



29 October 2018

California Air Resources Board  
1001 I Street, Sacramento, California 95814

## IETA COMMENTS TO CALIFORNIA AIR RESOURCES BOARD (CARB) PROPOSED TROPICAL FOREST STANDARD

The International Emissions Trading Association (IETA) appreciates this opportunity to provide comments on California Air Resources Board (CARB)'s proposed Tropical Forest Standard (TFS). The Intergovernmental Panel on Climate Change (IPCCC) recently reported that the world must reach net zero emissions by 2050 to limit warming to under 1.5 degrees Celsius<sup>1</sup>. Natural climate solutions, particularly forest sequestration, can provide roughly one-third of the abatement required to meet such ambitious climate goals at a cost of less than 10 dollars per tonne<sup>2</sup>. IETA welcomes the proposed TFS as a crucial step on the path towards cost-effectively avoiding a climate crisis.

IETA encourages CARB to support the inclusion of sector-based offsets that reduce emissions from tropical deforestation and degradation (REDD+) into California's cap and trade program as early as practical and effective. The appropriate time to include REDD+ offsets is when there is an assurance of environmentally robust credits that also provide cost-effective compliance opportunities for regulated entities. The monitoring, reporting, verification, and registration for REDD+ offset credits should be as stringent as is required for domestic forestry projects that currently supply CARB offset credits.

IETA recommends that CARB provide more clarity regarding the potential linkage of California's cap and trade program with jurisdictions providing REDD+ offset credits. Specifically, the proposed TFS states that the approval of offset credits "would be conducted pursuant to the requirements of Subarticle 12 of the California cap-and-trade regulation" yet this section of regulation seems to be written with a focus on linkage with emissions trading systems rather than sector-based crediting programs. An elaboration from CARB regarding exactly how Subarticle 12 applies in the context of REDD+ offsets would improve transparency and predictability, thereby enhancing the ability of developers and policymakers to progress toward crediting. More generally, making the process through which CARB would consider offsets credits from individual REDD+ programs for use in California's cap and trade program clearer and more explicit would better ensure fair access for potential suppliers.

California's recognition of compliance quality REDD+ offset credits would also represent a strong, positive signal to the international community and investors around market opportunities through international cooperation. This move could influence and empower other policymakers worldwide—including some of the two dozen, and growing, jurisdictions operating cap and trade programs along with global

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<sup>1</sup> Intergovernmental Panel on Climate Change. 2018. "Global Warming of 1.5 Degrees Celsius: Summary for Policymakers". Available [here](#).

<sup>2</sup> Griscom, G. W. et al. 2016. "Natural Climate Solutions". *Proceedings of the National Academy of Sciences* 115(44); 11645-11650. Available [here](#).

organizations, such as the International Civil Aviation Organization (ICAO)—to encourage businesses to invest in rainforest preservation to achieve their climate goals.

In previous submissions, IETA has stressed the need for CARB to develop well-defined, transparent procedures and timelines for all offset project reviews and issuances. This matter could prove more urgent, and certainly more relevant, should California introduce international sector-based and REDD+ offsets into the California market. As the workload under California’s existing offsets program builds over the coming years, CARB must ensure that its offsets pipeline is not jeopardized by insufficient resources being devoted to the REDD+ effort at the expense of existing projects – this issue particularly holds true for anticipated legal resource requirements.

If CARB officially approves REDD+ sector-based offsets, IETA suggests that CARB increase staff capacity to help successfully develop and implement a workable protocol such that current Staff do not divert attention from attending to existing offset protocol activities.

IETA commends CARB on its growing support for the potential inclusion of sector-based offsets into California’s cap and trade program. We recognize the impressive leadership shown by the TFS and the path leading up to the proposal, including those conducted by the [Governors’ Climate and Forests Task Force](#) and the [REDD+ Offset Working Group](#) (ROW).

Once again, we appreciate this opportunity to comment on the proposed standard. Our members remain committed to supporting the successful evolution of flexible market mechanisms and international cooperation to help achieve California’s climate goals at least-cost.

If you have questions, or further clarification related to this comment, please contact IETA’s Managing Director, Katie Sullivan ([sullivan@ieta.org](mailto:sullivan@ieta.org)).