



October 18, 2011

Via electronic submittal

California Air Resources Board
Stationary Source Division
Edie Chang, Assistant Division Chief
1001 I Street
Sacramento, CA 95812

RE: TWS Comments on the October 10, 2011 Adaptive Management Plan for the Cap-and-Trade Regulation

On behalf of its 90,000 California members and supporters, The Wilderness Society (TWS) is writing to provide comments on the Adaptive Management Plan for the Cap-and-Trade regulation issued by the California Air Resources Board (ARB) staff on October 10, 2011. TWS commends California and ARB and its staff for their continued leadership in implementing sustainable policies that place a strong cap on greenhouse gas emissions. Forests play a crucial role in moderating climate change impacts and keeping forests as healthy and robust as possible will help ensure that Californians receive forest benefits such as clean water, carbon storage, and flood protection. We offer the following comments for improving and further developing the adaptive management plan with respect to forests and offer our assistance to work with ARB on the recommendations we suggest.

Summary of Recommendations:

- 1) To the extent that the offsets program is meant to be national in scope, TWS recommends that the list of Forest Data sources must include forest data sources related to forests outside California. TWS also requests further clarification regarding plans for the development of adaptive management strategies outside California if existing data sources in other jurisdictions are inadequate to support analyses of impacts caused by forest offsets associated with the California cap-and-trade program;***
- 2) Understanding that ARB is committed to seeking additional help from sister agencies, experts, and a third-party contractor to track and analyze forest data, TWS seeks further clarification regarding opportunities for public engagement relating to the development of data analyses, clarification on how information from disaggregated forest data sources will be compiled for analysis, and clarification on whether forest data gathered, compiled and analyzed for adaptive management purposes will be***



publicly available on an ongoing basis, or in some other format, outside planned annual reports by ARB;

- 3) TWS seeks further specificity with respect to process issues relating to ARB's response to any identified adverse impacts caused by the U.S. Forest Protocol (including timeframes for action and opportunities for public engagement). TWS also seeks further clarification regarding ARB's consideration of response actions beyond those that would limit future adverse impacts (such as revising the U.S. Forest Protocol and cap-and-trade regulation to limit types of offsets or geographic location of offsets) – and seeks additional information regarding any response actions that would mitigate adverse impacts and restore any forest resources damaged by current or past projects;*
- 4) TWS submits for ARB's consideration that, in addition to monitoring and retrospectively addressing identified adverse impacts to forests, there are additional prospective safeguards that can and should be part of the development of the forest adaptive management plan; and*
- 5) TWS notes that any comprehensive effort to analyze potential forest impacts from offsets entails data sets and analyses that could be used to analyze other potential forest impacts from the state's climate regulations including the broader cap-and-trade regulation, the Renewable Portfolio Standard and the Low Carbon Fuel Standard (LCFS); it would be efficient from a cost and technological standpoint to coordinate the adaptive management efforts around forestry with related efforts such as the effort to ensure the environmental sustainability of biomass and biofuels pursuant to the LCFS.*

To the extent that the offsets program is meant to be national in scope, TWS recommends that the list of Forest Data sources must include forest data sources related to forests outside California. TWS also requests further clarification regarding plans for the development of adaptive management strategies outside California if existing data sources in other jurisdictions are inadequate to support analyses of impacts caused by forest offsets associated with the California cap-and-trade program.

The executive summary (page ES-2; 2nd paragraph) of the draft Adaptive Management Plan references data sources to be evaluated in assessing forest impacts – and includes reference to information from other states. However, the list of Forest Data sources starting on page 18 is focused on data relating to California forests. To the extent that the offsets program is meant to be national in scope, this seems like a significant omission. Understanding that full identification of appropriate data sources outside California may take some time, TWS recommends a placeholder in the data list for any analogous forest data from other states.



Other U.S. states are unlikely to have the type of next-generation GHG inventory system for forests, rangeland, and other wildlands statewide that ARB is developing with U.C. Berkeley, and the California Forest Practices Act (and related GIS information) is significantly different (more stringent and more extensive) than forest practice regulations and data sets in other states. TWS requests further clarification regarding plans for the development of adaptive management strategies outside California if existing data sources in other jurisdictions are inadequate to support analyses of impacts caused by forest offsets associated with the California cap-and-trade program.

Understanding that ARB is committed to seeking additional help from sister agencies, experts, and a third-party contractor to track and analyze forest data, TWS seeks further clarification regarding opportunities for public engagement relating to the development of data analyses, clarification on how information from disaggregated forest data sources will be compiled for analysis, and clarification on whether forest data gathered, compiled and analyzed for adaptive management purposes will be publicly available on an ongoing basis, or in some other format, outside planned annual reports by ARB.

A rigorous adaptive management program must include: identifying and establishing methods for capturing relevant data streams, compiling data from disaggregated sources for the purpose of analyses, analyzing data, and reporting of data and analyses in reviewable formats. TWS appreciates ARB's work at undertaking this important process and believes that timely and rigorous design of the program will be well-served by public engagement in the development of data sources and analytical methodologies.

Information within and across data sets will need to be compiled for analysis purposes. For instance, annual reports to ARB by offset project developers may contain information relating to natural forest management, but a summary of such data for all forest offset projects (particularly on a state by state basis) would be a useful monitoring tool. Further elucidation of how data might be compiled will be useful as the program is developed.

While the Adaptive Management Plan currently notes that data and reports will be shared with the Board and public annually, development of tools that allow on-going - or at least more frequent than annualized - monitoring of forest impacts will be important to developing a program that is responsive enough to adequately address any potential adverse impacts to forest resources.

TWS seeks further specificity with respect to process issues relating to ARB's response to any identified adverse impacts caused by the U.S. Forest Protocol (including timeframes for action



and opportunities for public engagement). TWS also seeks further clarification regarding ARB's consideration of response actions beyond those that would limit future adverse impacts (such as revising the U.S. Forest Protocol and cap-and-trade regulation to limit types of offsets or geographic location of offsets) – and seeks additional information regarding any response actions that would mitigate adverse impacts and restore any forest resources damaged by current or past projects.

The executive summary (page ES-3) of the draft Adaptive Management Plan discusses how ARB may respond in the event that an unanticipated forest impact caused by the U.S. Forest Protocol is identified. TWS appreciates ARB's commitment to prompt action to develop appropriate responses, but seeks further clarification of what timeframe might constitute prompt action following the identification of such a forest impact.

TWS would also appreciate further clarification regarding opportunities for public engagement in developing appropriate response actions. As noted above, we hope that data and assessments will be available on an on-going basis, but we are particularly concerned that the public is made aware of any adverse impacts as soon as practicable after such impacts are identified.

The executive summary of the Adaptive Management Plan identifies possible response actions as including revision of the types or geographic location of forest offset projects or disallowing the use of certain types of U.S. Forest Protocol compliance offset credits. These responses could be useful at preventing adverse impacts from future offset projects or possibly preventing any further impacts from on-going projects; however, these responses would not mitigate impacts already caused by current or past projects. It would be useful to have further insight into response actions that ARB contemplates for mitigating impacts that have already occurred.

TWS submits for ARB's consideration that, in addition to monitoring and retrospectively addressing identified adverse impacts to forests, there are additional prospective safeguards that can and should be part of the development of the forest adaptive management plan.

The forest offset program has the potential to shift activities to projects that increase carbon sequestration and change existing forest resources. Any potential shifts will also be occurring against a backdrop where increased frequency of large wildfires and increased tree mortality are trends developing in forests as a result of climate change. ARB has designed a Forest Buffer Pool as a mechanism for ensuring cap integrity in the face of both intentional and unintentional reversals – however the Forest Buffer Pool can also serve as a possible safeguard against impacts to forest resources caused by the forest offset program. In both August and September 2011, TWS submitted comments on the cap-and-trade rule which highlight potential problems with the



design of the Forest Buffer Pool – namely that the processes for replenishing the Forest Buffer Pool and ensuring that it is sufficiently capitalized to address reversals is inadequate. Furthermore, a scheduled annual review of the compliance credits in the Forest Buffer Pool, as suggested on page 19 of the Adaptive Management Plan, may not alert ARB in a timely manner of an impending or threatened depletion of the Forest Buffer Pool – where the Forest Buffer Pool no longer has sufficient credits to ensure the integrity of the offsets program. ARB does not have to wait for the collection and analysis of forest data to take steps to further safeguard the forest offset program from design flaws related to the Forest Buffer Pool.

TWS notes that any comprehensive effort to analyze potential forest impacts from offsets entails data sets and analyses that could be used to analyze other potential forest impacts from the state’s climate regulations including the broader cap-and-trade regulation, the Renewable Portfolio Standard and the Low Carbon Fuel Standard (LCFS); it would be efficient from a cost and technological standpoint to coordinate the adaptive management efforts around forestry with related efforts such as the effort to ensure the environmental sustainability of biomass and biofuels pursuant to the LCFS.

Any comprehensive effort to analyze potential forest impacts from offsets entails use of data sets and analyses that are relevant to other on-going efforts such as the effort to ensure the environmental sustainability of biomass and biofuels pursuant to the LCFS and the effort to maintain or exceed the current 5 MMTCO₂E goal for the California forest sector. In order to adequately track impacts to forests caused by biomass utilization, it will be necessary to capture spatial data regarding the source of biomass feedstocks, among other things, and to analyze that data in connection with larger scale data (e.g. regional or forest scale data) which will be reviewed as part of the adaptive management plan. There are important efficiencies and cost-savings that could be realized by coordinating these efforts; methodologies, analyses and reporting could be shared between programs – enhancing consistency and streamlining efforts.

Once again, TWS appreciates the hard work and leadership of ARB in developing and implementing comprehensive climate policies to mitigate greenhouse gas emissions that threaten serious disruption of ecosystem services as well as species extinction. TWS also appreciates ARB efforts to ensure that California’s climate policies promote sustainable stewardship of natural resources. We offer our assistance in working on the recommendations in this letter. If you have any questions, please contact Ann Chan at ann_chan@twc.org.