

December 8, 2010

Chairman Mary Nichols and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: Proposed Amendments to the ARB Compliance Offset Protocol for Forest Projects

Dear Chairman Nichols and Members of the Board:

The undersigned organizations have an ongoing interest in the proposed Forest Offset Protocols, and recommend the following specific modifications. While there are a number of additional issues that should be reviewed and addressed in the coming year, we believe these discrete issues are both significant and can and should occur prior to approval by the Board.

Recommendation #1: Clarify that the forest protocol does not permit forest offset projects to generate credits for converting a diverse, natural forest to a simplified even-age stand.

Since the very first version of the Climate Action Reserve (CAR) forest project protocol,¹ forest projects have been required to utilize “natural forest management.”² However, the lack of an explicit prohibition on conversion raises the concern that forest offsets will be generated by projects that convert diverse natural forests into even-aged, monoculture plantations.

Conversion of diverse native forests into even-aged forest plantations imposes significant ecological impacts on forest ecosystems. We believe that generating forest offsets in this way is counter to the intent of the forest protocol. In addition, the negative ecological impacts from the simplification of a complex natural system to a simplified one should be considered by ARB when evaluating the overall societal benefits and co-benefits as required by AB 32.

¹ SB 812 (Sher), which directed CAR to create the initial Forest Project Protocol, explicitly required that projects utilize “natural forest management,” defined as “forest management practices that promote and maintain native forests comprised of multiple ages and mixed native species in the overstory and understory.”

² For example, Section 3.9.2 in version 3.1 of the Forest Project Protocol requires all forest projects to practice Natural Forest Management and “promote and maintain a diversity of native species and utilize management practices that promote and maintain native forests comprised of multiple ages and mixed native species at multiple landscape scales.”

While there is a diversity of opinions about what forest practices can reasonably constitute “natural forest management,” we believe it is clear that conversion of an existing diverse native forest to a more simplified forest or plantation will not likely meet the test of maximizing co-benefits. We recommend that ARB amend the forest protocol to explicitly clarify that forest projects that convert existing diverse natural forests to simplified, even-age stands are ineligible to generate offsets. This change does not affect the use of even-age management in forest stands where that is the pre-existing management approach.

We believe that the recommended changes clarify the longstanding intent in the forest protocol regarding the conversion of natural forests. We realize this may not be a long-term solution or replace future clarifications on the types of natural forest management that would support AB 32’s requirements to maximize co-benefits.

Recommendation #2: Improved forest management projects must include the forest carbon pools associated with lying dead wood and, when there is intense site disturbance above certain thresholds, soil carbon, in order to ensure accurate accounting.

We appreciate that ARB staff has proposed eliminating the category of “optional” pools in order to improve accounting consistency. As described below, we believe that lying dead wood should be a mandatory carbon pool and that soil carbon should be a mandatory pool if specific forest practices that can significantly reduce soil carbon are employed. As described below, we believe that both of these changes will reduce uncertainty, discourage any possibility of forest conversion from diverse conditions, and help to ensure accuracy at a reasonable cost.

We urge ARB to amend the forest protocol to include lying dead wood as a mandatory pool inside the GHG assessment boundary. This pool was required in the prior version of the Climate Action Reserve Forest Protocol. Lying dead wood can be a significant carbon pool that can be significantly changed depending on a forest owner’s management practices. Moreover, lying dead wood can provide important wildlife habitat and other important ecological values. Exclusion of lying dead wood from project carbon accounting facilitates its removal and the attendant loss of ecological benefits. We recognize that adding this pool may increase the cost of measurement. However, while we would support efforts to achieve acceptable measurement accuracy at the lowest possible cost, a potential increase in measurement costs is not justification for inaccurate and incomplete measurement.

We also recommend that ARB require the accounting of the soil carbon pool based on particular activities that could disturb the soil and cause emissions of carbon dioxide. While certain forest project activities could lead to increases in soil carbon or have

little impact on carbon, other practices can cause emissions. This is reflected by the CAR's inclusion of soil carbon in version 3.2 of its Forest Protocol based on activities such as deep ripping or furrowing of the soil, among others. ARB's regulation excludes this pool entirely because it was an optional pool in the CAR Protocol. However, due to the potential for this pool to be a source of emissions under certain conditions and because the tracking of this pool could also capture conversion of natural forests to more simplified ones (i.e., by capturing increased emissions associated with the conversion practice), we urge ARB to include soil carbon as a required pool based on the activities referenced in version 3.2 of the CAR Forest Protocol.

The CAR Forest Protocol only requires accounting for soil carbon when site preparation activities involve deep ripping, furrowing or plowing and soil disturbance exceeds 25% of the project area. That threshold is very high and could exclude most projects, even those with significant soil carbon emissions. Therefore, we suggest that ARB eliminate that "25% of the project area" threshold, and instead require that all projects which employ these high-impact practices, above a de minimus amount of 2% of the project area, be required to measure and report project impacts on soil carbon.

While our organizations have a range of opinions about the forest offset program, and will be submitting further comments independently, we all agree that these simple amendments should occur prior to Board approval of the compliance protocol.

We ask for your support of these modest but nonetheless important changes.

Sincerely,

Michael Endicott
Sierra Club California

Paul Mason
Pacific Forest Trust

Peter Miller
Natural Resources Defense Council

Brian Nowicki
Center for Biological Diversity

Michelle Passero
The Nature Conservancy