

California senator urges ARB to oppose Tropical Forest Standard

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California regulator ARB should not endorse its Tropical Forest Standard (TFS) next month because sector-based REDD offsets lack environmental and social integrity and fail to address the root causes of deforestation, a state senator said, potentially opening a bicameral rift over the already divisive issue.

The renewed debate over the possible inclusion of tropical deforestation reduction credits in California's WCI-linked cap-and-trade programme has now not only pitted certain environmental organisations, indigenous communities, and academics against one another, but also members of the Golden State's legislature.

"Although we all share the goal of reducing tropical forest deforestation, the risk that international forest offset programmes present to climate change mitigation and to tropical forest communities are simply too high for California's endorsement," said State Senator Bob Wieckowski (D) in a letter to California EPA Secretary Jared Blumenfeld and ARB Chair Mary Nichols seen by Carbon Pulse.

The ARB announced last month that it will consider an updated version of the TFS at its Sep. 19-20 board hearing after widespread backlash at a Nov. 2018 meeting led the regulator to delay its endorsement.

The board revised the standard this summer with the help of green group Environmental Defense Fund (EDF) to address concerns related to the programme's buffer pool, verification requirements, and social and environmental safeguard reporting.

While the TFS would not allow for California emitters to use REDD offsets without a corresponding change in the cap-and-trade regulations, Wieckowski said that adopting the standard would put the state on the eventual path to allow forest-based offsetting.

“It would also align California with one side of the deepening international controversy about the role of forest offsets under the Paris Agreement,” Wieckowski added.

Four California assemblymembers, including ARB ex-officio board member Eduardo Garcia (D), called on the agency this summer to back the standard, while recognising the “internationally contested nature” of forest-based offsetting.

The inclusion of REDD-type activities under Paris' market-based Article 6 has also not yet been decided ahead of

this December's COP25 UN climate summit in Santiago, Chile.

INTEGRITY BLUES

Wieckowski's letter echoed the opposition of environmental justice organisations, academics, and indigenous communities regarding the possible consequences of adopting the TFS.

The senator said the TFS "risks producing a landslide of false credits" in a potential California-REDD programme linkage, as the offsets would not ensure additionality, permanence, or leakage prevention in the forest projects.

Specifically, Wieckowski cited deforestation rates rising by 83% in the Brazilian state of Acre from 2017 to 2018, despite the jurisdiction having a large-scale forest offset programme in place.

Acre has long been cited by ARB officials and stakeholders as a California-REDD linkage candidate.

"The TFS has provisions to address such 'reversals' – mainly a 10% buffer credit pool to replace invalidated credits – but the buffer pool could quickly be swamped by the effects of natural disasters, changes in global commodity prices, or political regime changes," Wieckowski wrote.

He also mentioned far-right Brazilian President Jair Bolsonaro's move to weaken environmental protections in the Amazon, which led Germany this week to suspend some of its long-standing funding to the South American nation because of a resurgence in deforestation.

As well, there are widespread concerns among environmental groups over the accuracy of future Amazon deforestation rates after Bolsonaro sacked the space research agency's boss earlier this month over figures that the president called a "lie". Bolsonaro added that his administration would assess and re-release the data.

OTHER ISSUES

Wieckowski cited the discrediting of the Kyoto Protocol's CDM over additionality concerns as another reason to oppose the TFS, as "offset market-financed conservation is not structured to address the main causes of tropical forest loss".

"Nearly all forest-carbon offset projects and jurisdictional programmes to date have used payments to limit forest-based activities of small-scale landholders," he added.

"This is because market mechanisms are designed to seek the cheapest offsets and it is too costly to compensate lucrative export industries for reducing their forest-destroying activities; their opportunity costs are

much higher than carbon prices.”

The senator noted that other carbon markets including the EU ETS do not accept forest-based offsets due to environmental integrity concerns – a point that led a cross-party group of European lawmakers this spring to urge California to reject the TFS.

In addition, Wieckowski warned that the TFS would be vulnerable to human rights conflicts on the ground despite safeguard requirements on paper, and he questioned the governance process moving forward.

“While the board has taken pains to suggest the TFS is not currently being evaluated for inclusion in the cap-and-trade programme, those assurances carry no legal meaning,” the senator said.

“Should the board change its mind, not only would there be no process for engaging the legislature, but the board’s linking findings under SB-1018 are not judicially reviewable and therefore members of the public would have no opportunity to ensure their voices are truly heard.”

Following Assemblymember Garcia’s stakeholder process on the TFS this spring, a collection of environmental justice groups called on California’s Joint Legislative Committee on Climate Change Policies to hold a public hearing on the TFS prior to another board meeting, which the groups said was promised at the

ARB's Nov. 2018's hearing. The committee never conducted such a meeting on the TFS.

Meanwhile, supporters of the TFS have said the standard's more stringent, jurisdictional-based accounting methods would sidestep issues that have undermined individual REDD projects.

The ARB has said the TFS could also be used in ICAO's global aviation offsetting mechanism CORSIA, along with helping countries meet their goals under the Paris Agreement, producing voluntary market offsets, and achieving net deforestation commitments.

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