

Paul Mason
18-9-6

To: Chairman Nichols and Members of the California Air Resources Board
From: Andrea Tuttle, Forest and Climate Policy
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RE: Support for the "Draft California Tropical Forest Standard"

Dear Chairman Nichols and Board Members,

Thank you for the opportunity to comment on the "Draft California Tropical Forest Standard". The proposal to adopt standards for tropical forest offsets within the cap-and-trade program now takes on even higher importance in light of the recent IPCC finding that "unprecedented" transitions in all aspects of society will be needed to limit global average temperature rise to 1.5°C.

I have attended the UNFCCC Conference of the Parties (COPs) as an Observer for the past 12 years. Specifically, I have concentrated on the development of standards for REDD+ (Reduced Emissions from Deforestation and Degradation) as adopted in Article 5 of the Paris Accord, and the market-based mechanisms adopted in Article 6. I was also involved in early development of the Governor's Climate and Forest Task Force (GCF) and participated in discussions on jurisdictional and nested REDD+ accounting as the concept was developed.

These topics are complicated. Issues include the technical accuracy of carbon accounting, the ability to implement carbon projects in face of uncertain land tenure, the enforceability of land practices and a host of social equity and benefit-sharing challenges. All of these issues have been thoroughly raised and debated through the UNFCCC process and by many research and advocacy groups. We cannot overstate the complexity of the challenges involved in meshing the demands of a compliance carbon market with the challenges presented by differing governance in each tropical forest country.

Nevertheless, I strongly endorse CARB moving forward to adopt these standards primarily for these reasons:

1. **If not CARB, then who?** California has consistently pushed the envelope in developing and testing climate policy. No other governmental entity in the U.S., and few internationally, have offered a regulatory path for including tropical forests in a compliance carbon market system. With the anticipated adoption of the "Paris Rulebook", global markets will begin to emerge that will likely include tropical forest credits (i.e. ITMOs, internationally transferred mitigation outcomes).

California's experience in developing climate strategies puts a responsibility on the state to design a path for including tropical forest offsets in a credible manner, that will demonstrate to emerging markets the rigor that should be demanded. A "California standard" will become a point of reference as other systems are designed, helping to build their integrity.

2. **There are safeguards.** Adoption of this standard is only the first of a two-step process before tropical forest offsets can be used by a covered entity. This proposal captures the years of thinking that have gone into formulating how a sub-national approach should be structured. A separate rule-making process will be needed before the cap-and-trade program will authorize actual use of these

offsets. Meanwhile global implementation of the Paris agreement will provide experience for California to use in making its decision whether to open its system to international credits, or not.

3. **This sets a high bar for tropical countries to meet.** Few tropical countries and sub-national jurisdictions currently have the capacity to provide offsets that meet these criteria. By adopting these standards, California will send the message that tropical offsets can be a feasible instrument in a compliance market, but only if they meet the rigor that CARB has insisted on for all other elements of its regulatory program. Setting a high bar that is both honest to the atmosphere and respectful of social equity issues will send a signal to proposed markets elsewhere not to dodge the elements that must be included.

Cognizant of reputational risk, buyers of tropical offsets will want to select high quality. No one wants bogus offsets – especially in a high-enforcement environment like California.

4. **Caveats:** The complexity of the process underlying the tropical offset means the state will need to provide strong oversight and monitoring.

Double counting: The state /WCI should participate in whatever international oversight mechanisms are established that ensure that the “credit” for the ton of additional sequestered carbon is only counted in the ledger book of one entity. That is, the same ton cannot be credited towards meeting the NDC Paris pledge of the supplying country, at the same time it is used as an offset against an emission in the California/WCI cap-and-trade system.

Reliance on third-party verifiers and Registries requires diligent state oversight. The draft proposal relies on implementation by others: in-country project developers, actions by various governmental entities, third-party verification of the carbon and social elements, and registry functions. Additional accreditation requirements should be set for tropical providers over and above those required for domestic verifiers, given the overlay of the state: tropical sub-national interaction.

The nations convened at the UNFCCC COPs see California as an international beacon of aggressive climate action. We not only carry the climate banner, we deliver results.

The Paris goals cannot be met without forests. I firmly believe California has an obligation to apply our expertise in rule-making - and in forest carbon - to help the rest of the world design responsible systems for incorporating forests in the global response to climate change. Adopting the draft proposal offers a substantial and reasonable first step that sends the right message.

Meanwhile, we also continue to advocate for the role of our own temperate forests in climate mitigation and adaptation. I sincerely thank CARB for the strong inclusion of natural and working landscapes in the Scoping Plan, the Forest Carbon Plan and the allocation of GGRF funds to benefit forests.

Thank you.
Andrea Tuttle

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