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November 16, 2018

Chair Mary Nichols, Board Members, and Staff

California Air Resources Board

1001 “I” Street

Sacramento, CA 95812

***Written version of testimony to board in lieu of time during the board meeting to deliver the testimony verbally***

**Subject: Shell comments regarding the California Air Resources Board’s proposed Tropical Forest Standard, Agenda Item No. 18-9-6**

Dear Chair Nichols, Board Members, and Staff:

My name is Michael Carr and I represent Shell. I am sorry that I was not available to participate in the important discussions that took place yesterday on the first day of the November board meeting, but I am happy to be able to speak today in support of CARB’s Tropical Forest Standard.

As much as the world will rely on new technologies such as renewable energy to reduce carbon emissions, Shell believes we will also need to make the most of nature-based solutions.

Nature-based solutions involve the protection or redevelopment of natural ecosystems such as forests and wetlands, allowing those ecosystems to capture and store more carbon on our behalf. Rich and dense ecosystems of tropical and temperate forests are highly effective carbon sinks. Turning less productive and otherwise unused lands into forests and enriching existing forest cover can capture and store gigatonnes of carbon dioxide.

The science is unambiguous. A peer-reviewed paper co-authored by more than a dozen universities and NGOs – including The Nature Conservancy and Wetlands International – has calculated that, even accounting for cost constraints, nature-based solutions could reduce CO2 emissions by more than 11 billion tonnes per year by 2030—equivalent to the combined emissions of the US and European Union.

In other words, using nature to capture carbon from the atmosphere in this way presents an immediate opportunity. It can help to bridge the gap until other low-carbon solutions are deployed at scale, or to compensate for emissions which cannot be avoided. Done well, nature-based solutions can also deliver many other benefits, including improvements in biodiversity, water quality, flood protection and livelihoods.

Shell supports California’s efforts to stimulate investment in nature-based solutions by clarifying how these carbon credits could be used for compliance in a Cap-and-Trade system. Eligible credits must represent real, verifiable and permanent carbon removals. Where these credits are generated is not important relative to the need to meet the ambitious goals of the Paris Agreement and the state of California. CARB’s proposed tropical forest standard is a step in the right direction.

At this time, it seems that CARB does not intend to use the Tropical Forest Standard it has developed to qualify credits into its Cap and Trade system. In this regard, Shell recommends that CARB introduce the protocol into the UNFCCC process for consideration as a global protocol under Article 6, where it can have significant impact.

Thank you!

Michael Carr

Manager, California Business Coordination