



November 16th 2015

Re: ARB's proposal to include international, sector-based offset credits in cap-and-trade

Dear California Air Resources Board Chair, Board staff, and Ombudsman:

On behalf of the California Environmental Justice Alliance (CEJA), we are writing to express our concerns with the California Air Resource Board (ARB) working paper on inclusion of international, sector-based offset credits in the Cap-and-Trade Program, including jurisdictional "Reducing Emissions from Deforestation and Forest Degradation" (REDD) programs. We urge CARB to immediately halt the process of including this new protocol, for the reasons outlined below.

International forest offsets exacerbate environmental justice issues because they fail to result in local greenhouse gas or co-pollutant emission reductions

The communities with CEJA members work are low-income communities and communities of color hit first and foremost by climate change. These communities live on the frontlines of our state's largest greenhouse gas (GHG) emitters. Nearly half of all Californians live within six miles of a facility that is a significant greenhouse gas emitter (46 percent), but they are disproportionately people of color – 62 percent of nearby residents are people of color as compared to the 38 percent who are non-Hispanic white.[1]

Greenhouse gases are emitted side-by-side with noxious co-pollutants, like particulate matter, nitrogen oxide and other carcinogens. For example, overall, people of color experience over 70% more particulate matter emissions within 2.5 miles of major GHG emitters than white people. The co-pollutants have a range of negative health impacts, such as respiratory issues. The communities where our members work need immediate air quality improvements and greenhouse gas reductions, and should be of highest concern for ARB.

Inclusion of international forest offsets unnecessarily expands policies that prevent our state from focusing on implementing solutions that benefit the most impacted communities in state. By approving programs such as REDD, ARB creates more opportunities and incentives for polluters to avoid reducing their emissions to meet compliance obligations under AB 32. Even with other programs in place to reduce emissions at major emitters, including more offset protocols promotes policies that directly contradict localized air quality benefits.

International REDD offsets have a long-standing history of producing social conflict and human rights abuses



CEJA is in communication and coordination with many indigenous peoples and community groups that oppose REDD and the inclusion of international, sector-based offsets under California's Cap-and-Trade program. REDD has a well-known and recorded history of contributing to illegal actions, coercion, violence, forced decision-making, land grabs, and further human rights abuses for many indigenous groups and forest dwelling people around the globe. Unfortunately, ARB has selectively included the perspective of groups who support REDD, rather than highlighting the many challenges or including more thorough documentation of the abuses and social conflict that have occurred as a result of REDD programs. It is practically impossible for ARB to monitor international forest offset programs in foreign jurisdictions to ensure these types of abuses do not arise. It is morally questionable and poor public policy to move forward with a program that has known human rights issues that simply cannot be monitored accurately given the geographic scope of the program.

ARB has yet to analyze California's Cap-and-Trade program for its environmental justice impacts, so inclusion of more offset protocols is premature

In 2014, the Environmental Justice Advisory Committee (EJAC) made a recommendation to ARB to assess the impacts of AB 32 implementation on environmental justice communities. Unfortunately, ARB has yet to make any progress on this important task. The full EJAC recommendation submitted to ARB is for the agency to: *"Assess the benefits and problems of AB32 in environmental justice communities so that as AB 32 is implemented, State Agencies can be responsive to and responsible for the communities hit first and worst by climate change. Collect, assemble and distribute the data on GHGs, criteria pollutants, air toxics, allowances and offsets from over 800 reporting stationary sources by the end of 2014 and complete the analysis by June of 2015."*

Particularly as many environmental justice organizations have expressed concerns with REDD and other international offset programs, to move forward with authorizing these protocols before assessing the program's overall impact on environmental justice communities is premature.

The expansion of California's Compliance Offset Program to include international sector-based offsets is not required under AB 32

While under Cap-and-Trade, regulated entities are allowed to use offsets to meet up to 8% percent of their AB 32 compliance obligations, *ARB is by no means required to expand its offsets program, as proposed.*

There is no market-based evidence to suggest that more offsets are actually needed. According to research conducted in 2013, California's actual emission levels are lower than projected Business As Usual Scenario. This means that ARB's goal to produce more offset credits goes beyond both the need and the industry's demand for them.



In fact, under current projections, around 29% of emission reductions are expected to be met through price signals created by Cap-and-Trade. If fully met, the current offset limit of 8% per regulated entity would comprise 269% of reductions, clearly far beyond the total reductions needed through offsets to meet GHG caps.

Providing more offsets without a clear need actually undermines the very logic of the Cap-and-Trade system. Rather than expanding the market at a time when there is not a demand pressure, ARB should let Cap-and-Trade increase the price of carbon to help reduce emissions.

It is erroneous to assert that just because Cap-and-Trade has been approved, international forest offsets have also been approved. In addition, new offset protocols are unnecessary given the current landscape of the Cap-and-Trade program.

Recommendations for ARB's process to assess inclusion of international forest offsets

Given these concerns, we strongly urge ARB to halt the process for including international forest offsets as an allowable program. If ARB does move forward, we urge the agency to host a series of workshops to fully explore the issues outlined by ourselves and many other groups. Expediting the process would undermine the legitimacy of any efforts to address our concerns in a thorough manner.

We also strongly urge ARB to meet with international community leaders who have concerns about international forest offset projects. At the recent 10/28/2015 workshop, ARB had a panel of indigenous leaders in support of international forest offsets. The panel failed to include the many groups who have already suffered negative consequences from international forest offsets, or are opposed to the program overall. If ARB is committed to a balanced, thoughtful process, it will meet directly with international leaders and indigenous communities who are opposed to REDD.

In multiple places throughout ARB's working paper, the agency refers to the expertise and role the Environmental Justice Advisory Committee (EJAC) will play in addressing concerns raised throughout the process. The EJAC should indeed play a critical role in outlining the main environmental justice issues at stake in any new proposed offset protocols. We urge CARB to seek formal approval from the EJAC before formally proposing any final international sector based offset protocols.

Conclusion

International forest offsets such as REDD remain a program that environmental justice groups in California are extremely opposed too. We urge ARB to halt the process for including these



offsets immediately. Inclusion of more international offsets at this time are in stark contrast to our state's overall goals for addressing climate change.

We look forward to discussing these concerns with you in more depth at a future date. Thank you for your consideration,

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[1] Pastor, Manuel, Rachel Morello-Frosch, James Sadd and Justin Scoggins. Minding the Climate Gap: What's at stake if California's Climate Law Isn't Done Right And Done Right Away.