



November 1, 2013

Richard Corey
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Subject: Discussion Draft of Updated AB 32 Scoping Plan

Dear Mr. Corey:

We are writing to provide comments regarding the Air Resources Board's Discussion Draft of the AB 32 Scoping Plan. The California Rice Commission (CRC) has been working for several years now with ARB and other environmental groups on a proactive strategy to help deliver much-needed greenhouse gas (GHG) reductions as part of a comprehensive solution to AB 32's statutory goals and objectives. It's with this history of cooperative efforts that we provide our perspective and concerns on your new proposed Scoping Plan.

CRC represents the entire California rice industry, including all 2,500 rice growers and handlers who farm and process rice produced on approximately 500,000 acres annually. In addition to rice production, our fields also provide critical habitat for 230 species of wildlife, including millions of migrating waterfowl and shorebirds along the Pacific Flyway. Our fields are designated as Shorebird Habitat of International Significance and provide 60 percent of all the food consumed by an estimated six million waterfowl wintering in California's Central Valley.

Our first and broadest comment revolves around the question of ARB's authority to pursue reductions beyond the 2020 objectives stated by the Legislature in 2006. We are confident you will receive this same comment in more significant detail from many other organizations so we won't elaborate further on this question.

Our second concern relates to how responsibly CRC has responded, in collaboration with the NRCS and EDF, to an opportunity made available within the structure of the current Scoping Plan. By this we are referring to the program's encouragement for agricultural groups to develop offset protocols to deliver much-needed offsets to the marketplace to help support effective operation of the Cap-and-Trade Program.

Consistent with CRC's approach on virtually all environmental issues, we immediately moved forward with research, pilot-testing and program development with an eye towards adopting the first agricultural offsets protocol since the passage of AB 32. How significant is this effort? Two primary organizations--NRCS and EDF--have joined and supported the California rice industry in this goal. NRCS provided funding in the form of two grants totaling nearly \$2 million while CRC and EDF have provided matching funds and staff time. We estimate that the combined investment of NRCS, EDF and CRC related to this project work is easily north of \$5 million to this point.

When ARB's programs incentivize this level of investment it is crucial that subsequent updates to such programs respect these investments that occur as a result. If not, future investments will not materialize due to stakeholders' lack of confidence. CRC's major concern here is that ARB appears to be making a significant mid-stream shift in its planned management objectives for methane emissions without acknowledging, in any manner, the future role of the significant investments noted above to address methane emission from rice. Based upon our review, the new discussion draft fails to clearly identify the following related issues:

- What will be the continuing role of offset protocols (both in-progress and adopted) in light of an evolving Scoping Plan strategy?
- What will be the continuing status of agriculture's role as a "voluntary sector" in the new Scoping Plan?

We appreciate your consideration of our comments on this proposed Updated Scoping Plan and respectfully request that these issues be clarified within the next version of the document. Please feel free to contact me at (916) 206-5340 if you have any questions.

Sincerely,



Manager of Environmental Affairs