

May 21, 2010

Comments Submitted by Sierra Business Council – Sierra Nevada Carbon Cooperative

Re: Proposed Guidelines for Aggregation

Sierra Business Council would like to again thank CAR for its continuous commitment to develop and improve their forest carbon project standard to provide accessibility and ease of participation from small to medium forest property land owners.

Sierra Business Council (SBC) is a non-profit organization with the mission of pioneering innovative approaches and solutions to foster community vitality, environmental quality, economic prosperity, and social fairness in the Sierra Nevada. SBC has been following and participating in CAR activities for over four years. We are dedicated to ensuring that the Sierra Nevada landscape and communities play an important role in state and global efforts to mitigate and adapt to climate change. Because the Sierra is the resource shed of California, providing over 60% of the state's water, 1/2 the state's timber, abundant recreational opportunities, sequestering carbon and providing other valuable ecosystem services, it is an important region for ensuring long-term resilience of the state of California in the face of significant change.

SBC has developed a program called the Sierra Nevada Carbon Cooperative (SNCC) to capture the opportunity for the Sierra Nevada to mitigate and adapt to climate change in a way that promotes ecological integrity and brings economic prosperity to the region. We seek to:

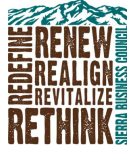
- Revitalize the forest economy of the Sierra around restoration and conservation activities (including sustainable timber harvesting)
- Maintain a mosaic of working forests and forest reserves, and public and private ownership
- Reduce the barriers for small and medium landowners to participate in emerging markets for ecosystem services

Through SNCC, we have piloted several CAR forest projects, including an Avoided Conversion project and several Forest Management projects with small to medium land owners. Our experiences with these projects frame our thoughts and comments that follow.

Our comments below are laid out in two sections: general and specific. We request that you address these points in the final version.

**GENERAL COMMENTS**

- 1. Does not reduce risk to participants.** Although the proposed aggregation guidelines reduce costs to participating, it does not reduce the barriers related to risk to the landowner. SBC feels that this risk is one of the greatest obstacles to participation in a forest carbon project. As described in the specific comments, several of the requirements create increased risk in participation.
- 2. Costs may still be burdensome.** SBC requests further discussion on what registration costs landowners will face participating in this type of agreement.
- 3. Proposed approach needs clarification.** Several areas of the proposed guidelines are not fully clear, and may need further revision. A fee structure and an example project would be helpful.



**4. Lack of consequences.** In several areas, SBC would like further discussion of consequences related to withdrawing from an aggregate, both by landowners and aggregators.

## **SPECIFIC COMMENTS**

### **Introduction p.2**

Language: Each project must register with the Reserve individually. Each Forest Owner participating in an aggregate must maintain a separate account on the Reserve's registry system.

Comment #1: SBC understands the needs of CAR related to requiring that each landowner maintain individual accounts and PIA's, but would like clarification on the costs each landowner will be expected to pay on an annual basis. If each property must pay the \$500 one-time registration fee as well as an annual \$500 registration fee, over time, CAR costs are still burdensome to the small landowner.

Language: Aggregators may also manage transaction of CRT's on behalf of Forest Owners using an aggregate account on the Reserve.

Comment #2: It is unclear whether or not this is mandatory or optional, as it is an optional statement here, but a mandatory statement under Qualifications and Role of Aggregator. SBC feels this should be optional. Please see comment #3 for further discussion.

### **Eligible Project Types p.3**

Request for Input:

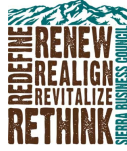
1 & 2. SBC agrees that all three forest project types should be able to enroll under a single aggregate. This will increase participation and eligibility of small landowners to find projects to aggregate with.

3. SBC would like aggregated properties to be limited to a single ecoregion, but would support inclusion of properties from multiple assessment areas. If the goal is to lower costs, the verifier and foresters selected to assess the properties should not be asked to travel all over the country to perform their duties. By reducing the distance, inventories can be implemented consecutively by one RPF under a single contract. This would significantly reduce contractual costs to the landowners. This relates to verification activities as well.

### **Number of Landowners p.3**

Request for Input:

SBC would like some type of limitation to the number of participants in an aggregate. This limitation may be a maximum total acreage or maximum number of participants. If 500 landowners were participating with varying property sizes, the administration costs by the aggregator would significantly increase, as would the inventory and verification costs. Also, the TSE never changes above 15 participants, meaning that more extensive inventories will need to be completed on larger aggregates to reach the 20% TSE, causing a disproportionate cost to participants relative to property size.



### **Qualifications and Role of Aggregator p.3**

Comment #3: We would like more specific guidance on the roles of the aggregator. It should not be required of the aggregator to act as the “credit agent”. The scope of services should be up to the owners and the aggregator. If each owner must host an account on the registry, pays registry fees, and signs the PIA, they should have the right to broker their own credits. This applies even more so when each property contributes a different amount of offsets under a different project type. This creates enormous risk to each landowner, and we feel many will hesitate to enter into such an agreement regarding the rights to the transfer of their carbon credits.

We would also like to see more clarification in this area. Can multiple entities act as a single aggregator? For example, SBC acts as an aggregator for Land Trust properties, where SBC provides initial project development, but the LT manages the flow of ongoing monitoring and verification reports and acts as the “credit agent”. This would allow for more flexibility and less risk on the part of the landowner, since they are already working with the Land Trust on other rights to their property.

Lastly, we would like more information on the consequences faced by an aggregator who would like to quit or pass the role on to someone else, or in the case of the participants relieving the aggregator due to lack of satisfactory services.

### **Joining and Leaving an Aggregate p.5**

Comment #4: If a landowner is forced to leave an aggregate (not leaving by will) – for example catastrophic wildfire and their buffer pool is deleted or they go bankrupt - do the remaining projects in the Aggregate need to find a replacement to maintain their TSE? Can they move down the ladder to a TSE for one project fewer in their Aggregate?

And in the case of a voluntary quit from the aggregate, the Reserve needs to define the consequences for both the landowner and the remaining property owners. Requiring landowners to find a replacement is burdensome to the rest of the aggregate and may increase risk therefore lack of participation, especially if landowners are not in the same region or are unfamiliar with other landowners in their aggregate. CAR should consider allowing aggregates to step down the TSE ladder and reduce their sampling error if one property decides to quit, in order to reduce overall risk.

### **Monitoring and Verification p.8**

Comment #5: SBC would like further definitions on the consequences of a participating project that does not complete a successful certification. If all projects are affected and suspended because of one projects inability to pass verification, again we are presenting great risk that will keep landowners from participating.