



PACIFIC FOREST TRUST

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California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted Electronically

**RE: Comments on the October 27 Draft Cap-and-Trade Auction Proceeds
Second Investment Plan**

Thank you for the opportunity to provide feedback on the Draft Cap-and-Trade Auction Proceeds Second Investment Plan. We appreciate the deliberation reflected in this draft, and applaud the observation that forests and other natural lands are “of particular importance to consider for this Draft Second Investment Plan”, in order to put “natural and working lands on a long-term trajectory towards climate-resilient carbon storage” (page 43).

While there is much to applaud in the draft Plan here are three observations to inform the final, as well as the Expenditure Plan being developed for the January budget.

Investments in forests must increase dramatically in order to meet 2030 and 2050 GHG reduction goals and to advance adaptation efforts

The Draft Investment Plan appropriately recognizes the need for investments now to achieve increasingly carbon rich, resilient forests in the future. This needs to be reflected in the Expenditure Plan. Given that forests cover nearly 1/3 of the state and represent the greatest opportunity to remove net CO₂ from the atmosphere, we suggest that the suite of natural and working forest investments receive at least 12% of the GGRF. These forests can conservatively achieve 120-200 MMTCO₂ reductions by 2030.

Investments should include both short-term actions that reduce risk and promote resilience, and actions that ensure increased sequestration long-term.

Much of the forest/ climate discussion has focused on forest health and the apparent increase in emissions and mortality from large intense fires. Investing in forest restoration projects that improve resilience to fire and may reduce emissions associated with higher mortality should be developed in coordination with DFW in order to avoid adverse habitat impacts and promote watershed function. Forest thinning proposals should also be developed and implemented within a holistic forest carbon accounting framework to ensure net carbon gains.

We must also invest in securing increased forest carbon stocks into the future. Using working forest conservation easements to prevent depletion and achieve increases in forest carbon, while also enhancing habitat, advancing adaptation and promoting watershed function, is a proven mechanism. Easements that include requirements to improve management practices change the economics of forest ownership to allow forests to reach and maintain their climate mitigation potential. Strategic planning of such investments can protect and optimize watershed function, maximizing benefits to water security and wildlife adaptation.

Forest investments present a huge opportunity to advance adaptation efforts and enhance wildlife habitat and should be informed by the expertise at the Department of Fish and Wildlife

As noted above, targeted use of landscape-scale working forest conservation easements is an outstanding opportunity for a triple win ensuring:

- gains we make in restoring more carbon rich forests are maintained;
- actions are synergistic with and also achieve the states' adaptation and water security goals.

Because each WFCE is negotiated with the landowner and reflects local habitat needs and property conditions, it is essential that the expertise of the Department of Fish and Wildlife be utilized in the development of such easements. This allows development of targeted, cost effective actions that remove carbon from the atmosphere while also protecting and restoring important habitat such as meadows and streamside areas and the large older trees that are generally under-represented on the landscape. Notably, these large old trees are extremely valuable for carbon sequestration and habitat, and also tend to be well adapted to be resilient in the natural fire regimes of the state.

Again, we appreciate the effort that has gone into planning California's climate investments and look forward to working with the Administration to ensure that California's forests achieve climate mitigation, wildlife adaptation, and watershed protection and restoration synergistically and cost effectively.

Yours,



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Pacific Forest Trust