November 18, 2008

Mary Nichols, Chair

California Air Resources Board

100 I Street

Sacramento, California 95814

Re: Climate Change Proposed Scoping Plan

Dear Ms. Nichols:

Thank you for the opportunity to participate in the development of California’s Climate Action Plan. Equator is dedicated to sustaining natural ecosystems and improving the quality of life for project area communities by providing expertise and professional service in the generation and management of high-quality carbon credits, with a particular focus on forestry, forest conservation and land- and eco-system management. We applaud the California Air Resources Board’s efforts in undertaking a comprehensive climate action program and the inclusion of offset projects in the framework.

While we recognize that the creation of an offset methodology is complex and challenging, we are also aware that any system will only be effective if it is governed by a detailed and appropriate design. This letter offers encouragement of many of the aspects included in the current proposed scoping plan as well as outlines a few concerns with the design as currently drafted.

**Oppose Limits on Offsets:** Integrating rigorously vetted and monitored offset projects into a cap-and-trade program helps lower the costs of such a program, creates new benefits for the nation’s agriculture and forestry sectors, spurs technological innovation, and provides for international engagement. Placing an artificial limit on offsets, a limit that is not data driven and supported by sound science, will increase costs to California’s businesses and consumers without generating any additional reduction in global warming pollution.

**Encourage Early Action:** We are pleased to see the draft scoping plans contains some discussion around credit for early action. Pioneers who implement offsets projects in advance of compliance cap-and-trade schemes should receive credit for early action. These credits represent emission reductions reduced in advance of any mandate to limit greenhouse gases—one critical step of combating climate change. Early action credits should be bankable and grandfathered into a compliance regimes. Banking practices helps build healthier and sustainable markets by motivating continued investment and stabilizing risk and volatility.

**Support for International Forestry Projects:** 20% of greenhouse gas emissions globally come from land use changes such as deforestation and cropland conversion, with a large percentage of those emissions arising from the destruction and degradation of ecologically sensitive forests in developing countries. Under these circumstances, CARB is right to consider international forestry projects when developing its protocols for offsets. However, these offsets should not be limited to forestry projects that are part of an already existing national or sub-national accounting framework. While these frameworks should be encouraged through multiple channels, they are rare in developing countries. Making this a pre-condition for a forestry offset project would delay much needed conservation efforts in areas where deforestation is increasing rapidly and there is little time to waste.

We appreciate your consideration of these comments. As a company, Equator develops terrestrial offset projects in the United States, Central and South America, and Madagascar. , Our personnel on staff include a past Vice President of Swiss Re’s Environmental and Commodity Markets team, Point Carbon Senior Analyst, Director of Ducks Unlimited Energy and Technology Partnership, President of the Association of FSC Forestry Producers, and Program Director of the Yale Tropical Resources Institute.

As experts the development and management of high quality carbon offsets, Equator staff would be happy to discuss the contents of this letter or offer any other assistance to CARB as you continue to formalize California’s greenhouse gas emissions reduction plan.

Sincerely,

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