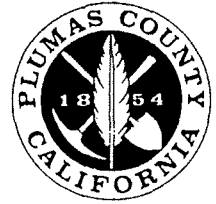


# PLUMAS COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

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April 18, 2008

Mr. Robert DuVall  
Air Pollution Specialist  
Air Resources Board  
1001 "I" Street  
P.O. Box 2815  
Sacramento, California 95812

Re: AB 32 Scoping Plan and Forest Stewardship

Dear Mr. DuVall:

The County of Plumas and the Plumas County Flood Control & Water Conservation District (collectively, "Plumas County") have been participating in and monitoring the various venues where work is progressing on implementation of the Governor's Climate Action Initiative and AB 32. At this point in the process, with work proceeding on the draft Scoping Plan for the AB 32 program, we would like to submit our initial comments on the critical relationship between climate change and forest management.

Plumas County and local governments in rural areas are only beginning to fully appreciate the potential impacts that the design of the AB 32 program will have on forests, farms, and small communities. In determining the mechanisms by which AB 32 will be implemented – and particularly with respect to options for offsets – an overarching consideration must be the long-term management of California's forests. If designed correctly, the AB 32 program can work hand-in-hand with ongoing initiatives to reduce the risk of catastrophic wildfires, protect forest habitat, stimulate economic activity, and increase water quality and water yield to help mitigate the consequences of a diminishing snowpack. If designed incorrectly, not only will the aforementioned opportunities be lost, but fire danger and other climate change impacts may actually be exacerbated by the choices made in the AB 32 program.

The Scoping Plan should recognize that market mechanisms need to be carefully designed by accounting for the full spectrum of associated costs and benefits. The forestry sector is already beginning to enter a nascent market for carbon offsets. Initial carbon accounting protocols have been adopted for forested lands, and additional protocols are in development. However, if the forestry sector is simply left to sink or swim in a global market of carbon offsets, critical opportunities will be lost at the expense of California's environment and economy. With those concerns in mind, we offer the following specific suggestions for the AB 32 program.

**1. Plumas County supports the current proposal by the Air Resources Board not to regulate forestry and agriculture in an initial cap and trade program.**

The forest and agricultural sectors are complex and dispersed, and too little is known about potential innovations, the baseline, and the most effective early actions. To begin to develop

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appropriate regulations and incentives for the forestry and agriculture sectors, the starting point should be pilot programs to engage in the market for offsets.

**2. The Scoping Plan should fully consider the benefits that can be achieved by actively linking the non-regulated, market-based forestry sector and other regulated sectors.**

Plumas County supports a limited offsets program that allows regulated entities to invest in greenhouse gas (“GHG”) reductions in non-regulated sectors such as forestry and agriculture. Pilot projects should be initiated to demonstrate and document the additional and enforceable compound benefits of offset investments in the forest and agriculture sectors. The purposes of such an offsets program should be:

1. To spur innovation.
2. To achieve GHG emissions in non-regulated sectors.
3. To mitigate for environmental degradation in California that has a clear nexus to AB 32.

The Scoping Plan should consider a two-track offsets program where landscape-based and technology-based GHG reductions are not treated as interchangeable. The technology-based part of the offsets program could have a geographic scale broader than California alone, with an environmental contribution on the scale of the Western states, for example, and direct economic benefit to California. However, the landscape-based part of the offsets program should be localized and invest in GHG emissions reductions and carbon sequestration projects that enhance climate resiliency and maximize benefits within our state.

**3. CEQA analysis or a functional equivalent for the AB 32 program must consider how the program will provide localized mitigation for climate change impacts.**

One ton of emissions is not necessarily a ton when the broader social and environmental considerations within CEQA are applied to the AB 32 program. Mitigating for the changing climate within California is an integral part of the AB 32 offsets program because – despite California’s best efforts – net global GHG emissions may not be appreciably reduced by 2050. To ensure local benefit that will help compensate for the cost and effort of implementing GHG reductions, the AB 32 program should provide some level of direct mitigation and adaptation to climate change within California. For purposes of CEQA analysis, the least environmentally damaging AB 32 “alternative” should include investment to mitigate environmental climate change impacts within California. Also, a portion of allowance auction revenues should be dedicated to climate adaptation in the California environment and for transition investments to provide assistance to Californians most at risk from a changing climate.

**4. The AB 32 program should recognize that California’s ratepayers, taxpayers, and residents are predominantly the same people.**

The AB 32 program design will fail if it favors the global energy market at the expense of the people, the economy, and the environment of California. With the lessons that have already been learned by the programs in the European Union, it would be a grave mistake for an offsets

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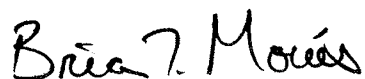
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program to favor “flexibility” for international energy companies over directed investments to retool the California economy for lower GHG emissions. AB 32 actions aimed at cost containment need to directly benefit California residents, consumers, and ratepayers, with special consideration for economically disadvantaged communities and other environmental justice concerns.

Thank you for considering the comments of Plumas County.

Sincerely,

A handwritten signature in black ink that reads "Brian L. Morris". The signature is written in a cursive style with a large, stylized initial "B".

Brian L. Morris  
General Manager