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RE: Forest Project Protocol - Stakeholder Comments Regarding Proposed Draft of the Project Implementation Agreement (PIA)

We would like to commend the Climate Action Reserve and the Forest Project Protocol Working Group on their continued efforts to quantify net GHG emission sequestration and reduction from by GHG Reduction Projects, including your most recent development and publication of the draft PIA. Thank you for the opportunity to provide comments.

While one of the Working Group's primary objectives is to increase participation, like many others, we believe that private landowners will be reluctant to agree to long-term restrictions on the use of their land (e.g., the proposed 100 year Term in the draft PIA) without adequate compensation from the market for CRTs. Unless the Term is reduced, or the market price for CRTs is high, private participation from profit-oriented forest owners will be limited. We believe that in the short-term, it is most likely that participation will continue to be limited to well funded, conservation oriented organizations and that the objective of increased participation will not be met.

Our comments and questions are:

1. Key to ensuring participation from profit-oriented forest owners is ensuring that reasonable opt-out provisions exist. **Paragraph 3 (b)(2)** addresses the compensation rate that a forest owner would pay for removing a parcel from a Project. While the compensation rate is not necessarily unreasonable as formulated in the PIA, it would seem more reasonable to reduce from 1.4 to 1.25 the compensation rate for parcels removed from a Project in years 0-5.
2. **Paragraph 6(d)** should only apply during the Term.
3. **Paragraph 10** should be modified to clarify that Property already encumbered by a conservation easement is suitable for generating CRTs. Perhaps the paragraph could be modified to read: "Conservation Easements Permitted. Nothing in this Agreement shall prevent the Forest owner from encumbering the Property with a conservation easement pursuant to California Civil Code Sections 815 et. seq. or other similar statutory scheme or registering a Project with the Reserve on Property that is already subject to a conservation easement granted pursuant to California Civil Code Sections 815 et. seq. or other similar statutory scheme.

Again, we applaud the Reserve's hard work and thank you for the opportunity to provide our comments.