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December 15, 2010

Via Electronic Submittal

California Air Resources Board
Attn: Kevin Kennedy
1001 I Street
Sacramento, CA 95812

RE: Comments on the California Environmental Protection Agency Air Resources Board Proposed Regulation to Implement the California Cap-and-Trade Program, PART V (October 28, 2010)

Dear Mr. Kennedy and CARB Staff:

Scientific Certification Systems (SCS) appreciates the tremendous effort that the staff and leadership of California's Air Resources Board (ARB) have put into the development of the final cap and trade regulations and offset protocols. In general, SCS is in agreement with the proposed regulations. Below, please find our constructive comments pertaining to the proposed ARB Forest Protocol.

SCS is a global leader in independent certification and verification of environmental, sustainability, stewardship, food quality, food safety and food purity claims. SCS is accredited by the American National Standards Institute (ANSI) to provide forest carbon offset project verification under the Climate Action Reserve and the Voluntary Carbon Standard. To date, **SCS has verified all of the fully registered forestry projects under the Climate Action Reserve** and has extensive experience conducting third-party assessment of forest projects throughout California and around the world. The following comments are intended to improve the quality and rigor of the ARB Forest Protocol.

Comment #1

Section 10.2, Page 70

The proposed Regulation to Implement the California Cap-and-Trade Program, US Forest Projects: A paired t-test must be conducted to determine whether the verifier sample plot measurements are within the same population as the inventory submitted by the Offset Project Operator or Authorized Project Designee to a reasonable degree of confidence.

Comment:

Because plot monumentation is not required for all projects, the Offset Project Operator has the option of requesting the verification body to install re-measurement plots within the required area, but not at the same plot locations/plot centers. This would allow for the use of an unpaired t-test to determine the accuracy of the inventory. The proposed regulation should allow for either a paired or unpaired t-test to be used to determine inventory accuracy.

Comment #2**Section 6.2.1.2, Page 51-52**

The proposed Regulation to Implement the California Cap-and-Trade Program, US Forest Projects: For forest projects located in California, the baseline must be modeled to reflect all silvicultural treatments associated with timber harvest plans (THPs) active within the Project Area at the time of the project's initiation. All legally enforceable silvicultural and operational provisions of a THP – including those operational provisions designed to meet California Forest Practice Rules requirements for achieving Maximum Sustained Production of High Quality Wood Products [14 CCR 913.11 (933.11, 953.11)] – are considered legal constraints and must be reflected in baseline modeling for as long as the THP will remain active.

Comment:

The definition of the word “active” in reference to timber harvest plans needs to be better defined. This term has significance by CalFire that may not be intended (e.g. an active versus approved THP). Clarification is needed to determine if the project would be “active” at the initiation date and for what duration in the baseline modeling.

Comment #3**A4, Page 88**

The proposed Regulation to Implement the California Cap-and-Trade Program, US Forest Projects: To determine the appropriate confidence deduction, perform the following:

1. Compute the standard error of the inventory estimate (based on the carbon in standing live and standing dead carbon pools).

Comment:

The standard error calculation should include all required and optional pools within the project. The current standard error calculation assumes that the majority of the GHG emissions reductions/removals will be generated by the standing live and standing dead carbon pools. The possibility exists for GHG reductions to be generated in higher proportions from other carbon pools (e.g. the soil carbon pool in areas with peat or muck soils) and the current calculation would not take into account this substantial contribution to the project's GHG reductions.

Comment #4**Equation 6.6, Page 45**

The proposed Regulation to Implement the California Cap-and-Trade Program, US Forest Projects: The “High Stocking Reference” for the Project Area. The High Stocking Reference is defined as 80 percent of the highest value for above-ground standing live carbon stocks per acre within the Project Area during the preceding 10-year period. To determine the High Stocking Reference, the Offset Project Operator or Authorized Project Designee must document changes in the Project Area's above-ground standing live carbon stocks over the preceding 10 years, or for as long as the Forest Owner has had control of the stocks, whichever is shorter.

Comment:

This definition should take into account the possibility that the Forest Owner may have previously owned the forest within the last 10 years but the ownership was discontinuous (e.g. Landowner X

owned the land from years 1-7, Landowner Y owned it from 8-9, and Landowner X reacquired it in Year 10/the project start date). The language regarding ownership should clarify the timeframe for the operational control. SCS suggests that the Offset Project Operator should be responsible for operational control at any time during the preceding 10 year period.

Comment #5

ARB should develop a clearly defined procedure by which Offset Project Developers and Verification Bodies are able to seek clarification and guidance from staff regarding the implementation of this regulation.

Comment #6

ARB would be well-served to be in close communication with the Climate Action Reserve regarding any updates, clarifications, errata that they have developed since version 3.2 of the FPP was approved. A key example of an update would be their soon-to-be-released revised version of Appendix A.

Again, SCS appreciates the opportunity to submit comments to ARB, and we look forward to the development of a successful cap and trade program in the coming months. If you have any questions or wish to discuss these comments please do not hesitate to contact us.

Kind Regards,

A handwritten signature in blue ink that reads "Robert J. Hrubes". The signature is written in a cursive style with a long horizontal stroke at the end.

Robert J. Hrubes, PhD.
SCS Senior Vice President