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10-11-1 & 10-11-2

NATURAL RESOURCES DEFENSE COUNCIL
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December 16, 2010

Chairman Mary Nichols and Members of the Board
California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Re: Functional Equivalent Document, Cap and Trade Regulation

Dear Chairman Nichols and Members of the Board:

Thank you for the opportunity to comment on the ARB Functional Equivalent Document (FED) that analyzes the environmental impacts of the proposed cap and trade regulation that will be before the ARB on December 16, 2010.

NRDC believes that the FED is a careful and thorough review of the potential environmental impacts of the cap and trade regulation, in particular in its choice of alternatives to examine. We are also pleased that ARB chose to include adaptive management not as mitigation but rather as part of the project with respect to forest offset projects and local air quality impacts (FED at 45-47). This use of adaptive management adds legitimacy to the FED in these two areas that have been the subject of much public comment and concern. Moreover, to its credit, ARB is not attempting to take credit for adaptive management as mitigation for recognized, potential negative impacts to air quality or forestry practices.

NRDC intends to stay involved in reviewing the impacts of the cap and trade regulation on air quality, forestry, energy policy and other areas. We look forward to working with ARB to fine-tune the cap and trade regulations as developments occur.

Thank you.

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