



Sierra Pacific Industries

Forestry Division • P.O. Box 496014 • Redding, California 96049-6014
Phone (530) 378-8000 • FAX (530) 378-8139

June 4, 2015

Ms. Mary Nichols
Board Chairman
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Submitted via web

Re: RULEMAKING TO CONSIDER THE ADOPTION OF A PROPOSED CALIFORNIA CAP ON GREENHOUSE GAS EMISSIONS AND MARKET-BASED COMPLIANCE MECHANISMS REGULATION, INCLUDING COMPLIANCE OFFSET PROTOCOLS

Dear Chair Nichols and Board Members:

SPI joined many other organizations in a letter requesting removal from consideration three portions of the proposed US Forest Offset Protocol update, and associated definitions, to allow further refinement of the language to better address the complex technical issues involved. (copy attached) To provide the ARB some flavor of the complexity and technical nature of these sections we provide a few examples.

As currently written, the new section on stocking status when evenaged regeneration harvest are utilized has two missing requirements from the California Forest Practice Rules (CFPRs) that will cause unnecessary delays and added costs. These two important but highly technical issues would force even landowners that meet current California Forest Practice Rules to not be able to complete a full verification.

The first example is that the CFPRs allow a landowner to waive the stocking sampling system when areas are obviously stocked. (See 14 CCR 1074 and 1074.1) This is a recognized process, has been successfully utilized for decades and is a substantial cost savings for landowners. As currently written Section 8.1(b)2(E) starting on page 95 would only allow the verifier to accept actual stocking surveys even though the California Department of Forestry and Fire Protection has already accepted an area as meeting the stocking requirements, thus substantially increasing verification costs with no change in environmental benefit.

The second example is Section 8.1(b)2(E)7 on page 96 is missing an essential part of the definition of a contiguous unstocked plot which is found in 14 CCR 1073(a). That is as follows:

An unstocked plot shall not be counted as contiguous to another unstocked plot if any of the following occur:

(1) Where, in use of the point count or combination stocking sampling procedure, an unstocked plot has a countable tree located in the largest circular concentric plot described in the procedure.

(2) Where the forest practice rules allow only the basal area sampling procedure to be used, the continuity of the six contiguous plots may be considered broken if one or more of the contiguous unstocked plots meets the minimum stocking standards of the Act.

This missing part would result in areas that are completely stocked, regularly failing the 5 contiguous unstocked plot rule because the random chance of 5 apparently contiguous plots occurring when only 55% of the plots are necessary to meet the sampling procedure to determine successful stocking status.

While these two examples are only some of the complex technical issues resulting from the proposed new rules, they fail to meet the Boards clear statement that ARB was not trying to re-write or set new standards than those that California landowners already meet.

We urge the Board to remove the three sections and associated definitions identified in the joint letter and urge the staff to conduct additional workshops to get these issues right. The California Forest Practice Rules and Act already provide the most stringent environmental protection of forests found anywhere in the country, while a laudable goal to encourage other jurisdictions to come up to these standards, we need to get them right and not inadvertently cause unnecessary and importantly costly increases in project development such that land owners are dis-incentivized to participate.

Participants make substantial investments over many years and substantial long term commitments to provide offsets to the Cap and Trade Program, we owe them the care and time to only make changes that are responsible and justified.

Sincerely,



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



June 3, 2015

Chairman Mary Nichols
Members of the Board
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Re: Oppose Adoption of Certain Sections of the Regulatory Review Update of the Compliance Offset Protocol for U.S. Forest Projects

Dear Chairman Nichols and Members of the Board:

The undersigned 16 organizations and companies are grateful for the opportunity to comment on the California Air Resource Board's proposed 15-day draft of the Regulatory Review Update of the Compliance Offset Protocol for U.S. Forest Projects ("Forest Protocol"). We respect and appreciate the great investment of time and resources by ARB Board and staff to the effective functioning of the Cap and Trade Program in general and offset program in particular.

We are a group of concerned stakeholders with a deep commitment to AB 32's success and the important contributions of compliance offsets developed under the Forest Protocol. We include members of the original work group whose deliberations underpin the Forest Protocol, leading forest offset project developers and owners, compliance offset holders, and environmental organizations dedicated to helping solve our climate crisis. We share your goals for maintaining an effective, rigorous and reliable program that delivers real, additional, quantifiable and durable offset credits.

We urge ARB to remove from consideration three portions of the proposed update, and associated definitions, to allow further refinement of the language to better address the complex technical issues involved.

1. Modified Even-aged Management requirements – Chapter 3.1(a)(4)(A-E)
2. Modified Minimum Baseline Level determination process for IFM projects with initial stocking above common practice – Chapter 5.2.1
3. Modified Common Practice figures and the associated shift in “high” vs “low” site class delineation - Assessment Area Data File associated with the Regulatory Review Update of the Forest Protocol and Appendix F(d)

There are numerous unresolved and highly technical issues with the proposed changes both in terms of clarity and substance. If adopted, these changes will detrimentally affect the viability of the Forest Protocol as an effective tool, leading to inaccurate quantification, disincentives for conservation of carbon rich forests, increased uncertainty, and decreased participation by forest landowners across the U.S. Further, varying and conflicting interpretations of the proposed language will add a significant burden to ARB staff time, project developers and verifiers for resolving project-specific issues in the course of verification.

It is critical that any changes to such a multi-faceted and technical set of regulations as the Forest Protocol be undertaken with great care and consideration, drawing on the necessary expertise as done with the original protocol. Further, at this still early stage of the offset program, it is also very important to provide certainty and consistency for participants, who are making considerable investments over many years to develop projects and provide offsets to the Cap and Trade Program.

Rather than adopting the problematic changes highlighted above, we urge the Board to direct staff to organize a technical work group process to allow for a more robust discussion of proposed amendments to the Forest Protocol and produce language that more accurately and efficiently addresses the perceived matters of concern. This is consistent with the use by ARB of technical work groups to draft the Rice Cultivation Protocol and the Climate Action Reserve’s Forest Project Protocol 3.2, which served as the basis for the Forest Protocol.

In the intervening period between today and the completion of the technical work group process, the language in the current Forest Protocol regarding each of the three key issues of concern should be maintained.

We do, however, strongly support the proposed 15-day modifications to Sub-Chapter 10, Article 5, sections 95802, 95973, 95975, 95976, 95981, and 95985, including but not limited to inclusion of Alaska into the Forest Protocol, clarification of the treatment of Early Action reforestation projects, and acceptance of the Compliance Offset Protocol for Rice Cultivation. We see no reason to delay these changes.

Thank you for considering our comments and recommendations. We stand ready to work with ARB staff to refine the proposed amendments so that the Forest Protocol can remain a model for the nation and the world.

Very truly yours,

Roger Williams
President
Blue Source

Gary Rynearson
Manager, Forest Policy and Communications
Green Diamond Resources

Steve Ruddel, CF
President
Carbon Verde

Claire Halbrook
Climate Policy Principal
Pacific Gas and Electric Company

Bob Rynearson
Manager, Land Department
W.M. Beaty & Associates

Laurie A. Wayburn
President
Pacific Forest Trust

David A. Bischel
President
California Forestry Association

Ed Murphy
Manager, Resource Inventory Systems
Sierra Pacific Industries

Sean Penrith
Executive Director
The Climate Trust

Katie Sullivan
Director, North America
IETA

Ricardo Bayon
Partner
EKO Asset Management Partners, LLC

Brian Shillinglaw
Director, US Investments and Operations
New Forests

Sean Carney
President
Finite Carbon

Kaarsten Turner Dalby
Vice President
The Forestland Group

Andrea Tuttle
Forest and Climate Policy