



December 14, 2010

Chair Nichols and Board Members  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95812

Dear Chair Nichols and Members of the Air Resources Board:

The undersigned organizations congratulate you and your staff on the release of the Proposed Final Regulation to Implement the California Cap-and-Trade Program. This is a major milestone in California's efforts to meet the state's greenhouse gas (GHG) emission reduction targets and we appreciate the opportunity to provide comments. Specifically, we ask the California Air Resources Board (CARB) to include explicit language in the regulation identifying recommended uses for allowance value. The Economic Allocation Advisory Committee (EAAC) outlines a number of critical investments that should be acknowledged, including ecosystem adaptation and land use and transportation, which would be consistent with the broader goals of the Global Warming Solutions Act.

As identified by the California Natural Resources Agency Climate Adaptation Strategy<sup>1</sup> as well as the EAAC report<sup>2</sup>, it is critical to dedicate funding to help our natural systems adapt to climate change. Investment of allowance value for this purpose will protect the vital carbon sequestration and climate regulation functions of our natural lands and the critical role they can play in buffering our communities from the worst impacts of

<sup>1</sup> <http://www.energy.ca.gov/2009publications/CNRA-1000-2009-027/CNRA-1000-2009-027-F.PDF>

<sup>2</sup> [http://www.climatechange.ca.gov/eaac/documents/eaac\\_reports/2010-03-22\\_EAAC\\_Allocation\\_Report\\_Final.pdf](http://www.climatechange.ca.gov/eaac/documents/eaac_reports/2010-03-22_EAAC_Allocation_Report_Final.pdf)

climate change. Allowance value investments and compensation should be dedicated to all natural systems in California for both mitigation and adaptation purposes, including its forests, grasslands, working landscapes, coastal areas, watersheds, and deserts to protect and promote their vitality and diversity and the many benefits that they provide to Californians and the economy. These benefits include carbon sequestration and climate regulation, clean drinking water, provision of food and jobs, air quality protection, flood control, wildlife habitat, crop pollination, recreation and timber, among other things. The public cannot afford to lose these benefits, and the state has an opportunity to ensure their long term persistence by dedicating a significant portion of allowance value to these resources.

For many of the same reasons cited above, it is also critical for CARB to recommend investment of allowance value in land use and transportation strategies that reduce GHG emissions from transportation and infrastructure sources while also protecting the carbon mitigation function of California's natural systems. By integrating conservation and climate change goals into land use and infrastructure planning, the state can optimize GHG reductions across sectors and preserve our natural systems which are the foundation of a healthy and prosperous California. Much of the authority to make these changes rests with local governments, but severe funding shortages present considerable barriers to implementing the necessary actions. The EAAC report recognizes the need to fund local governments and regional agencies for land use and transportation related reductions that promote sustainable communities and we urge CARB to acknowledge this in the regulation as well.

While we recognize that CARB may not have full authority to determine the ultimate use of allowance value, we think it is critical to acknowledge in the regulation how it should be invested. The EAAC report provides a strong basis for identifying the kinds of investments that the State should make, including ecosystem based adaptation and mitigation and land use and transportation, to help fulfill its climate policy goals. We urge CARB to include these recommendations in its regulations.

Sincerely,

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The Nature Conservancy

James Fine  
Environmental Defense Fund

Dan Taylor  
Audubon California

Paul Mason  
Pacific Forest Trust

Rachel Dinno Taylor  
Trust for Public Land

Dan Silver  
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