



restore the balance

May 7, 2009

John Nickerson
Climate Action Reserve
523 W. Sixth Street, Suite 428
Los Angeles, CA 90014

Dear Mr. Nickerson,

On behalf of TerraPass, thank you very much for the opportunity to submit comments on the *Final Draft Forest Protocol Version 3.0*. Based in San Francisco, TerraPass is a carbon offset project originator, retailer, and wholesaler. We currently have over 3 million tons of CO₂e reductions under contract, and a variety of landfill and livestock projects listed on the Reserve. TerraPass believes strongly in the need for transparent and rigorous greenhouse gas reduction project protocols as a foundation for the development of both the voluntary and compliance carbon offset markets. As such, we commend the Reserve and the Forest Protocol Working Group for your efforts to revise and improve the Forest Project Protocol over the past year. It is in this spirit that we offer the following comments on the latest draft.

First, we support the protocol's exclusion of renewable energy or other combustion-related uses of wood products, because the Forest Protocol is intended to quantify long-term carbon sequestration. However, we very much urge the Reserve to pursue with all due haste the development of a fuel-switching protocol, so that reductions in direct fossil fuel emissions resulting from a change from fossil to renewable fuels (such as the sustainable use of woody biomass in energy/heat production) can be properly credited.

Second, compared to Version 2.1, this protocol requires considerably more work to execute and verify a project. Though we cannot yet know the result of this change, one worrisome possibility is that the costs will make the protocol unusable for small forest landowners because the costs of data gathering and verification exceed the expected revenue. We look forward to working with the Reserve to address this concern across all the Reserve's protocols, as we are finding that some required calculation and data gathering work is of truly negligible value to the carbon calculus while driving up data management, monitoring, and verification costs. We suggest that for projects below a certain size, conservative standardized deductions or factors could be substituted for project-specific calculations to the benefit of all. We look forward to further conversations along these lines.

Thank you again. If you have any questions about these comments or about TerraPass, please let me know.

Sincerely,

Erin Craig
President, Carbon Management Services

TerraPass Inc.

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