

CCAR Forestry Protocols Meeting
August 14, 2008

Workgroup Members Present: Gary Rynearson (Green Diamond Resources), Michelle Passero (The Nature Conservancy), Connie Best (PFT), Jeanne Panek (ARB), Anne Shannon (PFT), Tim Robards (CalFire), Dave Bischel (California Forestry Association), Ed Murphy (SPI), Robert Hrubes (SCS), John Nickerson (CCAR), Katie Goslee (Winrock International), Doug Wickizer (Calfire), Caryl Hart (California State Parks), Kurt Shuparo (California Strategies), Mark Nechodom (USFS), Christina,, Sierra Business Council

MORNING

Agenda modifications

The meeting began with no modifications to the agenda.

Minutes

The minutes were adopted.

Leakage Committee – Katie Goslee

The leakage committee has conducted a review of other carbon protocols and how they address leakage. Outside of VCS most protocols simply mention that leakage needs to be addressed but lack specifics for how to address it. VCS has a relatively comprehensive assessment that uses project types (reforestation, improved forest management, and avoided conversion) to address leakage. The subcommittee recommends following the VCS protocol of assessing risk for all of the project areas in total (rather than single entity reporting).

John Nickerson stated that this leakage protocol will develop a risk assessment for onsite activities leakage, as well as off-site leakage and market leakage. The subcommittee is working hard at developing the risk assessment but using reforestation as an example, the project proponent will complete a flowchart of questions such as – what was the starting condition of the land? There will be risk assessment pools developed similar to the permanence pools

John Nickerson stated that for improved forest management leakage risk assessment, he was looking at four separate categories: no harvest, increasing harvest age of commercial species, harvest practices that increase growth, and restoring understocked areas. One area of leakage might be if a project proponent decided to forego timber harvest for some period of time this would result in an increased harvest at some point in time. Leakage will be assessed from a temporal context. The leakage committee committed to get a draft of leakage protocols out for review prior to the September 5th meeting.

The VCS approach to leakage will form a basic conceptual approach to our leakage protocols. However, the subcommittee will provide draft language that meets the needs of this working group.

There was additional discussion on the question of substitution and whether forest offsets might lead to potential “positive” leakage. The subcommittee agrees that leakage may be zero, however; positive leakage is likely addressed through the additionality provided through the growth of forest inventory. There was further discussion in whether in the long-term wood products will be recognized for the role they play in substitution.

There was additional discussion about the timeframe of addressing leakage on any project. The subcommittee agreed that leakage assessments would need to be reviewed periodically. A request was made to provide a leakage exemption to public lands that do not have a history of harvesting.

Private Lands (Other Forests) Baseline - Doug

Doug reported that there appears to be sufficient data over the state and over different hardwood forest types to use the same approach for baseline modeling as is used for conifer forestlands. The subcommittee concluded that hardwoods fit right in with regular forests. The subcommittee will send language to the drafting committee that indicates the baseline approach for conifer stands works for hardwoods while using the appropriate look-up tables.

There was some discussion regarding what the business as usual scenario was for oak woodland forest types. The business as usual scenario for oak woodlands could be firewood harvest, increasing cover component that was reduced due to grazing practices. Some would possibly fit into a conservation project type.

Doug agreed to have draft language ready for the September 26th meeting for the drafting committee.

Private Lands Baseline Subcommittee – Eric Holst

The process for developing a private lands baseline has been underway since we last met with the objective for this meeting to narrow down the choices that the subcommittee was considering for defining baseline. The subcommittee has reviewed three final options for baseline:

Option 1 – existing CCAR baseline without modification

Option 2 – proposed to workgroup on a couple of occasions, mean inventory starting stocks hybrid – series of charts lines drawn through inventory on chart, credit if above or below line

Option 3 – presented last time, further hybridization – incorporates concerns/issues we’ve debated over months

Though the subcommittee has not yet taken a vote, the members consider Option 3 as the most promising alternative. Eric reported on the details of Option 3 and briefed the work group on the committee members remnant concerns with Option 3.

Option 3 is a hybrid approach between standing stock baseline and the FIA derived mean for the ecoregional forest type and builds off the existing CCAR protocol. There are three governors/comparisons that occur throughout the process to increase the rigor of the baseline assessment:

- 1) Compare to existing carbon stocks – FIA plots
- 2) Economic feasibility
- 3) Legal constraints

The approach requires that the project proponent first establishes the starting stock of existing inventory, then determines if the starting stock is below the mean FIA inventory (by forest type and ecoregion). The project proponent then assesses whether the starting stock is above or below the mean FIA inventory. If the inventory is above the mean FIA inventory – the proponent models business as usual and standing stocks cannot fall below legal minimums or mean inventory. Additionality is calculated as the difference between the standing stocks or growth of stocks and the mean FIA inventory (or legal requirements, whichever standard is higher). If the inventory is below the mean FIA inventory, the project proponent models business as usual, including legal minimums. The additionality is calculated as the difference between starting stocks or legal minimums (whichever is higher) once the stocks reach a level above starting stocks.

There was some discussion as to whether business as usual meant modeling to maximum legal harvest constraints. Some forest management companies do not harvest to maximum possible levels as business as usual. There was general agreement that the term needs further review in how it is used.

The subcommittee added two additional constraints to the private land owner's baseline:

- 1) Ten year look back. If a project site has encountered a significant decrease in inventory due to a discretionary harvest by owner in the past ten years, they must grow stocks back to the initial inventory before gaining additionality. If a property is purchased, the ten year look back is limited to the scope of the new owners tenure.
- 2) Economic feasibility test of model. The baseline model has to pass muster of some economic reasonability test.

The intent of these additions is prevent baseless additionality claims.

There was some discussion of how carbon stocks would be discounted if a project proponent starts below baseline and has not yet reached the mean FIA inventory. Also there was some discussion of other methods of calculating additionality. Eric stated that this model gives equal probability to the fact that the owner could take the stock down instead of growing making no attempt to predict what the owner may do in the future. Connie stated that there is a need to understand how all these pieces interact, for instance, the permanency committee is considering allowing any length of project to be available for carbon credits. Thinking about how a 30-year project might interact with the idea of a project below the FIA mean initially is of concern. There is a need to have time to review how all the pieces of the protocols will interact.

John Nickerson discussed the process starting with live standing pools compared to mean standard statistic, then the project proponent models project activity. Then include line the wood products from harvest, standing dead, lying dead trees that shows the difference of adding wood products to the baseline.

The next steps are:

- 1) Gain subcommittee confidence in the rigor of the FIA data for how it is being applied.
- 2) Why use the mean inventory as the baseline for projects below mean if they could legally be below mean? Why do projects below the mean get credit for getting to the mean?
- 3) Is there sufficient data to establish the mean by forest type and site class.

There was a discussion of whether forestlands also need to be stratified by large industrial versus small landowners. The subcommittee agreed that the FIA data probably could not support this, but will research it. Also, the working group agreed that a correction could be applied to site class based on existing data rather than attempting to use FIA data that does not have the statistical strength to support this.

John Nickerson showed data on the combined forest types, FIA analysis, basal area, and the standard errors for each. Numbers appeared to be in line and reasonable, though there was some variation in standard errors among forest types.

The subcommittee agreed to prepare a review draft of the baseline proposal prior to September 5th for review by the work group.

AFTERNOON

New guest – Derik Broekhoff- Vice President Policy at CCAR – will oversee project protocols going forward

John Nickerson showed the group an additional chart to illustrate how wood products would play out if the project proponent started above the FIA mean inventory statistic to start. Review of the chart started further discussion on whether wood products should be included in the baseline and in the project activity. Also, the work group discussed the difficulty of modeling the lifespan of wood products and dead wood over time. There are models that have been developed to assess the lifespan of wood products. The current protocols do include guidance on assessing decay rates for dead wood and wood products.

Permanence Subcommittee – Ed Murphy

Project proponent must come forward with a project – it may be a conservation easement or something else. Any project must have at minimum, a notice that goes to any subsequent landowner that there is a ground-level project, in some cases it may become a contract with a third-party who owns and controls the carbon right or a conservation easement. There must be some enforceable mechanism to reduce risk of loss of carbon. There was general discussion of the concept of risk buffer pools (groups of small

landowners) or single landowners having their own buffer reserves. The subcommittee has developed a risk-assessment to determine the risk of the project not meeting its carbon goals. Public lands will be exempt from being required to record the legal document in a form that would transfer with the land.

Additionally, the permanence piece of the protocol makes project proponents assess risk of carbon reversal and account for that risk. There was general agreement that the protocol should allow other options as needed and adjust risk-factors once third-party insurer mechanism lands on the table.

The rest of the permanence section is modeled on the VCS approach – though it is much more detailed and is more honed towards forest projects. There will be a notice recorded with the deed that states there is a project associated with this land – contract number included. In the next layer, the project proponent puts a deed restriction on the property that conforms to the project terms in some fashion and constrains the property. There was further discussion of whether it should be a deed restriction or a contract or if a recorded deed notice occurs.

There are several types of permanence risk including: financial risk, management risk, risk of conversion, risk of over harvesting, social risk, and natural disturbance risk. Once all the risks are assessed – the project proponent ends up with a mitigated risk of each risk assessment area, a risk rating. Based on that rating, the project proponent must establish a buffer pool to mitigate for these risks of carbon reversals. Though the committee discussed addressing projects less than 100 years in length, there was general concern about including these projects in the revised protocols. However, the group agreed that there should be a general write-up directed towards trying to incentivize landowners to do shorter-term carbon projects. The group agreed that the obligation lies with the landowner in reaching carbon goals, if they are unable to meet those goals then the project proponent is responsible for meeting those terms somehow (may have to buy carbon offsets to make up for carbon reversals).

The subcommittee will get a revision of the permanence write-up to the group by August 29th.

Gary Durrell (?) joined the meeting as a guest.

Avoided conversion – Michelle Passero

This subcommittee will be have a meeting soon to assess the risk of conversion to add to the baseline assessment. Avoided conversion projects must meet the 100 year timeline and have a conservation easement and deed restriction. It does modify the risk-assessment for these projects and is addressed in our risk matrix now. This section needs language added that you can bypass some risk assessment steps related to averted risk based on the easement or deeded restriction.

The subcommittee will get a revision of the avoided conversion write-up to the group by August 29th

Co-benefits subcommittee – Robert Hrubes

There was little feedback from the co benefits committee presentation at the last meeting. We generally have a good method for addressing biodiversity. Since there were no comments on the presentation, this simply needs to be polished and sent for review.

Some discussion on whether the protocols should have a minimum standard for projects outside of California for clearcuts (size limitation). The work group generally agreed that trying to address this would be difficult at this late stage.

The subcommittee agreed to send a draft for review by August 29th to the workgroup.

Biomass – Tim Robards

The subcommittee discussed that the current protocols carbon assessments are just based on the diameter of trees (no heights). This leaves redwood as one of the species with the lowest carbon volume. Since the agreement is to use FIA data as a baseline trigger mechanism for comparing project carbon stocks to regional averages. There is a need to compare apples to apples - the protocols should use the same biomass functions and assessments as FIA. FIA uses diameter and height to determine carbon biomass by species. The FIA approach requires more data (height as well as diameter) and is more complex than the current carbon protocols.

Tim showed an example from Whiskey Springs plots in Jackson State Demonstration Forest to illustrate how much initial standing live carbon stocks those plots would have in comparison to the regional average. Tim agreed to assist with reviewing the look-up tables for FIA and reviewing the wood products assessments as well as inventory methods.

Public lands baseline – Bruce Goines

The group has identified opportunity for lands that have been disturbed to establish a baseline to model actions that they have realized into their future. The work group agreed that a 20% reduction is required in above ground live and dead carbon stocks is need to put a forestland into a reforestation project.

The subcommittee will provide draft language to share with group by August 29th.

Drafting committee – Michelle Passero

By August 29th, all subcommittees except wood products and inventory methodology should have final reviews of their sections ready for review. Final decisions will be made on September 5th on the preponderance of sections. These sections should get to the drafting subcommittee by September 12th to be turned around by the September 26th meeting. The wood products and inventory sections should be decided on by September 26th and turned over to the drafting committee for inclusion by September 26th. The draft of the revised protocols will be sent to the ARB on October 1st. This workgroup will meet on October 10th to complete any final changes and by October 17th the draft will be sent to CCAR.

General agreement that working group should use FIA equations to assess standing carbon stocks at initiation of project this means using diameter and height to assess standing carbon stocks.

Upcoming meetings will be held on September 5, September 26, and October 10.

Meeting adjourned.