To Whom it May Concern:

We wanted to thank you for the opportunity to share our thoughts regarding contemplated changes to the Cap-and-Trade program during the public comment period.  We also wanted to thank you for your service on the important goal of environmental protection.

With that said, we wanted to share a record of our view of potential holding limit changes for investors.  Charter Oak Carbon Fund I LP is a registered market participant.  We view changes to the holding limits for investors as a potentially major hinderance to an effective program.

A reduction to the holding limits for investors could have several negative effects.  Most importantly, it would reduce investor confidence in the program and thus reduce investor participation.  CARB and the State of California have a strong track record of consistently implementing rules and not making changes “mid-game.”  Holding limit reductions would deviate from this pattern, eroding the currently strong investor confidence, which has promoted ongoing and consistent investor participation.

The consequences of reduced investor participation are several fold.  First, market liquidity will be reduced.  This will create more, not less, price volatility, which can adversely impact all market participants.  Second, forced selling will slow any intended changes to the price signal from the Scoping Plan.  Third, we believe the market may fail to achieve the appropriate price signal in the medium to long term to induce abatement, which could result in shortfalls in GHG goals of the State looking out to 2045.

We strongly believe investors are well aligned with the goals of CARB, the State, and of the Cap-and-Trade program.  The program generates significant State revenues from auctions while incentivizing covered entities to adapt and abate GHG emissions.

**We advocate that CARB not reconsider holding limits for general market participants.**

We would be happy to further discuss our perspective.

Sincerely,

Charter Oak Advisors

Brad Walker

Managing Partner

Charter Oak Advisors

Email: [brad@charteroakadvisors.com](mailto:brad@charteroakadvisors.com)

(212)404-2506