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| ***Established in 1978 by******DAVID PACKARD*** |

Chairwoman Mary Nichols

California Air Resources Board

1001 “I” Street

Sacramento, CA 95814

November 26, 2014

Dear Chair Nichols:

The Silicon Valley Leadership Group supports the robust use of offsets as an alternative compliance mechanism for companies meeting AB 32 greenhouse gas emission reduction obligations in California. The Leadership Group has supported AB 32 since its passage through the legislature in 2006 and has supported using cap and trade as a way to achieve least cost emissions reductions to achieve California’s greenhouse gas reduction goals.

Offsets play a key role in helping keep costs down in a cap and trade system. They give companies an option to reduce emissions from an uncapped entity as an alternative to lowering their own emissions or purchasing emissions permits. This option in turn works to help keep the cost of permits traded in the system competitive with the offset price, helping achieve reductions at the lowest cost.

Credible, verifiable, enforceable offsets are an important facet of a well-designed cap and trade scheme. The ARB is considering agricultural offsets in the rice sector in its December meeting; we support inclusion of such offsets as a way to engage the agricultural sector to participate in the state’s greenhouse gas reduction goals in a way that works well for California businesses.

While there are only a few approved offset protocols at present; we support expanding the range of eligible offsets to keep costs low throughout the cap and trade system, including a fertilizer protocol next year.

The Silicon Valley Leadership Group represents 390 companies that provide 1 in 3 private sector jobs in the Valley.

Please contact Tim McRae at tmcrae@svlg.org if you have any further questions about this issue.

Best regards,



Mike Mielke

Vice President, Environmental Programs and Policy