



September 12, 2008

Mary Nichols, Chair
California Air Resources Board
1100 I Street
Sacramento, CA 95814

Re: Principles for Climate Change Adaptation Funding for Fish and Wildlife and Their Habitats in the AB 32 Final Scoping Plan

Dear Mary:

Climate change poses an unprecedented threat to the future sustainability of human communities, fish and wildlife habitat, and the natural communities we depend upon for our food, our drinking water, recreational opportunities such as fishing, hunting, boating and hiking, the strength of our local economies, and our quality of life.

California's natural and human communities are already experiencing impacts from climate change. For example, recent research shows that climate change is threatening the survival of the Bay Checkerspot butterfly, the Desert bighorn sheep, California's iconic Joshua tree, the Pika, and many more species. Other research shows that we are already experiencing an increase in temperature and changes in the cycle of water. Scientists doing work in California predict that these and other impacts will increase in scale, scope, and magnitude. However, neither State nor Federal agencies have the resources they need to respond to the massive new threat of global warming. With major paradigm shifts in how our Federal and State agencies will need to manage land and water resources, additional funding to address the new threats on natural resources will be vital. Consistent with our earlier input, we are recommending that 20% of the revenue from an auction of allowances in the AB 32 cap and trade program be directed to helping natural resources adapt to climate change.

While the state works to minimize impacts by maximizing reduction of emissions of greenhouse gases, California must simultaneously design, fund, and implement a comprehensive adaptation program to ensure that people, plants, animals, and fish survive the unavoidable impacts of climate change and that the natural character of California that we pass on to future generations bears some resemblance to that we have enjoyed..

In the context of responding to climate change, the goal of *adaptation* is to reduce the risk of adverse environmental outcomes through activities that increase the resilience of ecological systems to climate change.

Here, resilience refers to the amount of change or disturbance that a system can absorb without undergoing a fundamental shift to a different set of processes and structures. Fortunately, using forests and other natural resources to mitigate climate change by reducing or avoiding emissions and/or increasing sequestration, also produces companion benefits for climate change adaptation.

Following are a set of design strategies based on scientific principles for a natural resource climate change adaptation program for California connected to AB 32 implementation:

1. Dedicated Annual Funding Based on an Auction System. The cap-and-trade component of AB 32 implementation, and the companion WCI cap-and-trade should include an auction system for the distribution of emissions allowances, moving as quickly as possible to 100% of allowances auctioned. Proceeds from this auction system should be devoted to appropriate public interest purposes, including actions to address the harmful impacts of climate change on public health, infrastructure, community well-being, and the natural environment.
2. Auction Proceeds for Resilience-based Ecosystem Management and Protection. At least twenty percent (20%) of the proceeds from the cap-and-trade auction system should be dedicated to the resiliency of all ecosystems types, the ecological processes that support them, the associated habitats, and plants and fish and wildlife that are threatened by climate change. The program scope should include the full spectrum of ecosystems and habitats, including terrestrial, freshwater aquatic, estuarine, coastal, and marine. Development of adaptation strategies must include the promotion and protection of ecosystem services, supporting the critical role that these systems play in abating risk and enhancing resilience and protection of human and natural systems.
3. Broad Authority for Resilience-based Ecosystem Management and Protection Auction proceeds in the Final Scoping Plan should ensure dedicated funding for these purposes to help state, tribal and local resource agencies and their partners enhance the resilience of ecosystems at the system, habitat and species level, in the face of an altered and rapidly changing climate. Eligible activities should include land acquisition for habitat migration corridors and for buffer zones to protect lands, rivers, streams and estuaries; the protection of large intact landscapes; and restoration, planning, research, monitoring, education and land-owner assistance activities that are carried out pursuant to a comprehensive resiliency-based state adaptation strategy
4. Eligible Agencies. Agencies eligible for auction proceeds under the Final Scoping Plan are those state, tribal and local agencies and non-governmental organizations with authority and responsibility for maintaining the ecological health of protected lands, waters, plants, and fish and wildlife and their associated major habitats (forest, freshwater and coastal).
5. Inter Agency Coordinated State Strategy. To maximize effectiveness and efficiency, state, tribal and local resource agencies should collaborate and coordinate their actions through a comprehensive state adaptation strategy and incorporate climate change adaptation considerations into existing planning processes and continuing programs to the fullest extent possible.
6. Federal Coordination. The activities of California's state, tribal and local resource agencies should be coordinated with priorities and programs developed by federal resource agencies pursuant to any national climate change adaption strategy that is developed. By adopting a state adaptation strategy consistent with any

federal guidelines, California will be well-positioned to capture funding that may pass through federal fish and wildlife agencies for state adaptation work.

7. Cost-Share Requirements. In order to ensure full and effective utilization of funds dedicated to fish and wildlife conservation under this program, states and other non-federal entities receiving auction proceeds for conservation actions should, where feasible, provide a relatively small cost-share payment toward those projects. This cost-share requirement should supersede any cost-share requirement in the program through which the adaptation strategy is delivered.

8. State Climate Change Ecosystem Assessment Research. The scientific capacity of the state resource agencies to evaluate and address the impacts of climate change on ecosystems and plants, fish and wildlife should be enhanced and coordinated. Capacity should be developed and enhanced through existing agency centers and resources such as the California Resources Agency and Cal EPA, and their various departments and divisions including the California Energy Commission and its Public Information Energy Research Program. Research, data and resources should be made publicly available for use by the academic, nonprofit, tribal and local communities to carry out additional research.

We appreciate your leadership on this matter and look forward to working with CARB on the implementation of AB 32.

Sincerely,



Louis Blumberg
The Nature Conservancy



Kim Delfino
Defenders of Wildlife



Dan Taylor
Audubon California

cc: Lynn Terry
Edie Chang
Kevin Kennedy
Robert Duvall