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Yosemite Stanislaus Solutions

Date: August 14, 2015

Hon. Mary Nichols

Chair, Air Resources Board

1001 I Street

Sacramento, CA 95814

RE: Comments on Draft Funding Guidelines for Agencies that Administer California Climate Investments

Dear Chairwoman Nichols:

These comments (for the Draft Funding Guidelines for Agencies that Administer California Climate Investments) are submitted by the Yosemite Stanislaus Solutions (YSS) collaborative group.

We are concerned that the Draft Funding Guidelines for Agencies that Administer California Climate Investments (“the Draft Funding Guidelines”) as applied by the ARB staff and funding agencies may impose informational requirements concerning GHG calculations and disadvantaged community effects that could delay or prevent eligibility of needed forest fuel reduction and restoration projects.  As described in further detail below, these projects are critically important to long-term achievement of AB32 goals as well as a host of co-benefits.

Located in Tuolumne County, California, YSS is a collaborative group of diverse interests, ranging from timber companies to environmental organizations to local government representatives, working together to assist public and private land managers in achieving healthy forests and watersheds. There are 27 member organizations and five public agency liaison actively engaged in our process. (For additional information concerning the collaborative see http://yosemitestanislaussolutions.com/about-yss/).

 We are currently focused on developing recovery and restoration plans for the Rim Fire and other areas on the Stanislaus National Forest in need of rehabilitation. YSS is committed to restoring and preserving healthy forestlands in California as an essential element of achieving California’s greenhouse gas reduction goals.

California has millions of wildland acres that need mechanical forest thinning followed with prescribed fire treatment.  Implementing these treatments would significantly reduce the prospect of larger, more severe wildfires, and over time increase the amount of carbon stored by these forests. YSS supports a robust, landscape level program of ecological thinning based on the principles applied at the Experimental Forest in Tuolumne County.  This differs significantly from traditional thinning practices.  Its goal is not simply to achieve better spacing of usually homogenous trees. Rather the key guiding principle is to restore on the ground conditions to as close as feasible to what historically existed before modern day management practices changed the very character of the forest.

This innovative and nuanced approach will reduce wildfire risk, increase long term carbon sequestration, and produce substantial co-benefits to wildlife, watersheds, and air quality.  This approach is labor intensive and will also benefit disadvantaged communities by increased opportunities for sustained employment and small business development.

CalFire funding guidelines already include fuel reduction projects such as we propose.  For example the CalFire Fuel Reduction Grants webpage states that: “[v]egetation treatment forestry prescriptions will focus on treating understory trees and brush with a goal of reducing fire hazards, improving tree growth, stabilizing carbon in retained trees, and increasing forest resilience”.

The Air Resource Board’s 2014 Scoping plan echoes these facts:

##### “ … [B]etter forest management reduces the incidence of catastrophic wildfire, which reduces emissions of GHGs and also increases the carbon sequestration capacity of the forests. p.12.

##### Wildfires are a highly intermittent but significant source—almost 50 percent of the total black carbon emissions. – p.18

##### Healthy forests and lands returning to forest are an important source of carbon sequestration. The UC Berkeley research is showing, however, that loss of forests and other natural lands through fire, natural ecosystem succession and conversion of forests and woodlands to other uses represent significant CO2 release, potentially significantly greater than previously estimated and may outpace carbon sequestration, possibly by substantial amounts. p.71

##### Timing is critical for actions in this sector. Activities to enhance carbon storage on natural and working lands, such as reforestation or restoration, will require time to fully realize carbon benefits. For example, planting trees today will maximize their sequestration capacity in 20 to 50 years. p.71

##### Some actions to reduce emissions and enhance carbon storage in the long-term may result in temporary, short-term reductions in carbon sequestration. For instance, actions taken to address forest health concerns or to reduce wildfire risks may result in temporary reductions in carbon stock, but they are necessary to maintain healthy forests that are more efficient at GHG sequestration and more resilient to future climate conditions. It’s important to manage our forests to maximize net climate benefits, increasing sequestration while reducing losses due to fire or other processes, while also considering the broader range of environmental services that forests and other natural lands provide.  p. 72 (emphasis added).

##### Funding is critical to address the needs in this sector, yet it is far below historic levels and in some cases does not exist. Outcomes of actions on natural and working lands often occur on a decadal scale. Action within the next ten years is critical so long-term benefits can be fully realized in the 2050 time frame. Funding sources must be identified, particularly where funds from existing sources can be leveraged effectively. p.74

Achieving AB 32 reduction goals without addressing forest health can ultimately impose more onerous burdens on other sectors.  As noted by Secretary Laird at the Governor’s Symposium on Natural and Working Lands on August 5, 2015, **the Rim Fire emitted 11.7 million metric tons of GHGs, the equivalent of the annual emission of 2.3 million cars, while the King Fire emitted another estimated 4 million metric tons of GHG**.  These emissions significantly impact the effectiveness of other programs under AB 32 to reach California’s GHG reduction goals.

In cooperation with the U. S. Forest Service, YSS support projects to reduce excess fuel in our region in response as a key goal in needed forest restoration that has long been recognized but still not accomplished.

We are concerned that the Draft Funding Guidelines could unintentionally raise unnecessary obstacles for needed fuel reduction and forest restoration projects.

In particular we ask that the following concerns be addressed.

**1. Give equal attention to the need for action as well as to the details of quantification of GHG reductions.**

YSS recognizes that there are multiple laws that ARB and funding agencies must follow.   However, we are concerned that the Funding Guidelines may add so many layers of requirements in an effort to document that the process is well vetted that we may inadvertently delay action in order to over-prepare for audits.  The fundamental purpose of the GGRF program may be diluted or lost in a miasma of application, outreach and reporting requirements.

As Secretary Laird stated at the Governor’s Symposium on Natural and Working Lands, we know that fuel reductions reduce wildfires.  We may not be able to quantify the exact GHG reduction associated with reduced wildfire air emissions and increased sequestration.  Yet we know that reduction is real.   Less fuel means fewer and less intense fires.  The ARB’s Scoping Plan Update already makes this fundamental point.

Researchers are hard at work to better quantify the linkage.  And the Forest Carbon Action Plan will provide additional information in late 2016 or 2017.  Yet what will always remain is an assessment of probability.   We are all dealing with an overwhelming diverse and complex natural system.   It is not subject to a more traditional engineering analysis typically applied to stationary source regulation.   For this reason, we urge the ARB  not to  insist on mathematical precision at the expense of getting long overdue fuel reduction projects underway.  The statutory requirement is that expenditures further the purposes of AB32 and reduce GHG emissions.  Reduction of fuel loading and reasonably assured increases in future sequestration meet these requirements.  The statutes do not require an impossible calculation of precisely how much.

**2. Do not confuse review of Greenhouse Gas Reduction Fund (“GGRF”) projects with the granting of offsets.**

Fuel reduction and forest restoration projects appear to be one of the only, if not the only, category of GGRF funded projects that could possibly also qualify for offsets if carried out on private lands.   There may be a temptation to apply the full suite of requirements from the ARB’s Compliance Forest Offset Protocol (perhaps under an Expenditure Record approved by the ARB) to an assessment of GHG reductions from fuel reduction projects.   This would be incorrect and will also unnecessarily delay needed fuel reduction projects.

First, offsets may not be created on National Forests under the ARB Forest Offset Protocol.  So no one is seeking to sell reductions that occur as a result of ecological thinning and forest restoration on National Forest lands.

Second, the Forest Offset Protocol has thus far been used to show reductions in long term emissions and increased sequestration on private forest lands primarily as a result of lengthening harvest schedules and committing the land to forestry use.  It does not include a calculation of reduced fire related emissions.  In fact, it assumes that there will be no such emissions on the area covered by the offset.   A fire is regarded as a “reversal” which eliminates the value of the offset.

As noted in the ARB’s Scoping Plan Update quoted above, thinning may temporarily reduce carbon stocks in order to reduce fire risk, but ultimately will increase forest biomass and carbon storage.  This may or may not occur during a ten year period as may be required under the Forest Protocol.  Clearly, the Forest Protocol  is not designed to apply to fuel reduction projects on National Forests.

Third, and most importantly, the statutory requirement for GGRF investments to serve the purposes of AB32 does not require quantification to the same extent as for an offset that will be used to satisfy the requirement for purchase of allowances under cap and trade.  For offsets the standard is “real, permanent, quantifiable, verifiable, and enforceable”. This standard of proof is not being applied to any other category of GGRF investments.  It should not be applied to fuel reduction investments. As noted in the Funding Guidelines (p. 15-16) the applicable statutes merely require that expenditures from the GGRF “facilitate” or “contribute” to reductions. Ecological thinning and forest restoration projects clearly accomplish this purpose.

**3. Revise the ARB’s requirements as to disadvantaged communities to include rural forested communities that currently do not necessarily qualify.   Assure that applications do not require submittal of detailed information concerning effects on and benefits to disadvantaged communities if they do not claim such direct effects benefits under existing identification criteria**. **Add fuel reduction and biomass utilization projects to Table 2.A-6, Volume 2, page 2A-13.**

As has been pointed out in recent testimony at the ARB workshop on the Funding Guidelines on August 3rd by representatives of the Rural County Representatives of  California and on August 5th by the Jonathon Kusel of the Sierra Institute for Community and the Environment, the CalEnviroScreen tool currently employed by ARB to identify disadvantaged communities largely excludes low income rural communities. .Numerous communities in the region adjacent to the Stanislaus National Forest and other regions of the Sierra Nevada forests are disadvantaged yet rate low on the CalEnviroScreen analysis.  YSS recommends that either the screening tool be revised to better address rural community conditions or that a separate screen be developed for rural areas.  The present system is skewed to overweight urban related factors as demonstrated by the map of disadvantaged areas published by ARB.  We also note that fuel reduction projects may provide employment opportunities for persons in Central Valley disadvantaged communities.

If no changes are made in the coming funding cycle to the identification of disadvantaged communities, the Funding Guidelines should more clearly state that application and reporting requirements relating to disadvantaged communities only apply to funding solicitations and applications that claim a benefit to  such communities.   Particularly with the additional requirements added by the July Supplement, funding solicitations and applications that can benefit disadvantaged communities will be significantly more onerous to prepare and implement.  These requirements should clearly be required only where applicable.

Requirements concerning benefiting disadvantaged communities as supplemented by SB 535 are a valuable addition to the programs developed under AB32.    However, we respectfully note that while there are many other valuable social, economic, and educational programs aimed at disadvantaged communities there really is only one in California directed at reducing GHG concentrations in the atmosphere.  To be effective, the primary goal of AB32 remains to reduce emissions and increase sequestration of GHGs.  Failure to achieve that goal will disadvantage all communities, particularly the most disadvantaged of our communities.

A final technical point is that to the extent disadvantaged communities could be benefited by employment opportunities, fuel reduction projects should qualify. However, the criteria for Land Preservation or Restoration in Volume 2, Appendix 2.A, Table 2.A-6, p. 2A.-13, does not include fuel reduction projects that are already eligible under CalFire funding guidelines. Therefore, these projects should be added to the table heading.

Recommendation Additional Language for the Funding Guidelines

To address the concerns we have set forth above, YSS recommends the following language be added to the Funding Guidelines:

Page 17, Volume 1 of Draft Funding Guidelines, prior to section heading “Initial Process” add the following:

*Statutory requirements for Climate Investment projects utilizing GGRF funds are to further the purposes of AB32 and facilitate or contribute to reductions. There are many practical limitations to quantification of emissions because of the diverse and complex activities which may affect emissions. Reduction calculations also require reasonable predictions of future human and natural system behaviors and events. Therefore, quantification of reductions is necessarily subject to a rule of reason such that at the time of funding projects there is a clear reduction associated with the project and a reasonable quantification, based upon currently available data, of GHG reductions. Reductions related to Climate Investment projects are not subject to the requirements of approved ARB Offset protocols provided that no offsets are sought from forecasted reductions.*

Page 5, Volume 2 of Draft Funding Guidelines add the following additional paragraph:

*Concerns have been raised that CalEnviroScreen may not adequately identify disadvantaged rural communities. Such communities may also meet elements of the SB535 critieria, such as areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment. ARB will be further evaluating means of either adding additional criteria to CalEnviroScreen or developing other means to more fully consider the status and needs of rural communities.*

Page 11 Volume 2 before heading number 2, “Requirements for agencies having investments that may be located within or provide benefits to disadvantaged communities (see Appendix 2.A)”:

*If a funding agency or an applicant for funding does not assert that the project does not significantly benefit disadvantaged communities under the currently applicable criteria, then no further information concerning benefits to disadvantaged communities need be provided.*

Criteria for Land Preservation or Restoration in Volume 2, Appendix 2.A, Table 2.A-6, p. 2A.-13. Revise the first section of the Table as follows:

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| *Table 2.A-6 Land Preservation or Restoration*  *Projects will achieve net GHG reductions through sequestration or by protecting natural lands from GHG-intensive development (e.g., agricultural land conservation easements, wetland restoration, forest conservation easements) or by reducing forest fuels and increasing biomass utilization* |

Thank you for your consideration of our comments on the Funding Guidelines.  YSS will continue to participate in the process to implement the Climate Investment Program. Please contact John Amodio, -YSS AB 32 Working Group Coordinator, [(916) 764-7575] should you have any questions concerning these comments.

Sincerely,





Mike Albrecht, Co-Chair John Buckley, Co-Chair

Yosemite Stanislaus Solutions Yosemite Stanislaus Solutions

Cc:   Cliff Rechtschaffen, Senior Advisor, Governor Brown

John Laird, Secretary, California  Natural Resources Agency

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