



# Sierra Pacific Industries

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December 15, 2014

Chairman Mary Nichols, Board Members, and ARB Offsets Staff  
Air Resources Board, California Environmental Protection Agency  
1001 I Street  
Sacramento, CA 95812

Re: Notice of Public Hearing to Consider Amendments to the California Cap on Greenhouse Gas Emissions and Market Based Compliance Mechanisms (CAPANDTRADEPRF14)

U.S. Forest Protocol

Comments submitted electronically at:

[http://www.arb.ca.gov/lispub/comm/bcsubform.php?listname=capandtradeprf14&comm\\_period=A](http://www.arb.ca.gov/lispub/comm/bcsubform.php?listname=capandtradeprf14&comm_period=A)

Dear Chairman Nichols:

Sierra Pacific Industries (SPI) thanks you for the opportunity to provide comment on proposed changes to the ARB Compliance Offset U.S. Forest Protocol. Sierra Pacific Industries is a third-generation family-owned forest products company based in Anderson, California. The firm owns and manages nearly 1.9 million acres of timberland in California and Washington, and is the second largest lumber producer in the United States. Sierra Pacific Industries is committed to managing its lands in a responsible and sustainable manner to protect the environment while providing quality wood products and renewable power for consumers.

## **Proposed Buffer Width and Buffer Retention Changes in Section 3.1(a)(4)(A and B)**

Landowners across the U.S., including industrial landowners in California, that practice even-age management would likely be precluded from registering their forest carbon using the ARB Compliance Offsets Protocol (U.S. Forest Projects) if the proposed changes are adopted by ARB.

The proposed change goes well beyond the California Forest Practices Act implementing regulations. For even-age management they call for adjacent harvest units to be of equal size and a minimum 300' distance between harvest units. These constraints must be retained from 3-5 years. The Protocol change proposes, for a 20 acre harvest unit, an 800' buffer to be retained until the plantation has 50 square feet of basal area about 15-25 years of growth. This would drastically change any even-age managed forest's sustained yield plan, require a major amendment to the currently approved 100-year plan and dramatically lower first and second decade harvest levels. No demonstrated need or justification has been provided for this drastic change.

We can provide documentation that for even-aged managed forests a carbon sequestration calculation would show that adoption of this proposed buffer width and buffer retention change would lower sequestered carbon over a 100-year time horizon. This outcome is detrimental and contrary to the ARB's stated goals for the forest offset program. The current State Forest Practices Act and the existing US Protocol already provides for significant environmental protection. Under the Public Resources Code, the Resources Agency and more specifically The Board of Forestry are designated the authority to promulgate Forest Practice Act regulations. This proposed change is clearly under their purview and not under that of ARB.

As is usually the outcome of an un-necessary proposal, is that there is almost always unintended consequences. This proposed rule would prevent landowners from successfully providing future habitat to sustainably provide nesting and denning stands for species like the northern goshawk, fisher, California and northern spotted owls.

### **The Existing ARB Offsets U.S. Forest Protocol and Proposed Changes at Section 3.1(a)(4)(A and B)**

The existing ARB U.S. Forest protocol uses the Climate Action Reserve Forest Management Version 3.2 protocol for its foundation. Version 3.2 evolved over about a 5-year period using a diverse Stakeholder Work Group SPI foresters and many other Professional Foresters, environmentalists, Agency representatives and other stakeholders were members.

The Work Group, in development of CAR Version 3.2, which, in part, led to Section 3.8.1 in the ARB U.S. Forest Protocol, provided assurance that the any offset project proponent was using sustainable forest practices:

#### **"Sustainable Harvesting Practices"**

"At the time commercial harvesting is either planned or initiated within the Project Area, the Offset Project Operator or Authorized Project Designee must demonstrate that the Forest Owner(s) employs and demonstrates sustainable long-term harvesting practices on all of its forest landholdings, including the Project Area" using one of three options.

In this process, the Work Group provided for 3<sup>rd</sup> party certification of sustainability and also provided an in-place mechanism for the local forestry regulating authority to make a buffer change if one were found environmentally necessary. Hence, the U.S. Forest Protocol is already designed to adapt to any changes determined environmentally necessary by the local forestry regulatory agencies (in California, this is the Board of Forestry and Fire Protection).

To our knowledge, the proposed changes to the U.S. Forest Protocol before the Board Dec. 18, 2014 were not developed under a diverse technical team. Further, CalFire and the Board of Forestry, who have the responsibility for forest practices in the State, had no knowledge nor were they even contacted regarding this proposal.

### **The Existing ARB Offsets U.S. Forest Protocol needs some necessary modifications**

For example, the current protocol require projects to be third party verified, by approved verification bodies which in California must also involve a Registered Professional Forester (RPF).

The project proponent must utilize the services of a RPF for all calculations as well, yet while with all these required Professionals there is no provision for “de minimis” effects, thus extremely small issues that have no substantive bearing on the resulting offset calculations, yet trigger high costs of re-calculation under the “if it is correctable it must be corrected protocol language.” The ABB staff also added this approach without the help of any “Stakeholder Work Group process”. This small change without any effect or loss in real, accurate, permanent, and quantifiable offsets could substantially reduce the costs of project proponents and help stabilize and increase the supply of offsets.

A few of the other issues that a stakeholder work group could undertake include the currently incorrect treatment of annual harvests vs periodic harvests that penalize offset generation from projects that produce more harvests than the baseline, where harvest occurs periodically. The overly conservative factors used for mill efficiency, the lack of recognition of carbon neutral biomass energy from residues of improved forest management projects, and the over reach of minor violations of other laws unrelated to carbon sequestration which result in potential invalidation of all offsets for a reporting period should also be addressed.

Developing more efficient methods to support offset project development is especially important as the ARB considers the post-2020 goals of further reductions in CO<sub>2</sub> emissions without drastic economic effects on the California economy.

## **Conclusion**

SPI does not see any reason that proposed changes to the U.S. Forest Protocol at Section 3.1(a)(4)(A and B) are warranted.

Further, the ARB U.S. Forest Protocol was only adopted three years ago (October 2011, and only became functional, with ARB approved offset registries and verifiers even later). It does not send a positive signal to potential project developers to see such a drastic change as is proposed in Section 3.1(a)(4)(A and B) in such a short time period, especially in light of the other environmental protections already included in the protocol.

SPI respectfully requests ARB reject the proposed change at Section 3.1(a)(4)(A and B) of the ARB U.S. Forest Protocol. SPI also requests that the ARB direct staff to avoid proposing such unsupported and unnecessary proposals in the future. In fact, SPI supports the establishment of a stakeholder work group process to help the ARB develop appropriate and necessary changes to the Protocol that will reduce the cost and increase the efficiency of bringing more offsets to market, while maintaining the current standards of being accurate, real, quantifiable, and permanent. The ARB needs to clearly identify the mission of such a stakeholder group as those changes that relate to carbon emissions and sequestration and not drift into forest regulation.

Sincerely,



Edward C. Murphy, RPF 2066  
Manager, Resource Inventory Systems  
Sierra Pacific Industries