April 8, 2016

Comments of the Nature Conservancy on ARB sector-based credit workshop March 22, 2016

Thank you for the opportunity to submit comments on your workshop of March 22, 2016 focused on adding international sector-based credits to the AB 32 Cap and Trade program from tropical forest protection. The Nature Conservancy has extensive research and implementation experience in this issue and participated in this and many other workshops on this topic previously. In addition, Michelle Passero, Senior Climate Policy Analyst at the Nature Conservancy was a member of the REDD Offset Working Group (ROW) and participated in the development of its recommendations. Following are some comments to the issues and questions you discussed at the workshop.

* The Nature Conservancy supports the process ARB is conducting to develop and eventually adopt regulations to amend the AB 32 Cap and Trade program to include international sector-based credits from avoided loss of tropical forests. We urge ARB to continue this work expeditiously and complete the regulatory process so that credits can be approved and accepted in the third compliance period. We appreciate the detailed white paper and schedule you released last October. This action has allowed time for stakeholders to understand the issues involved in developing a draft regulation and to participate effectively in the several workshops you have been conducting this spring.

* A substantial body of high quality material has been developed to inform this process that should be useful to you:
  + Last year the UN Framework Convention on Climate Change completed its multi-year process of developing [guidance for Reducing Emissions from Deforestation and Forest Degradation and Enhancement of Carbon Stocks (REDD+),](http://unfccc.int/land_use_and_climate_change/redd/methodological_guidance/items/4123.php) addressing issues such as monitoring, MRV, baselines, and social and environmental safeguards.
  + Additionally, the ARB staff [white paper](http://www.arb.ca.gov/cc/capandtrade/sectorbasedoffsets/ARB%20Staff%20White%20Paper%20Sector-Based%20Offset%20Credits.pdf) from the October workshop and the paper for this March, 2016 workshop combined with the recommendations from the ROW provide information to address questions raised at the workshop. The Nature Conservancy supports the [REDD Offset Working group (ROW) recommendations](http://forests4climate.org/wp-content/uploads/2015/08/row-final-recommendations.pdf) and suggests you refer to them in designing the proposed amendment.
  + Another resource that should be useful to you is the Carbon Fund [Methodological Framework](http://www.forestcarbonpartnership.org/carbon-fund-methodological-framework) published by the World Bank’s Forest Carbon Partnership Facility
  + “Protecting the Climate Forests,” a [report](http://www.climateforestscommission.org/) produced by the [Commission](http://www.climateforestscommission.org) on Climate and Tropical Forests is another applicable document that may be useful.
* As a general principle, we recommend that you provide a guidance framework that still provides flexibility in the rule for the host jurisdiction to craft a program that fits their particular circumstances. For example, the host jurisdiction is best positioned to understand when a change to its reference level is warranted, suffice that it still meets environmental integrity guidelines set by ARB.
* As for scope, we agree with staff and the ROW recommendation to begin by including reduced emissions from deforestation and forest degradation but recommend that ARB also allow for a jurisdiction with proven success in this realm to add reductions from carbon stock enhancements from reforestation, improved forest management and other activities to its program, as long as all significant sources of land-use emissions are also being addressed.
* A baseline should be consistent with UNFCCC guidance, and derived from the average emissions level from a recent ten year period consistent with the ROW recommendations.
* We support the ARB staff recommendation” to develop a set of quality standards and evaluate the design of a jurisdiction’s own MRV program against those standards. The MRV program should be robust, transparent and consistent with UNFCCC guidance and the ROW recommendations. As recommended by the FCPF, the monitoring program should be able to detect reversals.

Thank you for the opportunity to comment on this process and for your good work developing the amendment to the Cap and Trade program to include sector-based credits from tropical forests. We will continue to participate in the process.