

Blicki

RESEARCH CONCLUDES:

**WE ARE
DESTROYING
EARTH.**

COULD YOU KINDLY
REPHRASE THAT IN
EQUIVOICAL, INACCURATE,
VAGUE, SELF-SERVING AND
ROUNDABOUT TERMS THAT
WE CAN ALL UNDERSTAND?

GOVERNMENT

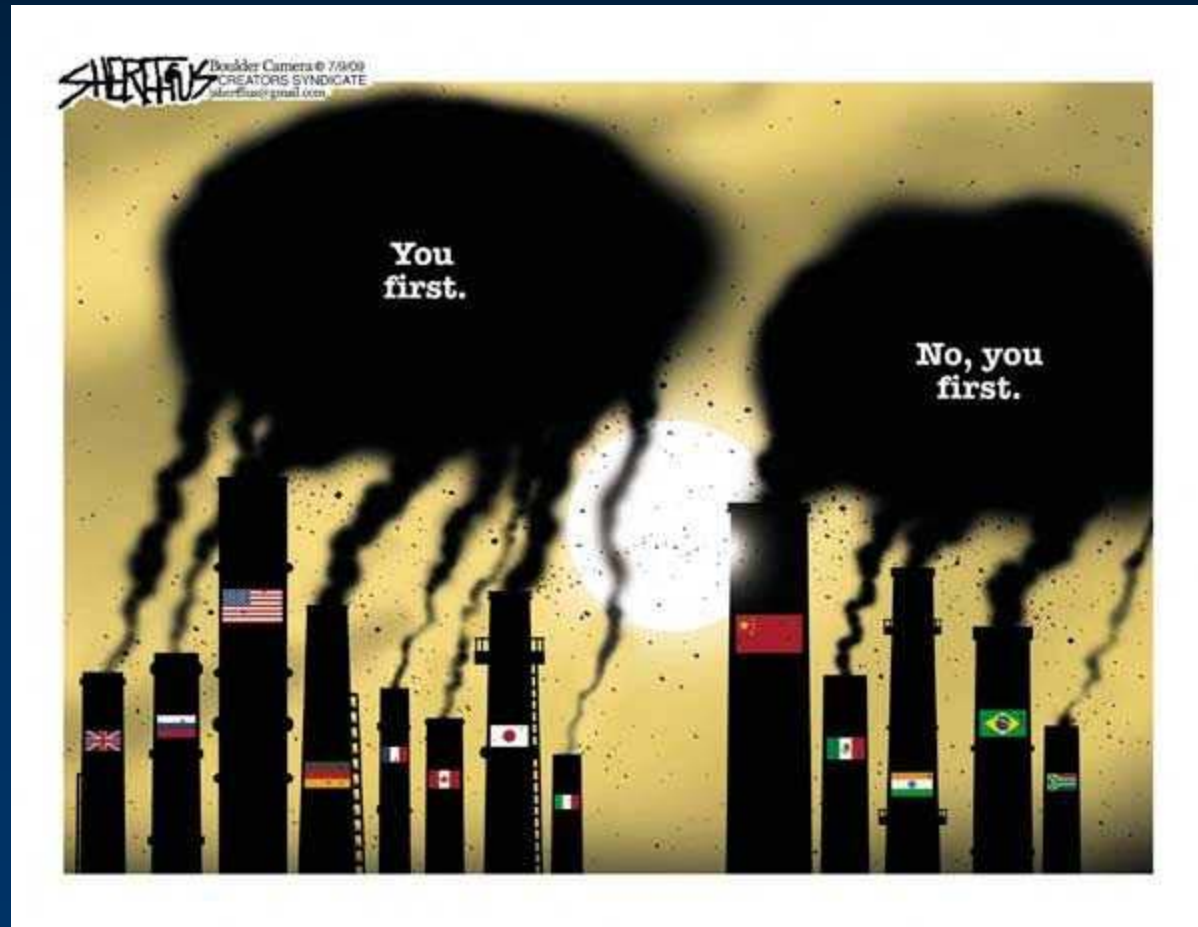


Federal Energy Policy Implications for Forestry and Agriculture

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International jockeying



Agenda



- Status of federal policymaking
- Implications for forestry and agriculture



Federal Policymaking

- House bill H.R. 2454 (American Clean Energy and Security Act; cap and trade)
- Kerry-Graham-Lieberman (early draft stage)
- Cantwell-Collins (Carbon Limits and Energy for America's Renewal (CLEAR) Act; cap and dividend)





Federal Policymaking

- “Energy only” bill
 - being discussed, but there is no draft bill
- *Clean Air Act* EPA rulemaking
 - Murkowski resolution seeks to delay implementation



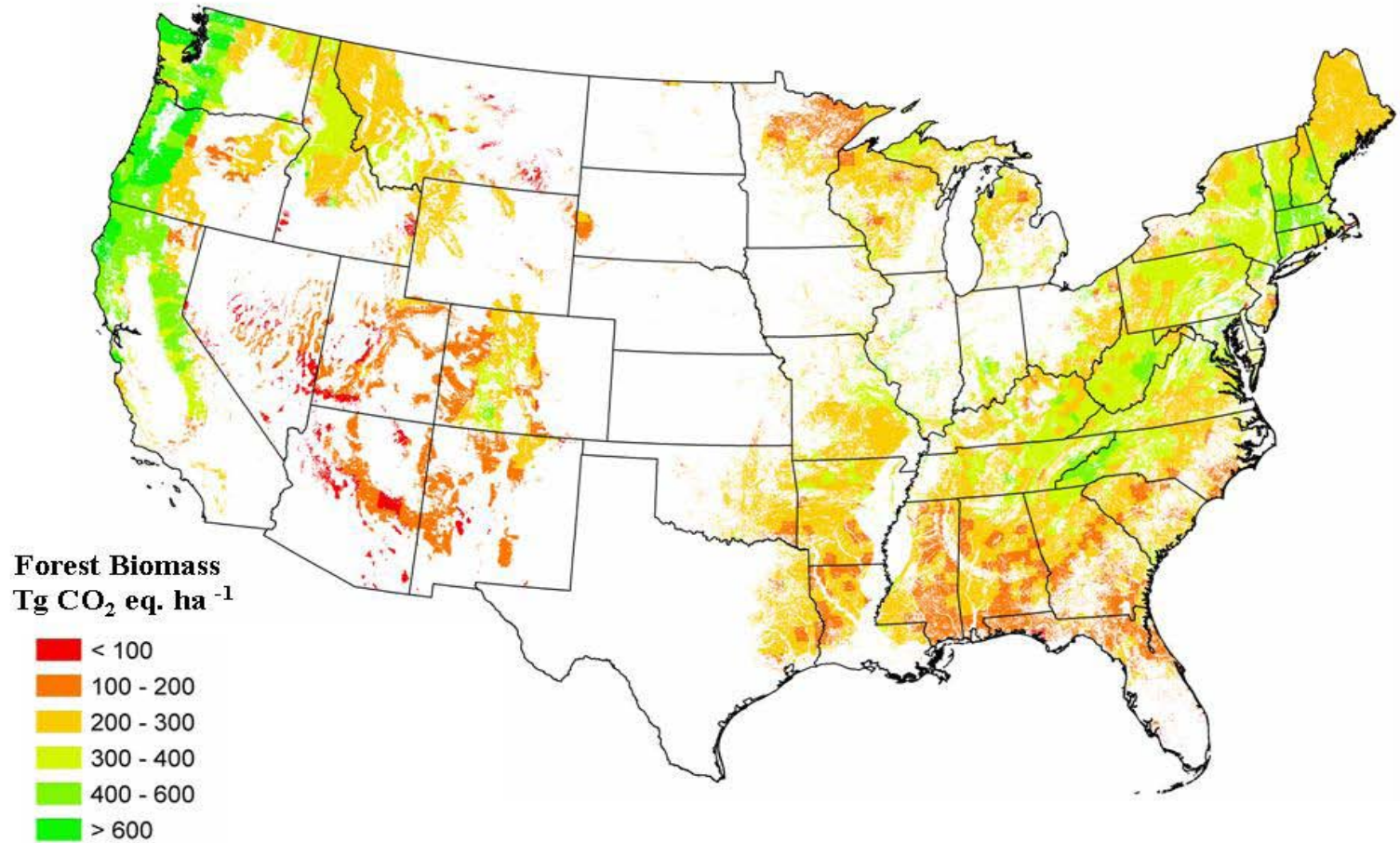
Forestry and Climate Change

- Forests play a crucial role in the global carbon cycle by storing and sequestering carbon
- Forestry can be a cost-effective option for reducing atmospheric carbon dioxide concentrations (e.g. Pew, Stern reports)
- Afforestation, reforestation and sustainable forest management can sequester new carbon
- In addition to carbon storage and new sequestration, good forestry can help prepare the southeast to manage the likely impacts of global warming

US forests carbon stock inventory

Map 4-2

U.S. Forest Carbon Stocks in 2005



American Clean Energy Security Act (ACES, HR 2454)

- **17% GHG reductions by 2020 (2005 baseline)**
- **U.S Forest / Ag Carbon Offsets: est. \$2.6B/yr**
- **Natural Resources Adaptation Allowances: est. \$4.7B/yr**
- **Generous biomass def.**
- **International financing to combat deforestation**





U.S. Senate

Kerry-Graham-Lieberman and Cantwell-Collins bills

- both bills are in draft form, not yet introduced to committees
- reductions targets are similar to ACES
- hard price collar \$10 – 30/ton





Kerry-Graham-Lieberman framework

- Economic opportunities
- Market-based
- Regulatory certainty
- Energy independence
- Pollution cuts
- Deficit-neutral





Kerry-Graham-Lieberman framework

- “Creating wealth for domestic agriculture and forestry”
- Emissions from agriculture not regulated
- New income sources
- Increase value of environmentally friendly farming practices by pricing carbon
- Contain costs





Senator Debbie Stabenow (D-Michigan)

- Carbon Conservation Program
 - administered by USDA
 - states that “ lifecycle greenhouse gas emissions associated with the production and use of biofuels, bioproducts and bioenergy are significantly lower than the emissions associated with the production and use of fossils.”





Senator Lindsay Graham (R-South Carolina)

“Six months ago my biggest worry was that an emissions deal would make American business less competitive compared to China. Now my concern is that every day that we delay trying to find a price for carbon is a day that China uses to dominate the green economy.”





Senator Lindsay Graham (R-South Carolina)

"I don't think you'll ever have energy independence the way I want until you start dealing with carbon pollution and pricing carbon. The two are interconnected." "Like with cap and dividend, there are some aspects that make sense. [And] the idea of a fee on carbon for some elements of the economy and a trading system for others."





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Cap and dividend

It's a simple, market-based way to reduce CO2 emissions without reducing household incomes. It caps fossil fuel supplies, makes polluters pay, and returns the revenue to everyone equally.

Cap and dividend

Advantages of cap and dividend

- There should be less leakage than with cap & trade.
- It's simple.
- It's fair.
- It's progressive.
- It's market-based.

Five major provisions affecting forestry and agriculture in federal legislation

- Offsets - for new sequestration activities outside the capped sector to provide cost containment
- Allowances – dedicated from within the cap to support projects that do not qualify for offsets, especially avoided emissions
- Adaptation Funding – to assist public agencies in managing for the impacts of global warming
- Biomass Energy - definition of eligible biomass under RES, and incentives to use it
- International Forest Provisions - financing & REDD implementation



Offsets – key issues

- Rigor: Will they fortify or undermine the cap? Tests of additionality, permanence, leakage and verification
- Timing: appropriate crediting periods & determining role of voluntary market programs
- Quantity: How much to allow; price sensitivity is a huge issue in terms of meeting cost goals
- Co-benefits: should they be required or used to rank projects?
- Project types: how wide a net should be cast?

Some of the likely types of eligible offset projects

Forestry

- Afforestation
- Reforestation
- Forest management
- Management of forested peatlands & wetlands

Agriculture

- No-till cropping
- Winter cover/continuous cropping
- Reduction in N fertilizers
- New soil conservation practices
- Manure management/ methane capture

Allowances – key issues

- Allocation: how many will given away vs. auctioned?
- Eligibility: How many allowances available for the land use sector? (e.g. for forests, farms, grasslands, rangeland)
- Projects: what kinds of land based projects would this support? (e.g. avoided deforestation or native grassland protection)

Adaptation – key issues

- Funding mechanism: dedicated or appropriated?
- Allocation of allowance revenue for adaptation funding, looking for 5 % = roughly \$5B annually
- Competition: for allowance funding from many other sectors

Biomass definition – key issues

- Proposed as part of a national Renewable Electricity Standard (RES)
- The RES is additional to the incentives in the 2007 Energy Bill which had a Renewable Fuels Standard (RFS) that set 15 billion gal biofuels/yr as a target
- What kind of forest sustainability standards should be required?
- Federal or state oversight?

Complementary visions for Southern forests

**Delta and coastal plain
ecosystem restoration**



**Dedicated energy crops
production**



We have a historic opportunity

To become part of the solution to global climate change, one of the most difficult problems of the 21st century

To fund restoration efforts that will benefit wildlife and prepare the South to manage the effects of climate change

To facilitate rural development and create wealth, and to sustain small towns and rural areas across the South



Inspiring Americans to protect wildlife for our children's future



THANK YOU!

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