

November 6th, 2020

Gavin McCabe
Chair, Compliance Offsets Protocol Task Force
1001 I Street
Sacramento, CA 95814

**RE: Comments on the California Compliance Offset Protocol Task Force Draft
Recommendations**

Dear Chair McCabe and Compliance Offset Task Force Members,

On behalf of The Nature Conservancy, we would like to thank you for your work in developing the California Compliance Offset Protocol Task Force (Task Force) Initial Draft Recommendations (Draft Recommendations) and for the opportunity to provide comments.

The Nature Conservancy (TNC) is a global conservation non-profit working to protect the lands and waters on which all life depends. For over 60 years, TNC has invested in and contributed to science-based, innovative approaches to land management to create a world in which people and nature thrive together. Climate change poses a substantial threat to our mission, and TNC has prioritized the same science-based, solutions-oriented approaches to catalyze climate action that protects people and nature.

We commend the California Air Resources Board (CARB) for its leadership in addressing climate change, and for developing the Draft Recommendations which provide guidance for establishing new offset protocols for California's cap-and-trade program. CARB plays an essential role in addressing climate change and reducing harmful pollutants in California (and beyond), and the State's cap-and-trade program has served as a powerful catalyst for climate action. Because of this, TNC strongly supports CARB's effort to identify new Compliance Offset Protocols that integrate natural and working land management and help moderate the cost of greenhouse gas (GHG) reduction while also increasing climate mitigation. With this in mind, we offer the following comments to the Draft Recommendations, which we hope will be helpful to their continued development.

1. Significant opportunities exist for investments and protocols that benefit disadvantaged communities

TNC strongly supports CARB in prioritizing accessibility and equitable cap-and-trade participation by disadvantaged communities, Native Americans, other indigenous peoples, and rural and agricultural communities. In many cases, land management, restoration and conservation activities (or nature-based climate solutions) that mitigate greenhouse gases can be undertaken in areas where these populations reside. The report *Nature-based Climate Solutions: A Roadmap to Accelerate Action in California* illustrates the substantial overlap between disadvantaged communities and low-income communities (as defined by SB 535 and AB 1550) and a suite of nature-based climate solutions across California, as shown by the included figures. These solutions, including strategies such as wetland restoration, provide multiple additional

benefits that support California communities, biodiversity, and climate adaptation. In some cases, multiple nature-based solutions can be undertaken in the same parcel of land – further increasing the benefits delivered to California communities.

2. TNC supports adoption of the considered ACR protocol and urges acknowledgement of the flooding and sea level rise protections provided by healthy wetlands

Climate action is strengthened when nature is included as part of the solution. Healthy ecosystems can capture and store carbon dioxide, effectively mitigating climate change – while also providing direct environmental benefits (DEBs) that support crucial habitat and biodiversity, enable thriving local economies, and offer recreational space for people. Furthermore, these ecosystems can serve as vital buffers that directly reduce harm and damage from floods, fires, and other unavoidable climate impacts. In many cases, climate strategies that include nature provide DEBs overlap substantially with disadvantaged and low-income populations in California. For these reasons, TNC strongly supports climate action that maximizes the carbon storage potential of natural ecosystems.

We applaud CARB for considering blue carbon and wetlands methodologies and protocols for California, where nearly 1.9 million acres of coastal and inland wetlands are suitable for restoration projects that can provide climate benefits and other DEBs. Wetlands draw in carbon and transfer it into soils, where it accumulates in layers and enables new plant growth. Carbon stored in this soil can remain for thousands of years, making wetlands an effective potential long-term climate solution. Additionally, healthy wetlands help to protect communities and habitat from floods and sea level rise. The Draft Recommendations should include protection from flooding and sea level rise as one of the DEBs provided by wetland restoration and blue carbon projects.

TNC supports the consideration of the American Carbon Registry (ACR) Restoration of California Deltaic and Coastal Wetlands methodology as a compliance offset protocol and is actively working to develop and test this methodology in California.

3. Offsets used for CEQA mitigation should address biological impacts and be coordinated with other State policies

As the Draft Recommendations note, demand for housing development projects and other growth in California are increasing demand for offset credits as mitigation under the California Environmental Quality Act (CEQA). While CEQA allows the use of GHG offsets to mitigate climate change impacts, this mitigation accounts for increased emissions alone – it does not reflect the biological impacts of emissions produced in land conversion and development. TNC supports the use of offsets for CEQA mitigation, but strongly recommends that CEQA guidelines be updated so that this offset use characterizes the full ecological impacts of development.

The implementation of offsite mitigation efforts can also impact other statewide emissions reduction efforts, such as SB 375. Projects that intend to use offsets for CEQA mitigation should consider how the proposed use will interact with other state policies and goals, such as the reduction of vehicle miles traveled (VMT), and coordinate offset use to optimize outcomes. Local mitigation should be prioritized first to aid in this coordination.

4. *The Tropical Forest Standard provides opportunities for linkage and the Task Force should provide recommendations for a demonstration project*

The Draft Recommendations highlight additional linkage opportunities and California's role in climate diplomacy, both in acting as a model for other jurisdictions and recognizing the need for action beyond our borders to address the global scale of the climate crisis. According to CARB, an estimated 11%–14% of all global CO₂ emissions are from the deforestation and degradation of tropical forests. Given the scale of GHG emissions from tropical deforestation, mechanisms to reduce them and support the conservation of these ecosystems must be considered. In 2019, TNC supported CARB's endorsement of the California Tropical Forest Standard (TFS), providing a robust methodology for assessment of jurisdictional scale programs focused on the reduction of deforestation. The roadmap provided by the TFS provides an opportunity for sustainable economic growth that is beneficial to both people and nature in the long-term.

This standard represents years of collaboration, feedback, and participation between nongovernmental organizations, governments, indigenous communities, academics, the public, and state agencies. The TFS includes some of the strongest safeguards of any such standard to ensure the environmental integrity of any potential forest credits that may be sold into future carbon markets, while also prioritizing the human rights, inclusion, and participation of impacted communities. We see great potential for the TFS and would support a proof of concept to demonstrate the feasibility of the approach within the scope of offsets under consideration in California.

TNC appreciates the opportunity to provide feedback on the Draft Recommendations, which will play an important role in identifying new Compliance Offset Protocols for California's cap-and-trade program, and we look forward to working with CARB and other State agencies to ensure that communities across the state – including disadvantaged communities, Native American tribes, and rural and agricultural communities – have the resources needed to participate in and benefit from the cap-and-trade program.

Thank you for the opportunity to provide recommendations.

Sincerely,



Sydney Chamberlin

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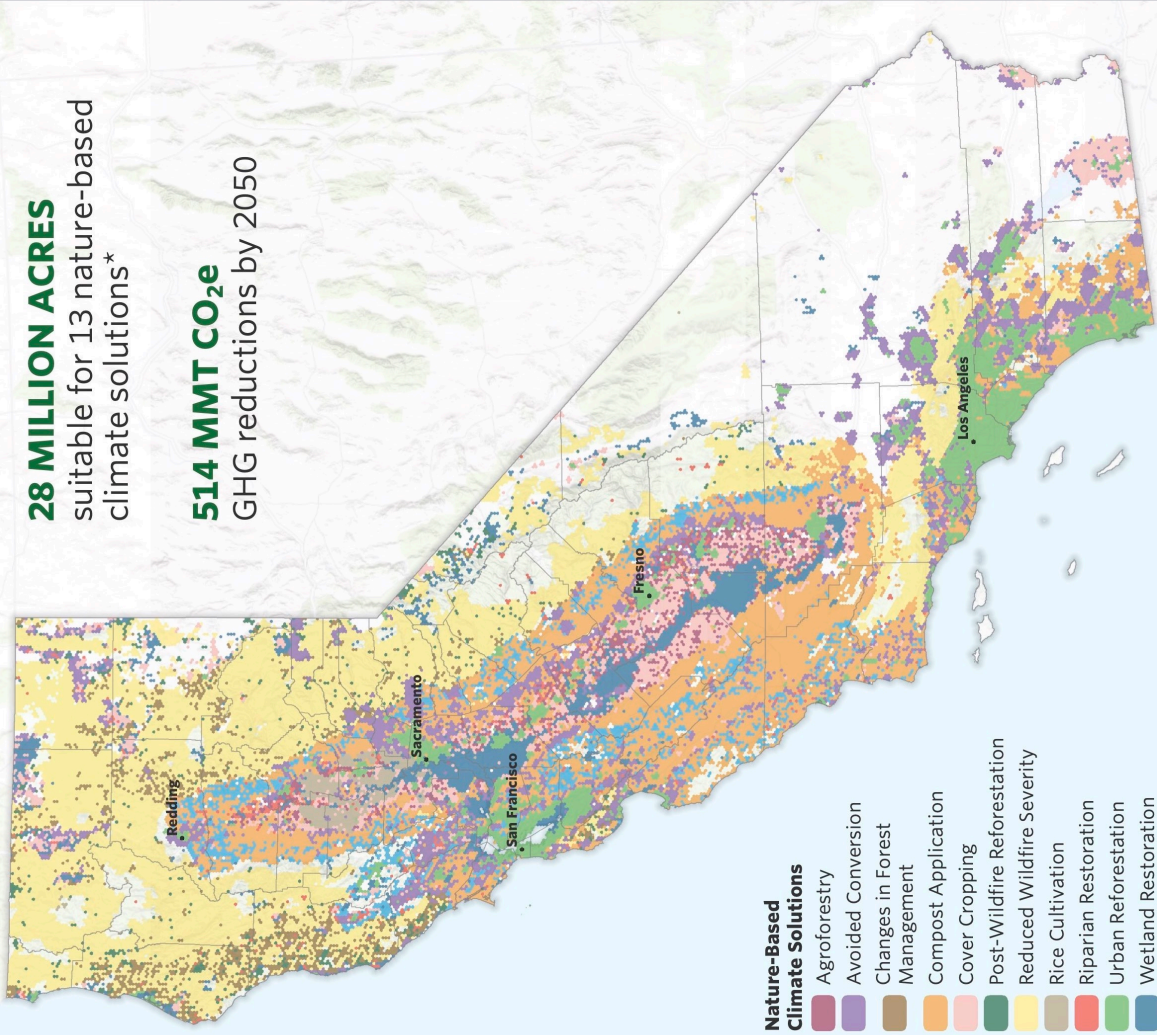
Attachment: Figures are from the report, *Nature-based Climate Solutions: A Roadmap to Accelerate Action in California*, available at <https://tinyurl.com/climate-policy-roadmap>.

CC: Paul Cheng, OffsetTaskForce@arb.ca.gov

OVERVIEW OF POTENTIAL REDUCTIONS, SUITABILITY AND BENEFITS

28 MILLION ACRES
suitable for 13 nature-based
climate solutions*

514 MMT CO₂e
GHG reductions by 2050



*Note: This study analyzes opportunities for 13 nature-based climate solutions, 12 of which appear on this map (acreage of nitrogen management is not available). Additional solutions exist, but are beyond the scope of this report.

