



California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

April 8, 2016

Submitted via ARB comments webpage: [www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm](http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm)

RE: Technical workshop series on International Sector-based Offsets from Tropical Forests

Thank you for the opportunity to submit comments to the California Air Resources Board regarding this year's technical workshop series, and accompanying staff presentations and white papers, focused on international sector-based offsets. EDF views this as a key opportunity to benefit California's climate change program at home, as well as to leverage a small part of the state's cap-and-trade program to expand California's global impact by achieving critical reductions of greenhouse gas emissions from reducing tropical deforestation. We are advocating for design choices that we believe will generate the highest level of integrity and credibility in California's program and with partner jurisdictions, and create incentives that value standing, healthy tropical forests by directing vital resources to people who both manage and depend on these forests.

This process has, appropriately, been a long and careful examination over several years. The information gathered from workshops, reports, policy analysis, and communication with jurisdictions, experts and stakeholders -- up to and including the recent staff white papers of October 2015 and March, 2016 -- gives CARB the tools to develop a clearly defined, robust approach to crediting sector-based international forest offsets.

We commend CARB for only considering programs that ensure environmental integrity and establish appropriate benchmarks for crediting reductions over time based on demonstrated performance in reducing forest sector emissions at the level of the entire jurisdiction of a host state or province. Focusing on the aggregate amount of reductions achieved at the jurisdictional level provides critical environmental integrity advantages--as well as cost-effectiveness and scalability advantages--over stand-alone projects by providing the highest assurances of additionality, permanence, and accounting and minimization of leakage. We believe that this approach will result in real, additional reductions in partner jurisdictions and benefits for the atmosphere and for forest-dependent communities that will go above and beyond what is actually credited.

A jurisdictional approach recognizes aggregate reductions achieved below the level of a baseline across the entire region. A rigorously set baseline is thus analogous to an ambitiously set and enforced cap under a cap-and-trade program at the level of a whole state such as California or Quebec, which is implementing a whole suite of measures to limit aggregate emissions and transition the economy to a lower emissions growth model. A reduction below such as baseline or cap comes with a similar type of assurance of additionality, consideration of leakage, and ability to manage risks of non-permanence at the level of the entire jurisdictional system. This puts accepting international sectoral offsets from

jurisdictional programs on par with linkage between cap-and-trade programs, a process that has successfully occurred between California and Quebec.

The jurisdictional approach is also a central feature of the decisions on REDD+ under the United Nations Framework Convention on Climate Change (UNFCCC), agreed upon in the Warsaw Framework and affirmed under the Paris Agreement. This jurisdictional focus is also central to efforts to operationalize REDD+ in line with this best practice (e.g. under the World Bank-managed Forest Carbon Partnership Facility; FCPF). The jurisdictional approach to crediting emissions reductions across the entire forest sector of a state, province, or country, provides incentives for actions at the government as well as private actor level, thus engaging all the potential levers of change for reducing deforestation and transitioning economies at broad scale.

In addition, measurement of emissions --as well as monitoring, reporting, and verification (MRV) of emissions reductions against a historical baseline -- are far more accurate and robust at the jurisdictional level, and achieve a lower cost per unit over the scale of an entire region than at small-scale, project level. Jurisdictional programs also ensure that any leakage (potential shifts in emissions from one actor to another) is accounted for at the level of the entire jurisdiction, just as any leakage from one actor to another is addressed within a cap-and-trade program. Jurisdiction-wide accounting is also the most robust and cost-effective insurance mechanism for managing risks of non-permanence as it will spread non-correlated risks of reversals due to fires and other factors across the entire jurisdiction, rather than requiring each individual actor to insure against these risks independently. Such risks can also be anticipated and incorporated into the level of the baseline at the aggregate level.

We appreciate the meticulous nature of CARB's consideration of the technical feasibility and complementarity with the requirements and goals of AB-32, and the opportunity to continue to provide comment throughout this technical workshop series. We encourage ARB to proceed in considering sector-based offsets from jurisdictional programs to reduce deforestation and forest degradation as a key component of regulatory amendments for the program's third compliance period. California can continue to lead the way on climate change globally by partnering with other states, provinces, and countries that are also taking action. Initiatives for reducing emissions from deforestation and forest degradation -- the source of more emissions globally than all the cars and trucks in the world -- are a critical part of addressing global climate change, including climate change in California.

We hope that you will consider these comments in creating a pathway for robust, jurisdictional REDD+ credits into California's market will strengthen California's program at home and dramatically increase the global impact of California's climate action.

Sincerely,

Christina McCain

Senior Manager, Latin America  
Global Climate Program