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** In cooperation with
Trench, Rossi e Watanabe
Advogados

June 03, 2015

Clerk of the Board
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812-2815Via Electronic Filing
<http://www.arb.ca.gov/lispub/comm/bclist.php>**Climate Wedge Comments on the May 20, 2015 Notice of Public Availability of Modified Text (1st 15-day Package) Offset Protocol for Rice Cultivation**

Clerk of the Board,

We are submitting comments on behalf of our client, Climate Wedge LLC, in response to the formal notice of modified text and additional documents released on May 20, 2015. Though we are disappointed that California Air Resources Board (ARB) has officially not proposed inclusion of rice straw removal after harvest (also known as baling) as an eligible activity under the proposed ARB Compliance Offset Protocol for Rice Cultivation (Protocol), we are encouraged to hear the openness and commitment of ARB to continue to pursue this issue. We are confident that further evaluation by staff will demonstrate the overall environmental benefits of this practice.

As you know, Climate Wedge has been actively involved in the compliance protocol development process from the beginning. We strongly believe that including baling in the Protocol would: (i) materially improve its greenhouse gas benefits; (ii) make it easier to scale for purposes of attracting private sector investment; (iii) enhance the habitat for a number of water-bird species and result in no significant impact under CEQA; and (iv) result in a more sustainable utilization of scarce water resources in California.

We applaud ARB's continuing leadership with the adoption of an agricultural sector Protocol. But, adopting the Protocol without the inclusion of baling as an eligible activity significantly hampers its ability to provide substantial reductions in methane emissions from the rice cultivation sector. Methane (CH₄) emissions contribute to background ozone in the lower atmosphere (troposphere), which itself is a powerful greenhouse gas and contributes to ground level air pollution. The atmospheric concentration of methane is growing, and reducing the emissions of methane from agriculture is one of the key strategies in CARB's recently released Short-Lived Climate Pollutant Concept Paper, as well as in the initiatives of federal and international greenhouse gas regulations.

Tracking down the answer to the questions that prevented baling from inclusion this time around and revisiting the protocol on the shortest possible timeframe should be an ARB

goal. A revised and robust Protocol would truly be a model for others to follow, in particular in the large rice growing regions of Asia and worldwide. Without baling, we have serious reservations that the Protocol will be successful in achieving any of the goals outlined before the Board last December. As proposed the Protocol foregoes potential significant in-State greenhouse gas emission reductions which could help reduce compliance costs, and is therefore not likely to attract meaningful investment from the private sector based on the smaller emission reductions achievable merely through dry rice seeding and/or early drainage activities alone. In addition, it misses a real opportunity to make an important contribution in reducing water consumption throughout the state as we work our way through a fourth straight year of drought.

ARB has stated a concern about the potential impacts to migratory water-birds that currently rely on winter flooding of rice fields for certain habitat needs. We believe that a committed and detailed further review of this issue will show the increased benefits in habitat diversity, as well as other environmental benefits, for a broad range of water-birds and their ecosystems. Climate Wedge appreciates ARB's acknowledgement that additional information should be received and analyzed, and that ARB should not only review currently available research and literature, but to actively pursue its own investigations. Getting the data needed to comfortably make this determination is a publicly stated goal of ARB Board members.

This is a complicated issue no doubt. But we believe it is possible to show positive impacts of baling on both water usage and bird habitat while maintaining current crop yields. These were the original standards ARB stated needed to be met. Taking a holistic view is really key here.

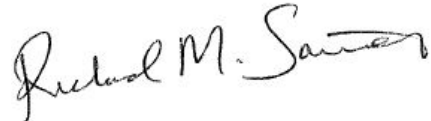
Our ongoing discussions of this issue have been appreciated and have continued to move in a forward, positive direction. One aspect of those discussions has been ARB's openness to committing to continue to work on this issue such that when the Cap and Trade Regulation is again open for amendments, that all the environmental review work would be done. To assist in that effort, Climate Wedge respectfully is including draft Resolution language to be used when this Protocol is finally approved later this summer.

NOW, THEREFORE, BE IT RESOLVED that the Board directs the Executive Officer to take the following actions before December 31, 2016:

1. Evaluate whether there are potential environmental impacts, including potential benefits, to including post-harvest rice straw removal activities into the Rice Cultivation Compliance Offset Protocol;
2. Evaluate feasible alternatives or mitigation measures that could be implemented to reduce or eliminate any potential adverse impacts of baling, while at the same time maximizing the GHG reduction potential of the Protocol; and
3. Present any modifications of the Protocol to the Board for further consideration.

Climate Wedge remains committed to improving the viability of this Protocol, even after it is adopted later this year. Please do not hesitate to contact us moving forward. We look forward to the next steps in this continuing process.

Yours sincerely,



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