

10 May 2009
Climate Action Reserve
523 W. Sixth Street, Suite 428
Los Angeles, CA 90014
Re. Final Forest Protocols Version 3.0(April 2009) Concerns

Dear Climate Action Reserve:

The Forest Landowners of California (FLC) has several objections to the Final Forest Protocols Version 3.0. FLC urges the Climate Action Reserve (CAR) to implement revised protocols to accommodate the small, non-industrial private forest landowner to merchandise and list voluntary carbon sequestration offsets on CAR.

The fixed costs of bring carbon credits to market and verifying them annually for 100 years are excessively high, unreasonable, and disproportionably hard of the small producer. To level the playing field, the small producer needs a modified process that allows 10 or 15-year contracts and permanence standards, American Tree Farm System forest management planning certification, simplified statistical or 100% inventories by the landowner with third party verification, discounted registration costs with CAR, and only baseline compliance with the California Forest Practice Act.

The California Air Resources Board estimates that non-industrial forest owners manage 3.2 million of the 7.4 million acres of privately owned forests in California. FLC continues to encourage CAR to engage it in the development of these forest protocols. FLC has yet to be invited as a work group member or to be represented by any forest protocol work group member during the development of CAR's forest protocols.

CAR should leave production of carbon credits to the discretion of the forest owner on the basis of best forest management practices for the unique needs of their privately owned forest rather than excessive social, environmental and native forestry constraints that cause forest and economic harm. Other FLC concerns with these Final Draft Forest Protocols are:

Economic Concerns

1. Harvest restrictions within the first 30 years of a reforestation project or baseline shuts down all other income streams for the owner.
2. Harvest restrictions of all timber under the baseline for 100 years are unreasonable.
3. The value of carbon credits is less than the costs to bring them to market, costs of restrictive forest practices, loss in bare land value, and lost standing timber value; making merchandising of carbon offsets under CAR economically non-viable.
4. Annual verification and reporting of the project's GHG reductions or net CO2 reductions are excessive and costly.
5. Statistical inventory precision is overly conservative and excessively expensive.
6. Broken contract replacement carbon offset credits should be assessed on an actual damages basis and restricted to the price of sale rather than current market prices.

Double Negative Standards

1. These protocols penalized produces with excessive restrictions that exceed current forest practices baselines such as: site preparation, machinery use for site preparation, even-aged management, permanent sustainability, standing dead wood retention, reforestation leakage, and accounting for secondary effects due to forest management and logging. Additional punitive provisions such natural forest management and native

forest retention exceeds baselines established by CAR's enabling legislation and should be stripped out of these forest protocols.

Requirements in Excess of Forest Practice Act

1. The protocols require forest practices in excess of the forest practice act such as native species retention, natural forest management, maintenance of native trees over the project life, fertilizer ban, and mixed species reforestation.
2. Required use of a RPF for activities outside the scope of the forest practice act.

Senseless Contradictory Standards

1. New requirements like geographic boundary restrictions of 5% or less while at the same time allowing aggregation.
2. Limiting conversion projects by slope and to commercial, residential, and agricultural use only when all types of conversion result in deforestation.
3. Limiting reforestation projects to non-economically viable projects on a net present value basis.
4. Including factors in the risk assessment that are beyond the control of the forest landowner such as leakage, social risk, natural disturbance risk, disposition of carbon stocks after forest product change in title.
5. Requiring excessively precise and costly inventory standards while comparing them to general PIA baselines and assumptive constants factors for root, branch, leaf, and soil biomass inventory.
6. Conservation easements for conversion projects when the life of carbon sequestered is by CAR's own definition only 100 years.

CAR's forest protocols continue to be unrealistic, overly restrictive, unreasonable, and economically nonviable for the small, non-industrial private forest owner. FLC urges CAR to reject these Final Forest Protocols and fully engage it to provide market access to California's non-industrial private forest owners.

Sincerely,

MICHAEL KISSEL, Chairman
FLC Legislative Committee