

November 11, 2011

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

Comments on the Rice Cultivation Project Protocol

Thank you for providing The Climate Trust with the opportunity to submit comments regarding the Climate Action Reserve's Rice Cultivation Project Protocol Public Draft Version 1.0. We sincerely commend CAR for its leadership in developing high quality emission reduction project standards.

The Climate Trust is a 501(c) (3) nonprofit organization headquartered in Portland, Oregon. Our mission is to provide expertise, financing, and inspiration to accelerate innovative 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 Trust solicits, negotiates, and contracts to purchase carbon credits on behalf of regulated utilities, businesses, and governments. We have over 10 years of experience, investing more than \$16 million into numerous high quality GHG reduction projects in nine states and nine sectors.

As a pioneer and nonprofit practitioner in the carbon market, The Climate Trust offers a unique perspective to comment on the draft protocol. Project aggregation is a strategy that is essential in order for the agriculture sector to participate in the offset market in a meaningful way. As such, our comments focus on the objective of ensuring the protocol facilitates successful aggregation of rice cultivation projects.

1. The proposed Maximum Acreage Percentages could impede the size of a project aggregate pool with no clear benefit to project quality

The concept of imposing a maximum acreage for a single field is a valid measure, but the percentage applications listed in Table 2.2 of Section 2.3 could impede the size of aggregation pools with no clear benefit to the quality of the project. Take, for example, a project aggregate consisting of 10 fields with an aggregate size of 9,800 acres and the largest field size of 1,200 acres. Under this scenario, the project aggregate conforms to the guidance in Table 2.2 for aggregates in the 5,001 to 10,000 acre range, since the largest field is 12% of the total aggregate size, which is below the 15% single field maximum.

However, a project aggregator may find it a challenge to enroll more fields and adhere to the maximum acreage of a single field requirement. The aggregator would be unable to enroll two more fields of 1,100 acres each in her project aggregate. The number of fields would increase to 12 and the aggregate size would grow to 12,000 acres which would put the project in a new category that has a 7.5% maximum

single field acreage ceiling. Unfortunately, the largest single field would be 10% of the total aggregate size and above the specified ceiling in Table 2.2. It is unclear why such an aggregate is disallowed. It has a greater sample size and the largest single field declines so the statistical certainty of the modeling results should increase.

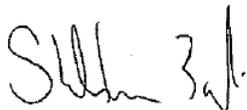
The Climate Trust recommends CAR set a percentage range or establish a hard acreage ceiling range to ensure project aggregates are not artificially constrained from growing.

2. Verification Sampling Procedures could erect cost barriers to all but the largest projects

In The Climate Trust's experience verification is a significant cost item for many projects. Given the nature of aggregated agricultural projects and CAR's site and desk audit formulas, it is not unreasonable for an annual verification cost to be comparable to forestry cost verification, especially when factoring in verifier's time to travel between the fields in an aggregate. However, aggregated rice projects will likely produce a fraction of offsets in a given year compared to forestry projects. As such, the cost associated with conducting multiple site visits and desk audits could be cost prohibitive and discourage adoption of the CAR rice protocol.

The Climate Trust suggests CAR and the rice protocol working group engage potential verifiers in this sector to ensure potential costs of required verification procedures are taken into account.

Thank you for the opportunity to submit these comments.



Sheldon Zakreski
Senior Program Manager
The Climate Trust