THE PACIFIC FOREST TRUST
Working Forests Work Wonders For Us All.

July 25, 2008

Re: Draft Scoping Plan Preliminary Recommendation on Sustainable Forests
Submitted online at http://www.arb.ca.gov/cc/scopingplan/spcomment.htm

The Pacific Forest Trust (PFT) appreciates the opportunity to submit comments regarding the California Air Resources Board (CARB) Draft Scoping Plan.[1] PFT recognizes the tremendous effort required to develop an overarching and comprehensive statewide plan to reduce greenhouse gas (GHG) emissions, and would like to commend CARB for its leadership in presenting a strong first step for the forest sector. The preliminary recommendation on sustainable forests lays a critical foundation for achieving climate benefits from California's forestlands, and represents a significant step forward in addressing forests as both a source and a sink of GHG emissions. We look forward to continuing to work with CARB on developing a programmatic approach to California's forests that can serve as a model nation-wide, assuring that forest carbon stocks are *monitored*, losses are *mitigated* and that when rigorously accounted for, additional emissions reductions are available to be *marketed*.

Main Points

We would like to commend CARB in particular for a few key aspects of the Draft Scoping Plan that should certainly be kept and possibly enhanced in the Final Plan:

- Broader carbon accounting to capture overall changes in forest sector carbon stocks over time across the landscape.
- Measures to accurately track and mitigate significant decreases in forest carbon stocks as well as the loss of future sequestration potential, for example due to conversion to development.
- Calls for a system to accurately account for the full life-cycle climate impacts of woody biomass for energy and biofuel as compared to traditional energy and fuel sources. It is vitally important that the plan will integrate data from the forest sector with other sectors to provide a comprehensive understanding of carbon dioxide (CO2) flows.

We would also like to highlight three key areas for improvement:

- PFT urges CARB to use fine grain data to accurately track changes in forest carbon stocks, as opposed to gross average data—especially data that incorporates information from lands outside of the state's jurisdictional control. Gross average data can be a useful indicator, but is insufficient to guide ameliorative action at the

[1] PFT will submit comments in regard to the Appendices to the Draft Scoping Plan separately.

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source of any problems or to reward successful actions on private and state lands. Only fine grain data attributable to a source can do that.

- The central focus for AB 32 implementation in regard to forests and other natural and working lands must be on areas under the state's control in order to appropriately and effectively direct action on those lands.
- While the Draft Scoping Plan acknowledges the need for adaptation and the importance of sustainable forest management practices, it fails to capture the critical and essential link between sustainable management practices and adaptive efforts needed to address climate threats to California forests. Sustainable management practices are necessary for creating resilient forests that can, in turn, help provide long-term climate stability. Short-term emphasis on immediate carbon gains, without valuation of sustainable management measures, can lead to perverse and unreliable long-term results.

Further Comments

PFT applauds CARB for highlighting the gains that can be achieved by maintaining California's current carbon sequestration levels through conservation and sustainable forest management. Recent polling shows that over 80% of Californians support protecting forests to help fight global warming.[2] To build on the preliminary recommendation, and take advantage of the full range of opportunities within the forest sector, PFT suggests the following points for consideration in the Final Scoping Plan:

1) Maintain strong accounting standards
2) Include further gains in the 2020 forest sector target
3) Describe tools available for supporting further forest climate benefits
4) Outline the structure for a statewide forestland mitigation program
5) Provide greater detail on adaptation priorities and mechanisms
6) Clarify relationships and lines of authority with other state agencies
7) Emphasize and enhance the co-benefits of forest climate activities

1) Maintain strong accounting standards

Accounting is the foundation of any effective climate program. In order to ensure that implementation of California's climate program is consistent and standardized within and between sectors, CARB should play the leading role in reviewing, approving and enforcing accounting standards for all sectors. For the purposes of a monitoring program to track carbon stock changes in the forest sector and ensure that these carbon stocks are not diminished over time, protocols and standards must be approved by CARB, building on the regulatory framework that is already required for timber harvests and conversions in California.

For the purposes of measuring, reporting and verifying GHG reductions from the forest sector that could be used in a market-based program, CARB took an important step forward by adopting the California Climate Action Registry (CCAR) Forest Protocols as a voluntary early action measure on October 25th, 2007. As these methods evolve over time and new protocols are developed, it is critical that CARB maintain its oversight to

[2] http://www.next10.org/pressrelease/320-364NextTenCAGlobalWarmingKeyFindingsMemoFinal.pdf

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ensure that protocols continue to meet the standards outlined in AB 32 for real, additional, permanent and verifiable emissions reductions, and that these protocols are integrated in a coordinated way into the overarching program. Therefore, we encourage CARB to state a commitment to carefully review all standards that come before it for adoption, whether for voluntary or compliance purposes.

2) Include further gains in the 2020 forest sector target

We commend CARB for placing a premium on maintaining the climate benefits of forests we rely on today, and capping any further emissions that might result from depletion or conversion of our forestlands in the future. California's forests do provide significant climate benefits, and it is disturbing that if business as usual were to continue, the state would lose 170,000 acres of forestland between 2008 and 2020, releasing 37 million metric tons of CO2 into the atmosphere. By 2050, those figures could rise to over 670,000 acres lost with 187 million metric tons of emissions.[3] However, it is also important to consider that the level of current forest sector carbon stocks is well below the level California's forests could hold from a biological perspective. Therefore, it would benefit all Californians if the forest sector target were to include more than just maintaining the benefits we currently have.

If 5 million metric tons is indeed the estimate of the contribution that all 31 million acres of California's forests currently sequester—including public and private lands—PFT believes that this target should be the *minimum* that can be achieved by the forest sector in 2020. California has always been a leader in setting and meeting ambitious goals, and this should be true for the forest sector as well. According to the Updated Macroeconomic Analysis, which includes an analysis of five forest climate strategies, California's forests have the ability to provide around 9 million metric tons of reductions in CO2e by 2020[4], and we suggest that this number could be even greater if the right programs and policies are put in place[5]. We encourage CARB, in coordination with the Resources Agency, to reevaluate the forest sector target outlined in the Draft Scoping Plan, and set a set a higher, more ambitious target for the forest sector in the Final Scoping Plan.

3) Describe tools available for supporting further forest climate benefits

We encourage CARB to describe specific programs and incentives that will be made available to ensure that the forest sector target is met or exceeded. Further gains can be achieved through a variety of measures, especially forest stewardship and restoration, with a focus on increasing stocks closer to their true biological capacity. Potential

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[3] Wayburn, L., Tuttle, A., Sweeden Paula. *A Programmatic Approach to the Forest Sector in AB32*. The Pacific Forest Trust. May 2008.

[4] Economics Subgroup, Climate Action Team. *Updated Macroeconomic Analysis of Climate Strategies Presented in the March 2006 Climate Action Team Report, Attachment B: Climate Strategies Updates*. http://www.climatechange.ca.gov/events/2007-09-14_workshop/final_report/2007-10-15_ATTACHMENT_B.PDF

[5] The Pacific Forest Trust. *Comments on the Public Review Draft of the Updated Macroeconomic Analysis of Climate Strategies presented in the March 2006 Climate Action Team Report*. September 26, 2007. http://www.climatechange.ca.gov/events/2007-09-14_workshop/comments/PFT_Comments_CAT_Macro_Analysis_2007-09-26.pdf

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mechanisms include market-mechanisms such as tradable GHG reductions, auction revenue and/or carbon fees.

Public investments to help purchase conservation easements and preserve forests and woodlands to provide measurable GHG reductions are also an important mitigation tool. In addition, conservation easements increase the adaptive capability of California's landscapes. A conservation easement is a voluntary, flexible perpetual agreement between the landowner and a qualified entity that places legally enforceable restrictions on land-use activities (such as conversion) to ensure that forestland will remain capable of supporting productive forests in perpetuity. Easements are beneficial because they are time-tested, commonly used legal instruments that state agencies, landowners and non-profit organizations all have extensive experience using. In addition to securing carbon stocks and mitigating risk, by dedicating the land to permanent forest use, conservation easements also help ensure that forests continue to persist and support ecosystem services, even in the face of climate change.

4) Outline the structure for a statewide forestland mitigation program

CARB helpfully recognized the effect that land use decisions, particularly regarding forest loss and conversion, have on either helping or hindering California in meeting its climate goals. We support the use of CEQA as a tool for assessing and mitigating GHG emissions from forestland conversion, and encourage CARB to work with OPR in the development of these guidelines. Further, we encourage CARB to develop a standardized, comprehensive, statewide mitigation program that addresses the GHG emissions from forestland conversion, both from the immediate release of carbon stocks as well as from lost future sequestration.

Since land use involves numerous types of natural and working landscapes in addition to forestlands (such as wetlands and rangelands), we suggest that the broader issue of land use change and conversion be explicitly integrated into the Local Government Actions and Regional Targets section of the Scoping Plan, as well as within the Sustainable Forests section.

5) Provide greater detail on adaptation priorities and mechanisms

To effectively address the challenge of climate change, CARB should also focus on ways to increase the adaptation capacity of natural systems and communities that will be most affected by climate change. Recent reports state that the impacts to California's natural systems are getting worse due to increasing temperatures, drought, pests, disease and catastrophic wildfire[6], all of which could reverse the beneficial "sink" effect that California's forests currently provide.

To minimize the risk of additional emissions due to climate change, GHG reduction projects should incorporate adaptation principles that help forests, and the natural systems they support, better respond to the effects of climate change. For this reason,

[6] 1. CCSP, 2008: *The Effects of Climate Change on Agriculture, Land Resources, Water Resources, and Biodiversity in the United States.* A Report by the U.S. Climate Change Science Program and the Subcommittee on Global Change Research. P. Backlund et al. U.S. Environmental Protection Agency, Washington D.C.; 2. Battles, John et al. *Climate Change Impact on Forest Resources.* A Report from California Climate Change Center, March 2006.

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forest activities to reduce GHG emissions should also support and maintain mixed native tree species and a distribution of age classes and structural elements to support endemic plant and wildlife species. Currently, CCAR Forest Protocols include requirements for native species and natural forest management, and discussions within CCAR and with stakeholders continue to support the key adaptation principles articulated above. As a practical risk mitigation tool, such principles help ensure that forest practices to benefit the climate also promote more resilient forests in the face of worsening climate change. We recommend that forest-based GHG reduction activities incorporate these fundamental adaptation criteria to ensure that investments made today provide lasting climate benefits into the future.

6) Clarify relationships and lines of authority with other state agencies

Under AB 32, CARB has the authority to develop and implement the Scoping Plan to ensure that GHG reduction targets for all sectors are achieved by 2020; however, CARB cannot do this alone. Many other state agencies have important roles to play, especially relating to the forest sector. The California Resources Agency has perhaps the most important role, since it has experience in many crosscutting arenas, and is specifically taking the lead on adaptation efforts. Within Resources, departments such as CalFire, the Department of Fish and Game and the Wildlife Conservation Board already have ongoing climate efforts, and could benefit from explicit guidance from CARB as to how to best integrate this work into the state's overarching climate program. The Board of Forestry has a role to play to the extent that it currently has regulatory and statutory authority over managed forestlands pursuant to the Forest Practice Rules. Local governments must also be engaged, since they regulate land use and approve permits for development under CEQA. CARB should look to all of these agencies and departments throughout the development and implementation of the Scoping Plan. Nevertheless, it is ultimately CARB's legal authority and responsibility to oversee, coordinate and implement AB 32 to ensure that the goals and targets of the law are met. Therefore, we encourage CARB to develop clear and specific guidance to these agencies and departments in the final version of the Scoping Plan, as well as throughout the implementation process.

On the national level, the USDA Forest Service has broad experience in national forest activities, and thus is an important resource in helping support and advise state-level efforts such as AB 32. However, because federal forestlands are not under the state's jurisdiction, these forests cannot and should not be expected to help the state meet its mandated targets under AB 32. To the extent that the USDA Forest Service is involved in climate-related activities, it is beneficial to share information and work together. However, any reductions that are achieved on federal forestlands within California's borders must be counted separately from the forest sector target under AB 32. Once a federal system is established, any programs or policies that achieve real, additional, measurable, verifiable and permanent reductions on federal lands can be recognized and potentially included in such a national climate program.

6) Emphasize and encourage the co-benefits of forest climate activities

In addition to GHG reductions, forests provide a host of other critical public benefits including regulation of watersheds and local weather patterns, protection of

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biodiversity and wildlife habitat for endangered and threatened species, recreational opportunities, sustainable rural economies and a range of "green" job options.

Two benefits outlined in the draft plan that deserve further discussion are wildfire management and the utilization of biomass as a reliable source of domestic, renewable energy. While these activities can and should be encouraged, we support CARB's preliminary recommendation to not include them in a tradable compliance scheme at this time, due to the risk of double counting. Instead, we suggest that full lifecycle accounting be required within and between the forest and energy sectors to ensure that the net climate impact of biomass energy is properly accounted for in a verifiable manner. Similarly, accounting from forests to manufactured wood products needs a clear, life-cycle approach, incorporating GHG emissions and reductions in the process of harvest, manufacturing and use. Finally, more work is clearly needed to accurately account for the avoided emissions due to wildfire management. Reflecting PFT's earlier comments to CARB on the draft Scoping Plan, we discuss these recommendations in more detail below:

Wildfire Management

There are opportunities across the state to minimize the climate impacts of catastrophic wildfire, particularly in overstocked, young forests. When properly done, removal of overstocked, small diameter trees for biomass energy combined with low-intensity controlled burns, where feasible, can reduce excess fuel loads on the landscape and allow the remaining trees to grow bigger and store more carbon, reflecting the results of a more natural fire regime. With a program of restoration and management for greater diversity and older forests on average, the state can both avoid GHG emissions associated with catastrophic fires and encourage greater and healthier forest carbon storage. These forests can thus be more fire resistant and resilient, while still continuing to produce wood products and biomass energy.

While we recommend the above activities to minimize GHG emissions associated with catastrophic wildfire at the landscape level, we do not think that avoided wildfire is an appropriate candidate for a GHG reduction project within a cap and trade system, as it is difficult, if not impossible, to account for accurately. Moreover, in encouraging this activity, it is critical to establish proper sidebars to ensure that fuels reduction activities are not used as an excuse to deplete forest carbon reserves and erode forest ecosystem functions.

Biomass and Biofuels

When managed sustainably, existing forests can provide a source of biomass and biofuels, both of which present opportunities for GHG reductions. PFT encourages CARB to consider policies and programs to promote forest-based biofuels for transportation and forest biomass for energy because these products have the potential to be less carbon-intensive than the conventional alternatives. However, to ensure that forest-based products create a net climate benefit, lifecycle accounting is critical to ensure that there are no perverse outcomes—such as emissions leakage—in the forest sector caused by the depletion of forest carbon stocks, the conversion of natural forest

structures to short-rotation biomass plantations, or the conversion of native forests to biofuel crops (e.g. cornfields or sugarcane plantations).

It is important to note that any GHG reductions that result from the replacement of fossil fuels must be appropriately accounted for in the energy sector and not in the forest sector. We support CARB in recognizing this important distinction in the Draft Scoping Plan and encourage the final version of the plan to reflect this as well. Regardless of where the credits are counted, biomass energy will provide a financial incentive for forest landowners to maintain their forests and manage them sustainably, so long as there is demand for low-carbon, renewable energy.

To this end, we encourage CARB to consider ways to use cost-share and technical assistance, existing federal and state funds, as well as new sources of funding to help transition California's economy towards low-carbon and renewable sources of energy, including forest-based biomass and biofuels. In particular, fuels management activities and small-scale biomass plants that are efficiently situated within low-cost haul distances of private forestlands would greatly benefit from increased state investment.

Conclusion

The Pacific Forest Trust sincerely appreciates the tremendous work that went into the Draft Scoping Plan, and particularly into including the forest sector in the overall strategy for meeting the state's climate targets. California can and should set ambitious targets while also ensuring that its forests remain robust, resilient and sustainable in the face of climate change. Indeed, California's forest ecosystems will both help meet climate goals and sustain us through climate change.

If you have any questions or thoughts regarding these comments, please do not hesitate to contact us. We thank you for considering our input and look forward to working with you further to finalize the Scoping Plan.

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