



February 23, 2010

Via: web submission: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments On Agenda Item 10-2-9 - Notice Of Public Meeting To Consider A Process For Adoption Of Greenhouse Gas Accounting Protocols For Compliance Purposes, Including Withdrawal Of Board Adoption Of Voluntary Protocols

Dear Chairwoman Nichols and Members of the Board,

Pacific Forest Trust supports the Board's proposal to shift staff focus and resources from further efforts on voluntary early action protocols in order to direct ARB's limited resources to developing compliance-grade protocols. We concur that a logical step in this process, in order to minimize confusion, is to end the Board's endorsement of the voluntary protocols.

We urge ARB to move forward as quickly as possible in developing regulatory compliance grade forest protocols, and we offer the following suggestions to the Board:

- 1) **Utilize the existing voluntary forest protocol (v3.1) as a starting point for further revision.** An enormous amount of effort has gone into that document, and it is a solid foundation for any final tweaks necessary to create a compliance grade protocol.
- 2) **Air Resources Board should lead the development of the compliance protocol, develop some in-house expertise on these issues, and ensure there is good public process.** We are cognizant of the fact that ARB has many, many responsibilities and pressing deadlines, and that there is some appeal to contracting with the Climate Action Reserve (or another entity) to develop the compliance protocols. While we would certainly expect ARB to contract for some technical expertise, we think it is important to continue to develop depth and expertise with your in-house staff. Forestry and other biological carbon sequestration issues are complex and will continue to be a significant policy challenge to California. We believe that California will make better progress in addressing these issues if ARB continues to increase staff expertise. Outsourcing these issues could be a missed opportunity. At a more operational level, we believe it is important for the state agency to be the clear leader of any process developing compliance protocols, ensuring a robust public process and a CEQA review that leads to broad confidence in the final product.
- 3) **Affirm that credits generated by Climate Action Reserve projects done as early actions should be recognized in the Cap and Trade program.** Despite clear language in AB 32 and several other pieces of legislation that offset projects registered with the Climate Action Reserve (formerly the California Climate Action Registry) should be recognized in a regulatory program, the Preliminary Draft Regulation for the Cap and Trade program improperly suggests January 1, 2007 as the earliest acceptable start date for offset projects. As discussed below, this is a problem that should be corrected. It would

be very helpful if, as part of the board discussion of this item, it was made clear that the action of rescinding the endorsement of the Forest Protocols for further voluntary early actions does not mean that projects already registered or verified under version 2.1 of the forest protocol are being excluded from a cap and trade program. Clarifying the impact of the proposed Board action on past voluntary early actions would help temper market concerns.

As noted above, Pacific Forest Trust is very concerned that the PDR suggests that any early actions initiated prior to January 2007 would not be recognized in a cap & trade system. We believe this is an error, as previous actions by the California Legislature and the Air Resources Board are clear that offset projects registered with the California Climate Action Registry (now Climate Action Reserve) should be eligible for inclusion in any state or federal Cap & Trade program.

The California Climate Action Registry (CCAR) was established by the California Legislature through SB 1771; legislation authored by Senator Byron Sher in 2000. The legislation's findings and declarations demonstrate clearly that it was the Legislature's intent that actions to reduce greenhouse gas emissions taken through CCAR be given credit in a future regulatory system, if at all possible. Note, for example:

42801. The Legislature finds and declares all of the following:

(b) Mandatory greenhouse gas emissions reductions may be imposed on California sources at some future point, and in view of this, the state has a responsibility to use its best efforts to ensure that organizations that voluntarily reduce their emissions receive appropriate consideration for emissions reductions made prior to the implementation of any mandatory programs.

And:

(e) The state hereby commits to use its best efforts to ensure that organizations that establish greenhouse gas emissions baselines and register emissions results that are verified in accordance with this chapter receive appropriate consideration under any future international, federal, or state regulatory scheme relating to greenhouse gas emissions. The state cannot guarantee that any regulatory regime relating to greenhouse gas emissions will recognize the baselines or reductions recorded in the registry.

The California Climate Action Registry (CCAR) was directed by SB 812 (Sher) in 2002 to develop science-based forest offset protocols to encourage the development of forest carbon projects to combat global warming. CCAR developed the forest protocols, which were subsequently endorsed by the Air Board as early action measures. Relying upon the representation made by the Legislature, several California landowners (including ones working with the Pacific Forest Trust) developed forest carbon sequestration projects with the understanding that resulting emission reductions would be recognized by California in future regulatory activities. It should be noted that these forest projects were conducted under the Climate Action Reserve Forest Project Protocol version 2.1, which was unanimously endorsed as an early action measure by the Air Resources Board in October of 2007.

Further, AB 32 clearly indicates that, to the maximum extent feasible, AB 32 implementation activities by the Air Resources Board should build upon the efforts already undertaken by the California Climate Action Registry. For example, AB 32 states, at Health and Safety Code section 38530(b)(3):

Where appropriate and to the maximum extent feasible, incorporate the standards and protocols developed by the California Climate Action Registry, established pursuant to Chapter 6 (commencing with Section 42800) of Part 4 of Division 26. Entities that voluntarily participated in the California Climate Action Registry prior to December 31, 2006, and have developed a greenhouse gas emission reporting program, shall not be required to significantly alter their reporting or verification program except as necessary to ensure that reporting is complete and verifiable for the purposes of compliance with this division as determined by the state board.

In summary, it was clearly the intent of the legislature that emission reduction projects and reporting conducted through the California Climate Action Reserve be eligible, to the maximum extent feasible, for use in a future regulatory scheme to control greenhouse gas emissions. Further, the forest projects that were conducted prior to the date that AB 32 became effective were done pursuant to CCAR Forest Project Protocol version 2.1, which was subsequently endorsed by the Air Resources Board.

Overall, Pacific Forest Trust supports the Board's intention to move into development of a regulatory protocol for forest projects, but would appreciate clarification that projects created pursuant to CAR Forest protocol 2.1 (which was blessed by ARB for use in early action projects) will not be excluded from being used in a cap & trade system.

Thank you for your ongoing efforts to address global warming, and for providing us an opportunity to comment on your proposed approach.

Regards,



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