



PACIFIC FOREST TRUST

June 27, 2012

Steve Cliff, Branch Chief
Climate Change Program Evaluation Branch
Stationary Source Division
California Air Resources Board
1001 "I" Street, Sacramento, CA, 95812

Rajinder Sahota, Manager
Climate Change Program Operating Section
Stationary Source Division
California Air Resources Board
1001 "I" Street, Sacramento, CA, 95812

Subject: Comments Regarding Proposed Amendments to the Cap-and-Trade Regulation to Allow for the Use of Compliance Instruments Issued by Linked Jurisdictions

Dear Mr. Cliff and Ms. Sahota:

Pacific Forest Trust appreciates the extensive efforts of the Air Resources Board to implement AB 32, the Global Warming Solutions Act.

Global climate change is one of the most serious issues of our time. Unabated, climate change poses dire risks to both human and natural systems in California and beyond. Climate-induced sea level rise threatens low-lying coastal areas, and saltwater intrusion in the Sacramento Delta could substantially disrupt California's freshwater supply. A 2008 study by UC Berkeley projected that the failure to act on climate change will result in tens of billions of dollars per year in direct costs, and expose trillions of dollars of assets to collateral risk from extreme weather events, sea level rise, and catastrophic wildfire.

Given the seriousness of this issue, we are very supportive of California's continued leadership on this issue, and appreciate the opportunity to comment on the proposed changes to the cap & trade regulation necessary to facilitate linking California's system with Quebec's similar cap & trade system. PFT is generally supportive of broadening the cap & trade system to include other jurisdictions, in order to facilitate greater GHG emission reductions and improve the efficiency of the system.

While the linking with Quebec appears to be going smoothly, we do suggest that ARB establish some procedures to evaluate linking opportunities in order to have meaningful and consistent criteria that help maintain the overall integrity of California's program. Specifically, it will be important for ARB to:

- 1) Develop criteria and/or a methodology for evaluating other jurisdictions' programs to assess whether or not they are of similar enough structure and rigor to warrant linking with California's program; and,
- 2) Establish a public process to evaluate offset protocols adopted by other linked jurisdictions in order to evaluate whether the offsets that will generate compliance instruments used in California are fully consistent with California standards and requirements. Such an evaluation should happen prior to those compliance instruments being accepted into the system and used by a covered entity to meet a compliance obligation.

Establishing these evaluation criteria now will ensure that California applies a consistent approach to evaluating future linking opportunities and maintaining the integrity of the program. We are fortunate to be addressing this issue while working with another jurisdiction that has a high quality program, and we should use this opportunity to establish consistent and rigorous criteria for future evaluations.

California and Quebec's leadership on this issue is critical to minimizing both the economic and ecological consequences of global climate change. These ambitious policies will not only prevent substantial economic losses in the future, but also will promote green job growth in California and Quebec through the development of new environmental markets and technological innovation. We commend these bold steps, and look forward to continuing to work closely with each jurisdiction to improve these important programs for the betterment of both the economy and environment.

Sincerely,

A handwritten signature in black ink that reads "Paul Mason". The signature is written in a cursive, flowing style.

Paul Mason
V.P. Policy and Incentives