

May 21, 2010

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

RE: Comments on Proposed Guidelines for Aggregation

To Whom It May Concern,

I support the inclusion of aggregation guidelines within the Forest Project Protocol. Please accept the following comments and suggestions regarding the draft aggregation guidelines.

The guidelines suggest that a project would need to be verified when it either enters an aggregate, or leaves an aggregate but wishes to remain in the program. The guidelines seem to suggest that the act of leaving an aggregate would require a new carbon inventory, thus triggering a new field verification. Since each project in an aggregate must undergo and pass verification when it is initiated and first joins the aggregate, the project by default meets all of the Protocol requirements with the only difference from a standalone project being the calculation of the Project's inventory confidence deduction. Given that the Project passed verification, its inventory would have been verified to determine that its inventory confidence is less than 20% at the 90% confidence limit. Given that fact, leaving an aggregate only requires a recalculation of the Project's inventory confidence deduction going forward.

This concept is the same if a pre-existing standalone Project wishes to join an aggregate. In this case a recalculation of the inventory confidence deduction is the only required change to the Project.

Verification should be required in cases where a Project leaves an aggregate and wishes to become a stand-alone project, and it has not been field verified within the last six years, or a pre-existing Project wishes to join an aggregate but is due for a field verification on a six-year schedule.

The suggested aggregation language limits a Project in an aggregate from leaving the aggregate unless a sufficient number of Projects have joined the aggregate to result in no change to the larger aggregate's target sampling error. I suggest that the Reserve allow Projects to leave an aggregate even if doing so results in a revised inventory confidence deduction for those Projects remaining in the aggregate. Projects joining an aggregate should be aware that their inventory confidence deduction could be subject to fluctuations due to changes to the aggregate composition, and as long as they accept this risk when they enter the aggregate, the Reserve should not need to incorporate a limitation on Projects exiting an aggregate. Perhaps each aggregator should design an internal CRT buffer to deal with the uncertainty of Projects leaving the aggregate?

The requirement that CRTs can only be transacted by the aggregator's account is not explained in the proposed guidelines. Other than contractual limitations between the aggregator and the Projects under the aggregate, I can see no reason why this limitation should be proposed by the Reserve. If this restriction is included, then Projects under an aggregate should not be subject to the same fee structure as stand-alone projects.

Thank you for the opportunity to comment on the proposed aggregation guidelines.

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