its continued progress toward the implementation of Assembly Bill 32 ("AB 32"), and we welcome the opportunity to provide comments on proposed changes to Climate Action Reserve's (CAR) Forest Project Protocol.

As project developers of several forest carbon projects listed on the Reserve, we believe CAR's Forest Project Protocol should be recognized by ARB with as little modification as possible for compliance.

Of particular concern are the proposed changes to the offset criteria for forest carbon projects made in CARB's presentation on June 23rd. Adopting many of these proposed changes would preclude the majority of forest carbon early actors from participating in a compliance market. Allow me to provide a couple examples to highlight this point. One of CARB's proposals is for lying dead wood to be a requirement pool rather than an optional pool. The majority of forest carbon offsets listed on the Reserve do not include lying dead wood as a quantified pool. Thus, the majority of the Reserve's current forest offset projects would be precluded from qualifying for the AB 32 offset program. This seems to unfairly punish early actors that are providing offsets that are real, additional, quantifiable, permanent, verifiable and enforceable.

Further, our experience in developing forest carbon offsets in the Northeast indicates that, in most cases, lying dead wood is not a significant pool. Leaving lying dead wood as an optional pool would ensure that the estimates of GHG reductions and removals are conservative in nature. This would fall in-line with CARB's conservative accounting principle while balancing the overall cost of project development. Overall, we suggest CARB align its offset criteria with CAR's current Forest Project Protocol and keep lying dead wood as an optional pool.

We would also like to address CARB's proposal to require a conservation easement for projects on private land. CAR's Forest Project Protocol has already developed mechanisms for ensuring perpetuity and maintaining sustainable harvesting levels (i.e. FSC certification, long-term management plan, etc.). Requiring conservation easements on all private lands would place unnecessary costs on landowners that would preclude many landowners from participating in the compliance market, limiting the ability for offsets to serve as a cost containment mechanism. We suggest CARB not require conservation easements on private lands, and instead align its offset criteria with CAR's Forest Project Protocol.

The Reserve's protocols have been developed with broad stakeholder input, including ARB staff engagement at all stages. ARB can support a cap-and-trade program today with only minor adjustments to verification and enforcement to meet regulatory requirements. Further, any changes considered by ARB should be undertaken in partnership with the Reserve to ensure consistency and certainty. Doing so will ensure a clear transition to the regulatory program.

Thank you for the opportunity to provide comments on the development for the forest carbon offset criteria. We applaud CARB for its commitment to using offsets in this landmark legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Kerchner", is placed on a light gray rectangular background.

Charles Kerchner
Senior Environmental Accountant