

March 31, 2009

Via Electronic Submittal

Sam Wade
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Dear Mr. Wade,

The Nature Conservancy (TNC) appreciates the opportunity to submit comments to the California Air Resources Board (CARB) regarding the value of early action credit in the state's regulatory cap and trade program. TNC believes it is critical for immediate action to be taken to reduce greenhouse gas (GHG) emissions to avoid the most serious effects of global warming. We, therefore, support the crediting of voluntary early actions in the state's regulatory cap and trade program to ensure that efforts to reduce GHG emissions are maintained and continue to grow.

A decision by CARB to credit early action in the state's regulatory cap and trade program will provide a strong incentive to the emerging market to undertake immediate efforts to reduce GHG emissions. To encourage immediate action and investment in GHG reduction activities, CARB should indicate that it will provide credit for GHG reductions that occur prior to the implementation of a regulatory GHG emissions cap and trade program (i.e. "early action") for both capped and uncapped sectors. Such a signal will reduce uncertainty, which is a market barrier, and lead to financial investments in reductions across a variety of sectors. Furthermore, credit for early action is also contemplated and supported by the Global Warming Solutions Act (GWSA) and the statute establishing the California Climate Action Registry (*See, e.g.*, California Health and Safety Code sections 38563 and 42871).

The approval of early action credit for California's regulatory cap and trade program should also be accompanied by CARB's swift action to approve the GHG accounting methodologies necessary to quantify and verify GHG reductions. Approved GHG accounting methodologies are critical to ensure real reductions in GHG emissions that are estimated in a standardized manner and consistent with the GWSA. Such approval is also important to provide clarity and certainty to the market participants who need to know, among other things, that purchases and investments in GHG reduction activities are secure with respect to the accounting methodologies that are used. The California Climate Action Registry GHG protocols, a program that has been created and endorsed by the State, provides a strong set of accounting methodologies, like the forest

protocols, that are consistent with the requirements of the GWSA and should, therefore, be approved by CARB for early action GHG reductions in the regulatory cap and trade program.

The Nature Conservancy welcomes the opportunity to meet with CARB staff to discuss these comments and suggestions further. Thank you for your attention to this very important issue.

Sincerely,

Michelle Passero
Senior Climate Policy Advisor