



California Rice

November 20, 2014

Subject: Voluntary Program to Generate Marketable Greenhouse Gas Credits

We are writing to inform you of an opportunity to participate in a new program to potentially earn special air quality credits for actions taken since 2006 to reduce greenhouse gas (GHG) emissions that can be marketed/sold by growers. Growers who have implemented at least one of the following qualifying practices in any year(s) since 2006 and can provide supporting data may be eligible:

- Dry/Drill Seeding -- Seeding onto dry soil conditions. It is this delay in continuous flooding, as compared to traditional aerial seeding, that results in a small reduction in methane emissions.
- Early Drainage -- Drainage of fields for harvest at approximately 24 days after 50 percent heading of rice plants. It is this reduced continuous flooding at the end of the growing season that results in modestly lower methane emissions.

If you implemented either of these practices in 2006-2014, please read further for a brief explanation of this opportunity. Basically, in order to prequalify for an opportunity to earn/sell GHG credits for this past activity, certain actions will be required by the end of the year. This opportunity is being proposed by the California Air Resources Board (ARB) as a way to acknowledge early adopters.

Background

In 2006, California adopted the Global Warming Solutions Act. Since then, the California Rice Commission (CRC) has been working with the ARB and other collaborators to develop a voluntary program that can be used by qualifying California rice growers to generate air quality credits (also known as “offsets”). These offsets can be marketed for purchase by other California industries affected by the state’s GHG regulations and in need of acquiring these offsets for their regulatory compliance needs.

The ARB plans to consider final adoption of this new rice protocol in early-2015 with its first hearing next month. As proposed, the program would allow credit for “early action” by growers who implemented these practices anytime from 2006 to 2014, provided their past activities are recorded by an accredited GHG registry by December 31, 2014. The time-sensitive aspect of this upcoming ARB action is why we are informing you of this opportunity now. For those interested in securing the ability to claim early action using a GHG registry, we have made arrangements to pursue listing of these activities at no charge. This action will reserve your right to apply for these credits after the program is initiated but will not require you to participate if you later decide that you are not interested.

Requested Action (if interested)

If you implemented either of these qualifying practices anytime in the 2006-2014 period and have any potential interest in the program, please send an email to Paul Buttner at pbuttner@calrice.org no later than Tuesday, December 2, in order for us to follow-up with you about your interest and discuss your past practices.

More Info about the Proposed Voluntary Rice Protocol

If you are interested in reviewing documents related to ARB's upcoming consideration of the voluntary rice protocol, please visit the following web page: <http://www.arb.ca.gov/regact/2014/capandtradeprf14/capandtradeprf14.htm>.

The passage of this rice protocol by the ARB enables the California rice industry to help California meet its greenhouse gas reduction goals through a sensible, market-based program that preserves our industry's positive environmental contributions. For example, even though our winter flooding activities result in modest methane emissions, the ARB's proposal purposely avoids impacting this practice in order to preserve important wildlife habitat. We appreciate the ARB recognizing these valuable benefits and offering us a voluntary opportunity to be recognized for early action in reducing GHG emissions through a pair of targeted practices that carefully avoids measures that could reduce our industry's significant contributions to the millions of waterbirds and other wetland-dependent species of wildlife now reliant upon California rice fields.

Even if you are not one of the early adopters of these two practices, please keep them in mind for the future. At the current price of carbon, these rice offsets have fairly limited current value (less than one percent of your rice production costs per acre, for example). However, with this program in place, we will also be ready to respond if the price of carbon increases in the future to make these practices more economically attractive. CRC will work to keep growers informed about future opportunities as this voluntary rice GHG reduction program continues to evolve.

Sincerely,



Paul Buttner
Manager of Environmental Affairs