



February 24, 2010

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

Comments to the California Air Resources Board on a Process for Adopting Greenhouse Gas Protocols

Thank you for providing The Climate Trust with the opportunity to submit comments regarding the California Air Resources Board's process for adopting greenhouse gas (GHG) accounting protocols. We commend the California Air Resources Board (ARB) for its pioneering leadership in GHG emission reduction policy and encourage further action to provide continued guidance to federal and regional GHG policies and programs.

The Climate Trust is a nonprofit organization whose mission is to provide expertise, financing, and inspiration to stimulate communities, businesses, and governments to implement innovative and effective climate solutions that endure. The Climate Trust was created in 1997 in response to the United States' first regulation of greenhouse gases (GHG) under the Oregon Carbon Dioxide Standard. The Climate Trust solicits, negotiates, and contracts to purchase carbon credits on behalf of regulated power plants, businesses, and governments. The Climate Trust has over 10 years of experience, investing more than \$10 million into sixteen (16) high quality GHG reduction projects that are expected to generate nearly 3 million metric tons of carbon credits.

As the first U.S. provider of compliance credits and as a pioneer in the voluntary offset market, The Climate Trust offers a unique perspective to comment on GHG protocols. These comments focus on the Climate Action Reserve's process for protocol development which ensures environmental integrity, and the leading indicators of ARB's decisions and their potential impact on emerging carbon markets and policies.

An Eye Toward Environmental Integrity

The Climate Action Reserve's (CAR) GHG project accounting protocols are developed using a highly transparent, consensus-based process in an effort to create a high quality compliance-grade program. CAR's protocols integrate comprehensive data collection and analysis with extensive public review and commentary at each stage of development. Commentary is incorporated throughout the process, which strives to incorporate the best available science and technical expertise. CAR has set the standard for protocol development in the compliance market; indeed, other protocol developers are now following CAR's example of rigorous development.

The Climate Trust commends ARB and CAR for their important work on ensuring environmental quality, including the rigorous public review processes to ensure environmental integrity and avoid potential adverse impacts. The Climate Trust believes that accelerating, not delaying, climate change mitigation actions in all sectors is required to reverse the dangerous rise in greenhouse gas emissions. To this end, we believe the current CAR protocols and future new protocols play a key role in 2010, especially if the



United States reduces the scope and slows adoption of comprehensive climate change and energy policies and implementation.

Market Signals

In the face of federal policy uncertainty, California serves as a bellwether for the U.S. offset market. ARB's adoption of four (4) voluntary GHG accounting protocols provides a strong signal about the credibility and quality of CAR protocols. The carbon market responded by heavily favoring and investing in CAR-certified projects as a result. In addition, ARB's rigorous standards are likely to be accepted by regional or federal climate change policies. In fact, CAR and the Regional Greenhouse Gas Initiative were the only protocols recognized under the U.S. House of Representatives' cap-and-trade bill titled The American Clean Energy and Security Act that was passed in June 2009. ARB's actions are watched carefully and strongly influence the decisions of investors and project developers who desire to rapidly reduce greenhouse gas emissions in the United States.

The Climate Trust strongly urges ARB to quickly clarify the requirements that will govern emission reduction protocols for compliance purposes. It is important to provide clear signals to project developers, investors, and others in order to accelerate investment in the GHG emission reductions needed to avoid the most dangerous impacts of climate change.