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Jason Gray
Branch Chief, Climate Change Program Evaluation Branch
California Air Resources Board
1001 "I" Street
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RE: Pacific Gas and Electric Letter of Support on Draft California Tropical Forest Standard

Pacific Gas and Electric Company (PG&E) would like to thank the California Air Resources Board (ARB) for its leadership role in addressing climate change as a global problem. As the recent Intergovernmental Panel on Climate Change (IPCC) Report finds, forests are a critical part of the solution to limiting climate change and they provide one of the only readily available, cost-effective means of carbon sequestration at scale. Establishing the Tropical Forest Standard is an important step to reducing global GHG emissions from deforestation. PG&E strongly supports ARB's efforts to set this standard and recommends that the Board adopt it.

Nearly a decade's worth of work from both the Governor's Climate and Forests Task Force and REDD Offset Working Group has gone into developing this robust standard, which sets a high bar for safeguards and stringency. PG&E has been, and remains, a strong proponent of high-quality offsets as real GHG emission reductions and believes this standard supports the development of large-scale rainforest credit programs while maintaining rigorous environmental and social standards. We support the simple and clear mechanisms included to mitigate risk and ensure that the reductions are robust and permanent, which is critical to the sustainability of the global rainforest credits market and the future use of such offsets in California's Cap-and-Trade Program.

Additionally, PG&E supports a robust offsets market as a way to achieve emission reductions from uncapped sectors at, in some cases, lower costs than other GHG emission reductions. We recommend the Board adopt the standard and then provide a mechanism for linking the tropical forest credits to the California cap-and-trade program, taking care to avoid double-counting and ensuring third-party verification to mitigate any additional invalidation risk to the program. Tropical forest credits can also help preserve the environmental integrity of California's Cap-and-Trade Program in the event that price ceiling units are ever issued in the future. AB 398 requires ARB to achieve emissions reductions on at least a metric-ton-for-ton basis that are real, permanent, quantifiable, verifiable and enforceable to match the sale of

price ceiling units. Tropical forest credits would be a promising avenue to achieve those emissions reductions. In addition, ARB's leadership in adopting this standard would provide a gold standard for compliance carbon markets to reduce tropical deforestation and would provide a model that others can replicate.

PG&E continues to support the programs and standards that will help the state meet its aggressive environmental goals while maintaining a healthy economy. Thank you for the opportunity to engage on this important issue.

Sincerely,

/s/

Jessica M Melton