December 15, 2014

Chairman Mary Nichols and ARB Staff

Air Resources Board, California Environmental Protection Agency

1001 I Street

Sacramento, CA 95812

**RE: Comments on Proposed Revisions to Compliance Offset Protocol for U.S. Forest Projects and Cap and Trade Regulation**

Dear Chairman Nichols:

Thank you for the opportunity to comment.

Plum Creek Timber Company owns 6.8 million acres in 19 US states and is the largest private landowner in the US. Our land is primarily forest land which we manage sustainably in trust for our shareholders. We were the first forest owner to receive third party certification for forest sustainability across our full ownership and have been continuously certified for over 15 years. We have grown more timber than we have harvested on a company-wide basis for 12 of the past 13 years, the full period of time that we have combined this data on a company wide basis.

In general, we believe that the Protocol already makes it very difficult to qualify for offset projects in operational working forests in almost all cases. The proposed revisions will make the program even further out of reach.

We would like to provide comments in two areas:

1. **The proposed revisions to harvest unit requirements**.

The new 50 ft2 basal area retention limit in combination with the buffer requirements are impractical and make offset projects inconsistent with a wide range of forestry treatments that improve the climate resilience, long term productivity, and carbon storage capacity of forests. The various states in which we operate and the sustainability certification that we maintain all specify various harvest unit best practices, including complex adjacency requirements, for the purpose of protection of a wide range of environmental values other than carbon.

Since these requirements are for protecting values already covered by other measures and which are not related to carbon capture or storage, they should not be included in the protocol.

1. **The proposed increase to Common Practice values**

The update to common practice values are based upon new data collected in years 2007 to 2012. During these years, the economy went through a serious recession, and the housing industry and markets for wood suffered much worse than the economy in general. This resulted in timber prices that were the worst in the modern history of the timber industry and have still not fully recovered. Consequently, many forest owners deferred ordinary harvest to wait for markets to recover. This created an accumulation of forest inventory that is not common practice but an artifact of exceptionally poor market conditions.

Since these inventory increase were not related to common practice, they should not be used for a common practice baseline. Even short term deferral of harvest is a climate benefit and forest owners should not be penalized for doing so.

Thank you for the opportunity to comment. If you should have additional questions or desire clarification, please do not hesitate to contact me.

Sincerely,

Mike Jostrom

Director Renewable Resources