

May 11, 2009

Public Comment - Submitted by Sierra Business Council – Sierra Nevada Carbon Cooperative

Re: Final Draft Updated Forest Project Protocol 3.0

Sierra Business Council (SBC) would like to again take this opportunity to thank CCAR and the Forest Protocol Workgroup for its commitment, dedication, and hard work evident in the most recent draft of the updated protocols. SBC would like to also thank the group for responding to previous comments and implementing several changes in response to our concerns.

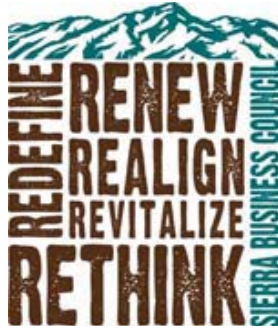
Sierra Business Council (SBC) is a non-profit organization with the mission of pioneering innovative approaches and solutions to foster community vitality, environmental quality, economic prosperity, and social fairness in the Sierra Nevada. SBC has been following and participating in CCAR activities for over four years. We are dedicated to ensuring that the Sierra Nevada landscape and communities play an important role in state and global efforts to mitigate and adapt to climate change. Because the Sierra is the resource shed of California, providing over 60% of the state's water, ½ the state's timber, abundant recreational opportunities, sequestering carbon and providing other valuable ecosystem services, it is an important region for ensuring long-term resilience of the state of California in the face of significant change.

SBC has developed a program called the Sierra Nevada Carbon Cooperative (SNCC) to capture the opportunity for the Sierra Nevada to mitigate and adapt to climate change in a way that promotes ecological integrity and brings economic prosperity to the region. Through SNCC, we have piloted two CCAR forest projects. Our experiences with these projects frame our thoughts and comments that follow.

Additionally, we have participated in many of the Forest Protocol 3.0 Workgroup meetings in person and by phone. These meetings have been useful in understanding the complexity and nuances of many of the issues addressed in the protocol, and have generated respect for the challenges the Workgroup faced in updating the protocol.

Again, we lay out two sections of comments: general and specific. We request that you address these comments before releasing the final version of the protocol.

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## **General Comments-**

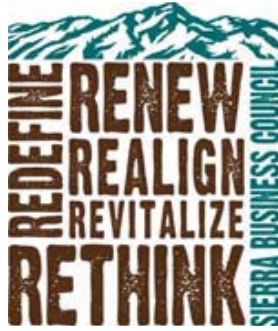
### **1. Feasibility for Small Landowners**

The proposed protocols provide much more guidance for developing forest carbon projects, easing the process and opportunity for small landowners to explore the option of entering their property into the voluntary carbon market. However, the terms set forth in the protocol are still onerous, expensive, and often too cumbersome for smaller landowners in the Sierra Nevada to participate. The protocol offers the promise of the development of aggregation guidelines, which will reduce barriers to participation, although only slightly. Costs of registration, account maintenance, inventory, verification, annual monitoring, and now third-party certification of harvested wood products, for a 100 year period, will very seldom be offset by the actual income from credits at today's prices, on smaller properties. In the Sierra Nevada, it is these smaller properties which are most susceptible to conversion and deforestation as population increases.

SBC recommends that CCAR and ARB assess the financial feasibility of completing a forest project from start to finish, and determine what property sizes will actually be able to participate, under the suggested protocols.

### **2. Permanence Requirements**

SBC agrees with the American Forest and Paper Association that the commitment to demonstrate compliance with the protocol for 100 years is a major barrier to participation. In our experience with developing projects, landowners are extremely hesitant to entering into a 100 year contract with CCAR, who simply cannot predict what changes will result from future technologies, climate changes, and policies surrounding climate and carbon. Marland et al 2001 (references at end of comments) describes a system whereby emission credits could be rented rather than sold. CCX only requires landowners to maintain enrolled land for at least 15 years. VCS allocates buffer pool credits depending on the risk of reversal, but provides no time requirement for permanence. By reducing this requirement, CCAR would also gain the ability to host VCU's, since this issue is one of the few keeping the two registries from being interchangeable from both directions. SBC would like to reiterate the importance of revisiting and reducing these permanence requirements, as several other registers have done resulting in successful projects that are still credible.



### 3. Crediting Wood Products

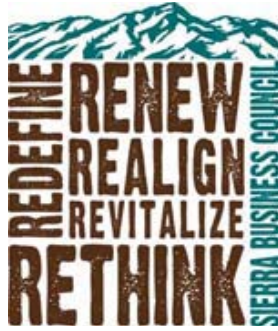
Wood products act a carbon store rather than a carbon sink. Proposed methodology for accounting for wood products as a biological store of carbon may not accurately credit the other more significant climate benefits wood products provide. The climate benefit of substituting wood products for more energy-intensive construction materials is more significant to the atmosphere than the fact that wood is a carbon store. The atmospheric benefit of substituting wood or biomass for fossil fuel-based energy sources is greater still. Intelligent and sustainable use of wood has the potential to more substantially reduce CO<sub>2</sub> in the atmosphere than wood product accounting for carbon storage can alone. Carbon accounting should reflect the full array of climate benefits from wood products. Such accounting methodology would promote a cascade of wood uses, where wood would land in an energy plant rather than in a landfill. To maximize the benefits to the atmosphere, however, wood product accounting needs to extend beyond the forest sector to both the construction and energy sectors as follows: 1) long-term wood products (accounted for in forest sector), 2) construction in place of brick, concrete, or steel (accounted for in construction sector), and 3) renewable energy generation in place of coal or other fossil fuels (accounted for in the energy sector).

We understand that it is beyond the scope of the forest protocol to add carbon accounting protocol for other sectors; suffice to say, we would like to see the option for future integration with these other sectors left open.

#### **Specific Comments:**

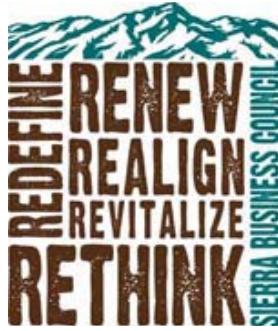
- 2.1.3  
Avoided Conversion p.4      The project description for avoided conversion projects needs clarification on whether or not such projects qualify on public lands.
- 3.2  
Project Start Date p.5-6      The guidance for the project start date on AC projects is vague- "The action is the act of committing the project area to continued forest management..." This can be interpreted as the date the conservation easement in put in place, or when the project proponent purchases the property from the developer, or when the proponent actually begins forest management practices. More guidance is requested.
- Limiting the amount of time to request a historic project start date on improved forest management projects may encourage early action, but places a burden on projects that cannot afford to register a project right away. Current voluntary carbon market prices are low, and property owners who have been responsibly managing their property since acquisition but cannot afford to enter the market with such variable outcomes will be penalized for not acting early. We would like to request the

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option for landowners to use a historic start date after 12 months, if they can sufficiently document their financial situation at the time of early compliance.

- 3.3  
Project Implementation Agreement p.6
- The Project Implementation Agreement section does not provide adequate guidance on conservation easement requirements for an avoided conversion project. We feel that this section needs to outline more specific time requirements. When does the easement need to be in place? Within a year of the project start date? Implementation of the project, time of registration, or completion of verification? If the requirement is still one year within project start, SBC would like to reiterate that this is not enough time. Placing a conservation easement on a property typically takes 18 months or longer, and this relies on how prepared a landowner is, turnaround time when dealing with a conservation team, and complexity of the project.
- 3.4  
Project Location p.6
- The "Common Practice" requirements and data provided are specific to California. By using a limited assessment area and geographic range, the protocol is not providing much guidance for national usage. If CCAR wants to provide national protocols, they need to provide national data. Otherwise, project proponents outside of California are more likely to use a less onerous standard, such as CCX.
- 3.5.1  
Promotion and Maintenance of Native Species p.7
- The references CCAR has provided for defining native forests in an area may be overly general. Requiring the hire of a professional expert to determine information which is easily assessable is placing even more costs on an already expensive process. If the developer can present scientifically peer-reviewed literature about historic native species in an area, this should suffice. Protocols should not require the use of an expert for information as accessible as this.
- Table 6.1  
(No Label) Site Prep – Reforestation Projects p.17
- This table is again, very California specific. If the protocols are designed to be used nationally, it is important that they provide guidance for projects outside of California. Emissions associated with site preparation may differ depending on the location, native species, habitat, and prior use of the project area. It is unclear how these variables are taken in to account in the current averages.
- 6.2.1.1  
Improved Forest Management p.17
- The description of common practice needs to define "15% @ 1SE", for clarity purposes.
- 6.2.1.1  
Baseline Calculation
- Step 4 describes that we should calculate one of the lines by finding the "Average of... to average", which is does not make sense. This example needs to better state that



p.23 developer should "average the averages". SBC also requests that the protocol provides numerical examples. It is very difficult to replicate these steps just looking at imaginary lines with no numbers. The section also needs more guidance on how to average the "Baseline of live tree carbon" from initial to intersection, and how it is included in calculation of the 100 year average.

6.3  
Avoided Conversion  
Projects p.23-30

The workgroup needs to justify the use of "at least 40%" for the disparity in value section. By placing a requirement of assessing disparity in value on a potential development site, the registry is creating more costs to landowner participation. The appraisal will provide a value which is comparable to other site sales in the area. A development analysis will also required to determine the difference between current land use value and fair market value of the proposed conversion, significantly increasing the cost of the appraisal. This section should also include some mechanism to evaluate location efficiency, as was included in the first version of the updated protocol. The current methods are very general, and do not take in to account the many variables that have effect of the value of development.

The use of the "Secondary effects" table (which is not labeled) is overly general, and impossible to apply nationally. The protocol aims to simplify the process of quantifying avoided conversion, but results in over-simplification which does not credit the actual benefit to the atmosphere that these projects provide. Degradation of forests for development and agricultural use in the Sierra Nevada is a major issue, and whatever incentives and policies are adopted need to encourage densification rather than sprawl. By heavily discounting these projects, the registry may consider these standards conservative, but they are not reducing any barriers to participation; instead, they are building more. This section of the protocol also should provide more guidance on how to determine the rate of conversion, effects of conversion, and resulting carbon storage over time (to be used for baseline quantification and qualification), to the level necessary to guarantee reasonable estimates that can be accepted by a third-party verifier.

#### References:

- Chicago Climate Exchange
- Marland et al 2001. Accounting for sequestered carbon: the question of permanence. Environmental Science & Policy 4:259-268
- Voluntary Carbon Standard- Guidance for Agriculture, Forestry & Other Land Use Projects