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MEMORANDUM

December 7, 2012

To: RGGI State Commissioners and Staff (electronic submission – info@rggi.org)

From: Ellen Hawes, Forest Policy Analyst
Peter Shattuck, Carbon Markets Policy Analyst

RE: Comments on RGGI Draft Offset Protocol for U.S. Forest Projects

ENE has long encouraged RGGI to expand eligible forest offset categories, and submitted our own detailed proposal for new offset categories with its partners the Maine Forest Servest and Manomet Center for Conservation Sciences in early 2009. We are delighted to see progress on the important effort to capitalize on the opportunities forests provide for reducing atmospheric levels of greenhouse gases. However, before addressing the Draft Offset Protocol, it bears repeating our concern that changes to RGGI's offsets mechanism must be predicated on adequately updating the emissions cap and addressing the surplus of banked allowances.

Increasing the availability of offsets is worthwhile to the degree it enable states to update RGGI's emissions limit, but any new offset types must conform to environmental integrity standards equivalent to those required in RGGI's offset protocols. As ENE has previously noted, we believe the U.S. Forest Projects Protocol approved by the California Air Resources Board (ARB) for use in its mandatory market-based climate program meets RGGI standards that offsets be real, surplus (additional), verifiable, permanent, and enforceable.

Utilizing the already developed ARB protocols could expand available offset supply in the RGGI program without require Participating States to undergo a lengthy protocol development process. We applaud RGGI for proposing a draft forest protocol that retains high standards and is consistent with the only other mandatory cap-and-trade program operating in the United States. Consistency with the California program will eliminate potential obstacles to future linkage discussions. It is also vitally important that RGGI states develop consistent offset protocols to avoid distorting the market and leaving reductions unrealized in RGGI states.

By utilizing the California offset framework without automatically accepting ARB-approved offsets, RGGI avoids some of the enforcement and other legal implications that would need to be resolved. However, it is possible that additional efficiencies could be created in the future by some harmonization of ARB and RGGI-approved verification bodies.

For further details, please see our comments submitted February 10th, 2012 and October 26th, 2012

Respectfully submitted,

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