



EXECUTIVE SUMMARY

OF THE CALIFORNIA CLIMATE ACTION REGISTRY'S RESPONSE TO PUBLIC COMMENTS ON ITS FOREST PROTOCOLS

The Registry received a total of 10 letters containing comments on the Registry's draft forest protocols as a result of its formal public comment period last month. The authors generally fell into one of three categories: environmental policy organizations, forest product manufacturers/associations, and approved Registry certifiers.

Most of the public's comments fell into one of the following categories:

- Leakage
- Wood products
- Baselines
- Uncertainty
- Permanence
- Excessive Rigor
- Transparency
- Precedent Setting
- Extension of Comment Period

The Registry has summarized the key issues raised in each of these categories and responded to them below. In addition, a working draft of the detailed response to comments follows this summary.

Leakage

Comment: Commenters requested additional discussion and quantification for both activity-shifting and market leakage.

Response: As a result of these comments, the workgroup modified the protocols to include the quantification of activity-shifting leakage within the entity boundaries (onsite).

Beyond this, market leakage outside the state boundaries is beyond the scope of SB 812. The Registry reviewed several national-level leakage methodologies. The most current

methodology examined by the Forest Workgroup was not compatible with the Registry's approach at this time. In the future, the Registry hopes to work with experts on the topic to design a methodology that would address multi-state entity leakage. In the interim, the change detection data base maintained by the CDF Fire and Resource Assessment Program (FRAP) will provide information on significant disturbances to, or development of, forestlands which will help to identify leakage.

Wood Products:

Comment: Two main concerns were raised on wood products; 1) Forest manufacturers, not forest landowners, should report carbon sequestration associated with wood products, and 2) There are other more technically precise measurement methodologies available for wood products emissions and reductions.

Response:

The Forest Workgroup recommends that the wood products pool be recognized early in the chain of custody as it is a continued storage of carbon associated with the individual trees harvested. The protocols give recognition to the fact that wood products are unique compared to other industry "products." A tree does not simply grow and then disappear into the atmosphere. A great deal of the carbon storage benefit from a tree is that much of the mass is transferred into downstream forms (houses, furniture, paper, landfills) that retain the carbon in place for a number of years.

The Forest Workgroup is aware of, and has reviewed, a number of accounting methods for calculating C in wood products. The method proposed in the protocols is based on work done by Skog, Heath, Birdsey and other experts in this area.

The workgroup has become aware of other methodologies for calculating and reporting C in wood products through the public comment period, and has closely reviewed and considered an alternative approach (100 year methodology). The selection of the recommended nationally based protocol (based on Birdsey and Skogs work) was based on its compatibility with the protocols' accounting approach as a whole. Using a 100 year methodology proposed in the comment letter would mean assessing C in wood products back to 1900. The protocol recommended reporting wood products at the start of the project (1990 is the earliest date), which is consistent with the intent of SB 812. The recommended methodology provides a more realistic flux with harvest compared to decay rates over time for California. The rotation age of trees harvested in the state where the 100 year approach was developed is much shorter than the rotation age of trees harvested in the west on average.

The forest manufacturers are concerned that if a forest landowner *accounts* for the carbon in wood products associated with their harvest, then the manufacturer will not be able to claim the sequestered carbon in the products. The workgroup attempted to account for the C associated with a tree in a complete C cycle. The protocols in no way prevent landowners and manufacturers from entering into *transactions* upon purchase of

harvested wood that may shift the *ownership* of the sequestered carbon from the landowner to the manufacturer.

In response to this comment, and based on a number of follow up conversations with the commentors, the Forest Workgroup has moved the wood products accounting section from a “required” carbon pool to an “optional” one. The Registry will also pursue further discussions with key forest stakeholders on this issue and return with additional recommendations for the board on wood products.

Baselines

Comment: There are a number of comments expressing concern about using the Forest Practice Act and corresponding Rules as a project baseline.

Response: The description and perscriptiveness contained in the Forest Practice Act and Rules (FPR) is misunderstood by the commentors. It is not recognized that GHG reductions must be in excess of the level required by the range of environmental law encompassed by the FPRs. The minimum standard under the state Forest Practice standard includes not only a balancing of growth and harvest over time, but the maintenance of the beneficial uses of water, wildlife habitat consideration, endangered species acts compliance, aesthetic consideration, minimization of soil erosion, and restocking harvested areas. The combination of these standards sets a higher performance standard than that of any other state in the country. Consequently, it is reasonable to consider the C resulting from a characterization of the land adhering to the FPR as a project baseline for conservation-based forest management projects.

Using the current FPRs as the basis to determine additionality is a high standard. Exceeding this standard will result in reduced registry participation and the removal of another incentive for landowners to retain working forests. When a forestland can no longer support the cost of ownership, there is significant data (in the FRAP report) that shows that land is converted to non-forest uses.

Uncertainty:

Comment: There was confusion about how baseline uncertainty is addressed in the protocols.

Response: As a result of these comments, the Workgroup will include additional background on how characterizing a project baseline based on the FPRs will result in accurate and appropriate C baselines.

Baselines are determined by the use of actual (not theoretical) data collected from the forest entity. This data is composed of forest inventory measurements conducted by Registered Professional Foresters and from State Board of Equalization Harvesting records.

Quality assurance in part comes from the fact that a Forester in California must possess a license to conduct business.

The protocols also allow the use of models to project forest growth. No forest data used in a model may be more than ten years old. Thus, every ten years the registrant must provide a new inventory based on monumented plots. Certifiers will examine not only the mechanics of plot installation and measurement techniques, but also review and assess the models with regard to design, assumptions, and accuracy. Growth models used to forecast C baselines must also be approved by the California Department of Forestry and Fire Protection (CDF).

Protocol text has also been modified to improve readability and clarity pertaining to this issue.

Permanence:

Comment: The definition of permanence and how it is determined needs to be clarified in the protocols.

Response: The Protocols address permanence on two levels, though it does not create a policy regarding what is considered “permanent.” It is believed that such a decision on what is considered permanent will likely be determined by a crediting scheme or the market.

To be eligible to be reported to the Registry, all forest projects must include a perpetual conservation easement. This easement ensures the future and perpetual dedication of the land to forest use. The requirement of an easement supports the other concept of permanence, which is the “permanent” storage (i.e. duration) of GHG reductions. The perpetual easement and its terms protect against human-induced actions that could result in the loss of GHG reductions – through activities such as harvest or conversion.

The Registry’s annual reporting requirement will indicate the duration of any stored GHG reductions that are achieved. If any of these GHG reductions were lost, the annual reports would indicate this. As long as the carbon exists in each annual report it is physically present. When annual reporting shows a decrease in carbon stocks then that carbon no longer exists.

Excessive Rigor:

Comment: Several aspects of the protocols, such as the conservation easement, will dissuade participation.

Response: The conservation easement and the use of the Forest Practice Act and Rules as a base minimum are set forth in the statutes chaptered in SB 812. A balance between rigor and use of current common timber inventory business practices was attempted in

the draft protocols. The workgroup believes that most forest landowners in California already have an inventory of their ownership. The quantification section of the protocols is arranged so that existing inventories will be useable. This will reduce the initial cost of registration/certification for those who wish to participate and will possibly be an incentive for participation. However, the workgroup took care to ensure that the quantification methodologies present sufficient transparency and rigor to justify general public acceptance.

Transparency:

Comment: There are both requests for full data disclosure to the public, and concerns expressed that releasing too much data will provide business competitors with proprietary information and thus a business advantage.

Response: Aggregate information provides the public with information sufficient only to judge trends and anomalies in data affects at the entity level. Greater public transparency will be required when reporting GHG emission reduction projects so as to allow for analysis of the reported reductions. The public may submit comments to the Registry on any issue at any time. The Registry, Certifiers, or the State (CDF) will further investigate issues raised by public comment and provide responses that may be reviewed by the public.

Details of the level of data available to the public are still being defined. As the Registry enters the next step of the protocol development process (automating approved protocol policies into the CARROT), the Registry will seek feedback from environmental organizations, landowners, forest product companies, and other related stakeholders to ensure a proper level of transparency is achieved in the Registry's public CARROT reports.

Precedent:

Comment: Several comments indicated that while the Registry's Forestry Protocols are only applicable in California, they create a precedent that may affect other activities outside California's boundaries.

Response: The Forest Workgroup was aware of the precedent potential of the protocols, and took great care to explain the portions that pertain specifically to California (i.e. baselines are influenced by state regulations). Extensive discussion of how the protocols might be used outside of California occurred. As a result, the Workgroup has clarified language in the protocols to help ensure that if protocol components are considered outside of the state, users consider their original intent.

Request for addition time to comment:

Comment: The draft protocols were prepared in an expedited process that has not provided for adequate stakeholder participation.

Response: Significant opportunity has been provided both during the development of SB 812 and the forest protocols.

The legislative process provided ample opportunity for stakeholders to raise their individual issues with regard to the statutory additions to the Registry's responsibilities and authorities. The development of the Forest Protocols has been a fifteen month process to date. In forming the Forest Workgroup a wide variety of stakeholders were contacted and those with interest and time available participated. Additionally, an expert review panel was established from a group of experts within California, from other states, and from Australia.

Subsequent to the Expert Review, an open public meeting was held with appropriate notice so interested parties outside of California would have the ability to participate. Finally, should the Registry adopt the draft protocols, the Registry will continue to accept and consider public comments and suggestions. This process has been used successfully to continue to improve the Registry's General Reporting and Certification Protocols.

In addition, the Registry has accepted additional public comments after close of the public comment period for those stakeholders have expressed specific concerns. Additional interviews have been conducted with some individuals and supplementary written material accepted from some stakeholders.