



restore the balance

September 27, 2011

Ms. Mary D. Nichols
Chairman, California Air Resources Board
Via web submission

RE: Comments regarding the Cap-and-Trade Proposed 2nd-Set 15-day Regulatory Changes

Chairman Nichols and Members of the Board:

TerraPass is a San Francisco-based company whose mission is to combat climate change by enabling consumers and businesses to understand and take responsibility for their greenhouse gas emissions. Over the past 7 years, TerraPass has had more US domestic offset projects issue credits on high-quality registries such as the Climate Action Reserve than anyone else. We have served well over 350,000 individual and business customers, about 25% of whom live in California. We also count some of the world's largest financial institutions and multi-national corporations among our customers and partners.

We are pleased to offer the following comments on the Proposed 2nd Set of 15-day Changes to the Cap and Trade Regulation:

Section 95990(I)(1), invalidation of Early Action offset credits: This short paragraph references the full rules for invalidation of ARB offsets credits in Section 95985 (a) through (h) plus (j), so that Early Action offset credits are subject to the same requirements.

Within those requirements, Section 95985 (b)(1)(B) enables offset project operators/designees to reduce the time period during which offset credits may be invalidated by using a different verifier for later monitoring periods, and meeting other requirements. However, this provision is specifically restricted to projects verified using the ARB Compliance Offset Protocols.

This restriction would seem to exclude Early Action offset project operators from the opportunity to eliminate invalidation risk until 8 years after issuance. Especially in light of the fact that all Early Action offset credits must undergo two verifications prior to issuance, this exclusion is unwarranted and we hope it was an oversight.

Section 95985, Invalidation of ARB Offset Credits (technical clarification): This section as a whole uses the phrase "invalidation of offset projects" interchangeably with

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“invalidation of offset credits” – see for example the first sentences of 95985(b)(1)(A) and 95985(b)(1)(B). We recommend that all references to “invalidation of offset projects” be eliminated to make clear that only offset project credits are subject to invalidation.

Thank you for your ongoing work on the critical issue of addressing climate change, and the opportunity to comment here.

Sincerely,

Erin Craig
Chief Executive Officer
TerraPass Inc.