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Arcata, CA 95521

May 20, 2010

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Vice President  
CAR Policy Team  
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Mr. Broekhoff:

The City of Arcata commends the Climate Action Reserve staff and the Technical Advisory working group for the time and effort put into the new Aggregation Proposal. This policy should improve access to the carbon market for smaller private timberland owners and forest conservation organizations across the country.

There are a number of policy level project implementation decisions that are not clear in the draft Aggregation Proposal. As the City of Arcata is on the cusp of submitting projects for several small tracts, we are in a unique position to envision how this policy will affect a small landholding entity. We therefore offer comments specific to implementation that we hope will shape the development of this protocol for the benefit of other small projects.

1. The statistical requirements in the aggregation protocol are favorable to small landowners, and will decrease the barriers to implementation by decreasing the number of plots required. The City of Arcata finds that the Reserve has accomplished this in a manner that does not compromise the integrity of the forest protocols. Additionally, establishing a mechanism for pooling credits within an aggregate account without paying transfer fees between aggregation members and the larger aggregate account will be an important component of achieving economies of scale.
2. The burden of verifying three separate parcels on three separate baselines is still potentially cost prohibitive. Under the current verification protocol, there is a minimum of 4 check plots per project. The remaining number of check plots is determined through a calculation based on a number of factors. Under this policy, a project of 300 acres would potentially have the same number of check plots required as a project of 100 acres. However, if each of the 100 acre parcels is submitted as separate projects, the result is 12 check plots required for

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verification. This effectively triples the cost of verification while doing nothing to increase the rigor of the project. We suggest that in this example, the three separate parcels with three separate baselines be allowed to unify into one "project."

3. A potential area of concern is the annual account maintenance fee. If each of the projects within an aggregate are required to pay the \$500 account maintenance fee, even in years where there is no account activity, than this would be prohibitive over the 100 year life of the project. The City of Arcata feels that the Climate Action Reserve should require only the aggregate account holder to pay the fee, with the amount scaled according to the total aggregate area, since it is through this aggregate account that all project maintenance activities will be taking place. Additionally, this would serve a similar function to a sliding scale, requiring a more representative fee relative to project size.
4. A policy level question relates to whether or not a landowner can serve as their own aggregator. The City of Arcata supports this ability since we are intending to submit three parcels with separate baselines.
5. A random approach to auditing of the annual monitoring seems appropriate. If no project can be >50%, it would be unlikely to do a two project aggregation unless they were exactly the same acres. We also suggest no geographic boundaries for an aggregation as boundaries.
6. The PIA agreement may be burdensome if separate agreements are required per project. An alternate approach is to develop a "Master PIA" with common conditions and exhibits that apply to all owners, along with "Tiered" owner-specific agreements containing conditions and a signature line particular to the owner. Clearly certain aspects of the PIA should be project specific, but there is the possibility to develop a "master PIA" that incorporates all project specific material by reference or exhibit. This would be cleaner and less burdensome for project owners than maintaining a separate PIA per project. This model is similar to the structure now provided for amending the PIA when future CRT's are issued from the Forest Owner. In the case of a single landowner aggregation with multiple projects, single PIA option is recommended.

The City of Arcata would like to thank the Reserve and the Working Group for the work that was put into this proposal. Allowing for economies of scale and reducing market barriers to small landowners is important to creating incentives for land conservation and access to forest carbon markets.

Derek Broekhoff

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A random approach to auditing of the annual monitoring seems appropriate. We also noted if no project can be >50%, it would pretty much be impossible to do a two project aggregation unless they were exactly the same acreage. We also suggest no geographic boundaries for an aggregation as boundaries would be another barrier and project efficiency for the aggregator would somewhat be self regulating in this.

Sincerely,

A handwritten signature in cursive script that reads "Mark André".

MARK S. ANDRÉ, Registered Professional Forester #2391  
Director of Environmental Services  
City of Arcata