



November 13, 2015

Shelby Livingston
Climate Investments Branch Chief
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Comments on Draft Second Cap-and-Trade Auction Proceeds Investment Plan

Dear Ms. Livingston,

On behalf of the California Climate and Agriculture Network (CalCAN), we are pleased to submit our comments regarding the draft *Cap-and-Trade Auction Proceeds Second Investment Plan*. We previously shared our comments on the draft *Concept Paper* and attended the public workshops in August and November.

Overall, we are encouraged by many of the details in the draft *Plan*. We note that multiple agricultural solutions are highlighted across all three Investment Concept areas. It is clear that greater attention to and investment in agricultural climate investments are long overdue. As the draft *Plan* notes, near-term actions to protect and improve the management of working lands can yield considerable dividends for years down the line.

The draft *Plan*, as described on page ES-4, is focused on the 40 percent of the GGRF that is not continuously appropriated. Given that the vast majority of the continuously appropriated funds are designated for transportation-related solutions, we strongly encourage ARB and the Governor's administration to use the remaining 40 percent of the GGRF to realize GHG emission reductions through non-transportation strategies.

California's economy and landscapes are considerably diverse. By investing in multi-sector GHG emission reduction strategies, we can harness the power of this diversity in ways that meet and exceed AB 32 goals while also providing multiple benefits to our communities. The *Investment Plan* should reflect the diversity of strategies available to California and not look to the 40 percent of GGRF as a way to provide even greater transportation-related funding. We cannot afford to overlook opportunities to achieve multiple goals through the GGRF expenditures, including improved resilience for our communities.

Here are our comments on the agricultural components of the draft *Plan*:

1. Include additional agricultural management practices that reduce greenhouse gas emissions, including nitrous oxide and methane.

In our comments on the *Concept Paper*, we noted the need to acknowledge agricultural management practices that can reduce greenhouse gas emissions. The *Concept Paper*'s exclusive focus on carbon sequestration neglected the range of possibilities for transformative farming practices that can produce real, verifiable GHG reductions as well as co-benefits to the environment and the grower.

We are pleased to see more inclusive language in the draft *Plan* that hints at a broader recognition of GHG-reducing management practices (e.g. on pages 44 and 47). However, there is still room for improvements to the document's language to ensure that agricultural climate strategies are not constricted to a too-narrow set of approaches from the get-go.

We recommend modifying the first sentence on page 4 to read:

Applying compost to agricultural lands, **along with the use of low-input, biological management and organic farming systems**, can further the State's Healthy Soils Initiative, **reduce GHGs including nitrous oxide and methane**, and sequester carbon.

We recommend modifying the third paragraph on page 47 to read:

Improving the health of agricultural soils with **the use of** compost, **cover cropping, crop rotations, conservation tillage**, and **other** improved farming practices **can** increase the carbon storage capacity of soils **and lower overall GHG emissions while reducing** water and synthetic fertilizer use. [...]

2. Recognize the need for improved outreach and technical assistance to rural agricultural operators outside of disadvantaged communities.

The draft *Plan*'s added focus on improving "outreach and awareness of all funding programs" (page 2-3) to disadvantaged communities is excellent, and much-needed, as are the goals to increase rural community participation (page 3-4).

Some of the more rural, hard-to-reach agricultural communities in the state that contain smaller, less-resourced agricultural operations could also benefit from improved outreach and awareness of funding programs. However, as others have noted in their comments, many of these rural communities fall outside of the state's designated 'disadvantaged community' tracts.

We recommend a plan of action, akin to the disadvantaged communities outreach approach noted in the draft *Plan*, that would ensure adequate access to funding programs by agricultural operators in rural communities.

We recommend modifying the final paragraph on page 3 to read:

To expand the opportunities available and increase participation of rural communities in climate investments, the State may need to consider additional programs or expansion of current programs. **The State might also consider a targeted effort to increase outreach and awareness of these programs in rural communities, including a focus on technical assistance to ensure the competitiveness of applicants from these areas.**
[...]

3. Promote local-level land use planning efforts as a crucial complement to natural and working lands easements.

As we noted in our comments on the *Concept Paper*, we are thrilled to see the State’s significant focus on natural and working lands easements. In the draft *Plan*, we see a number of improvements to the language on this issue, including a more direct recognition of the benefits from combining infill development and agricultural land conservation efforts (pages 32 and 33), and greater acknowledgement of the value of protecting lands at risk of conversion to more carbon-intensive uses (pages 32, 41, and 43).

One piece that is still missing, however, is the need for improved local land use planning to ensure the most strategic and impactful land conservation efforts. In order for easements and other land conservation strategies to maximize long-term benefit, they will need to be wedded with additional resources for local entities to conduct planning and align local policies and investments with state-funded activities.

On page 43, we recommend modifying the bullet point that begins “Targeting investments toward private landowners...” to read:

- Targeting investments toward private landowners with easements on forest and agricultural lands that are at risk of conversion, **as well as complementary resources for local-level land use planning;** [...]

Thank you again for the opportunity to comment.

Sincerely,



Jeanne Merrill
Policy Director
CalCAN



Adam Kotin
Associate Policy Director
CalCAN