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Public comment to the State of California Air Resources Board (CARB)

Subject: CARB Staff White Paper 'SCOPING NEXT STEPS FOR EVALUATING THE POTENTIAL ROLE OF SECTOR-BASED OFFSET CREDITS UNDER THE CALIFORNIA CAP-AND-TRADE PROGRAM, INCLUDING FROM JURISDICTIONAL "REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION" PROGRAMS'

16. November 2015

Dear Sirs,

Please find below my comments regarding the California Air Resources Board (CARB) proposal for inclusion of offset credits resulting from jurisdictional REDD+ activities into the California cap-and-trade scheme.

I understand that this is not a formal regulatory process and that the CARB is not obligated to respond to or even duly consider the issues raised in the submissions. I therefore limit my comments to issues already raised by submissions earlier on in the process and reiterate the questions already submitted online during the 28 October 2015 public workshop as these remained by-and-large unaddressed.

Should you wish further information on the issues raised below, please feel free to contact me.

1 Double counting will be most likely outcome if California included REDD+ offset credits from Acre, Brazil, in its cap-and-trade scheme

On page 27, the Staff White Paper notes that "One ton of CO_2e reduced can only be counted once to be real. To diminish the possibility of double counting, the REDD Offset Working Group recommends establishing clear laws regarding who owns REDD emission reductions. Furthermore, if a national REDD program is envisioned, the REDD Offset Working Group recommends that the national government publicly acknowledge the subnational program so as to avoid double counting on that front."

The Brazilian federal government has announced that it will **<u>not recognize</u>** sales agreed by subnational entities in Brazil in their UN carbon balance sheet. In this context, *<u>how will the CARB regulations be able to prevent double-counting of any REDD+ credits that entities covered by the California cap-and-trade scheme might buy from Acre considering that the transfer will not be recognized by the national sovereign, Brazil, and that in turn, Brazil is considering inclusion of these reductions in its own carbon accounts submitted to the UN?</u>*

In late September, Brazil presented its new climate plan (INDC to the UNFCCC) which promises the country's emissions will be 37 percent lower in 2025 than they were in 2005, with a further decrease of 6 percent by 2030. Wording in the document explicitly prevents other countries from using those units to offset their own emissions. Adriano Santhiago de Oliveira, Director of the Environment Ministry's Department of Climate Change, reiterated the federal government's longstanding view that international funding for programs that slow deforestation ("REDD+") should be performance-based, **<u>but not offset-based</u>**. He added that the federal government would not interfere with emerging REDD initiatives between individual Brazilian states and states abroad, but he reiterated that **<u>the federal government would also not recognize those offsets in its national carbon accounting. Specifically, he said:</u>** "The US state of California and the Brazilian state of Acre can do what they want, **<u>but we will not recognize the use of these units in the federal carbon accounting of other Parties to the UNFCCC</u>**. That means if the US federal government wants to count results coming from these kinds of projects, we are not going to recognize this."

If the CARB regulation were to honour the recommendation of the Staff White Paper that where "a national REDD program is envisioned, […] the national government publicly acknowledge the subnational program so as to avoid double counting on that front," would CARB not have to exclude any REDD+ credits from Acre as long as there is such a clear and unambiguous confirmation from the Brazilian federal government that it will count the same reductions in its own national carbon accounts?

On page 43, the White Paper further notes that "any subnational program must *<u>of course</u>* fit within the construct of the applicable national legal structure, including any submitted INDC." [emphasis added]

<u>How does the CARB see its proposal to go ahead with recognizing REDD+ offset credits from Acre "fit within the construct of the applicable national legal structure" or the "submitted INDC" of Brazil?</u>

During the 28 October 2015 public hearing, the suggestion was made, that perhaps REDD+ offset credits from Acre could be used for the period up to 2020, i.e. before a new UN climate agreement would come into force, should such an agreement emerge from the Paris COP21 talks and include targets for emissions from land-use in tropical countries – and that this might be a way to prevent double-counting.

No details, however, were provided about how this might possibly work unless any buyer of such a REDD+ credit would be required to replace their REDD+ credit from Acre with another offset credit after 2020. As the CARB must be aware, there is a major mismatch of the time horizons of fossil and terrestrial carbon in relation to climate change. This was one of the reasons why forest-related offsets were not included in the Kyoto Protocol's Clean Development and credits from tree planting activities that were eligible to the CDM received only temporary CDM credits that the buyer needed to replace after the credit time limit expired.

For the theoretical compensation to take effect that an offset credit is assumed to provide, the carbon storage represented by the REDD+ credit from Acre must be ensured for a minimum of 99 years – the average time set by the Intergovernmental Panel on Climate Change that a CO_2 molecule released from fossil deposits will reside in the atmosphere, and hence interfere with the climate. Hence, for the calculation to be valid, a credit, even if purchased before 2020, would still have to be taken out of the Brazilian forest carbon inventory if the REDD+ action that created the credit took place after 2005 – the start of the historic reference period for the forest carbon accounting sheet in Brazil's INDC.

Many other complications would arise, for example in relation to the agreement Acre has already signed with the German Development Bank KfW. How would the projections made there for reductions up to 2020 that the Acre government is receiving funding for, be affected by a potential additional jurisdictional REDD+ agreement. *Would the assumptions about reductions only being possible with KfW funding remain valid, or would the Acre government in effect be paid twice for making the same reductions?*

2 REDD mechanism proven incapable of 'reduction of deforestation at large-scale'

Both the Staff White Paper and the presenters at the 28 October 2015 public workshop referred to REDD+ as a mechanism that can help achieve 'reduction of deforestation at large-scale'. However, no evidence or references were provided for whether this is apparent assumption is borne out by experience with REDD+ to date.

Analysis of this experience to date, by contrast, supports the growing recognition that REDD+ is by design **not capable of fostering 'reduction of deforestation at large-scale'.** Certainly, REDD activities have not been able to "recognize forests more standing than cut" in the context of current prices for REDD+ offsets; the World Bank and the German development bank KfW's pilot programmes are averaging USD 5 per tonne of CO_2 saved from REDD+ activities.

Ecosystem Marketplace strongly favours market-based approaches to forest conservation. Staff member Steve Zwick wrote about REDD in a profile about a REDD+ project developer, *"REDD didn't create an incentive to save forests, because anyone who responded to purely economic incentives would opt for palm oil. What REDD did create was a financing mechanism* ***that might make it possible for people who wanted to save the forest*** *to do so." [Emphasis added]* http://www.ecosystemmarketplace.com/articles/todd-lemons-ecosystem-entrepreneur/

If the CARB concurs with these assessments – also confirmed in a multi-year monitoring study by the Center for International Forestry Research (CIFOR) – that REDD+ is the wrong instrument to tackle large-scale deforestation for expansion of highly profitable production of agricultural export crops such as soy, palm oil or cattle ranching, what contribution would inclusion of REDD+ credits into the California cap-and-trade scheme make to halting forest loss? Which causes of large-scale deforestation does the CARB in this context envisage that REDD will be able to tackle?

3 CARB bias towards inclusion of international REDD+ credits into the California cap-and-trade scheme?

Both the Staff White Paper as well as the slides prepared for the 28 October 2015 workshop and the choice of those invited to present as civil society and indigenous peoples their views on the topic give the impression of a bias of the CARB staff in favour of inclusion of international REDD+ credits into the California cap-and-trade scheme. Slide Nr. 34 of one of the two presentations made available by CARB staff ahead of the public workshop lists those calling on the government of California to include forest-based offsets. However, letter(s) rejecting this proposal were not presented in a comparable fashion. The same bias is apparent throughout much of the Staff White Paper, both in terms of choice of wording and language as well as in the choice of the references cited.

Why are critical contributions not worth acknowledging in a similar fashion as the ones calling for inclusion of international forest offsets into the California cap-and-trade scheme?

4 Lack of evidence for "robust community-based REDD+ projects"

Several speakers at the 28 October 2015 public workshop made reference to "robust community-based REDD+ projects." Two points would appear worthy of consideration before the CARB makes a decision to further pursue inclusion of REDD+ credits into the California cap-and-trade scheme. First, there seems to be a confusion between individual REDD+ projects and jurisdictional REDD+ programmes. The Staff White Paper emphasises that it favours jurisdictional REDD+ programmes as counterparts for delivery of international REDD+ credits.

What information does the CARB have that would substantiate the assumption that jurisdictional REDD+ will also benefit "robust community-based REDD+ projects"?

Second, while emphasising their endeavour to support "robust community-based REDD+ projects", presenters at the public workshop did not cite any specific projects that they believed would fit their understanding of a "robust community-based REDD+ project".

I have over the course of the past 10 years visited many locations that host what is marketed as 'model REDD+ projects', many of them certified. Sadly, I have yet to come across a REDD+ offset project that has not caused or exacerbated inter- or intra-community conflict and hardship or failed to fulfill most of the promises made to community members about benefits and jobs. This also is true for some of the examples presented during the public workshop. Many of these examples are included in a publication by the World Rainforest Movement, titles REDD: A Collection of conflicts, contradictions and lies.

Could the CARB specify at least some specific existing REDD+ projects that have not caused conflicts locally or failed to fulfill promised made about benefits and jobs? Or failing that, what existing REDD+ projects would satisfy the CARB description of "robust community-based REDD+ projects"?

Sincerely,

Jutta E. Kill

Biologist