



Date: 1/19/2009

To: CCAR

From: Andrew Atkins, North Coast Resource Management

**Re: Public Comment by North Coast Resource Management Regarding the 2008 CCAR Forestry Draft Protocol**

North Coast Resource Management (NCRM) would like to thank all involved parties for their hard work and cooperation in creating the new CCAR forestry draft protocol. We believe that the current draft protocol is a significant improvement over the previously adopted 2007 forestry protocols. NCRM supports CCAR's efforts to bring accountability and integrity to the rapidly evolving science and market for forestry derived carbon offsets. We are encouraged that the development of effective protocols will reward private landowners for forest stewardship and appropriate land management practices.

Traditionally private landowners have never been able to monetize outputs from their forest other than conventional forest based, "sold for profit" values. The only option private forest landowners had to derive an income stream was through harvesting timber. NCRM encourages the creation of effective protocols which will create a secondary market for forest products that do not rely solely on harvesting as the means for financial return. This indirectly puts a value on forest stewardship.

NCRM supports the creation of a new workable protocol which will be effective in creating additional greenhouse gas emissions reductions on private forests. Private participation will be critical to measuring overall protocol success. Plainly the 2007 forestry protocol were seminal; they were the first accepted protocols for forestry derived emissions offsets in the United States. Unfortunately, they have not resulted in participation by private landowners. They can therefore be viewed as unsuccessful in regards to encouraging broad participation by private forest landowners.

For many Landowners, the 2007 requirement of a conservation easement was a "non-starter"; most would forego the program for this single reason. We are encouraged to see the new forest protocol has removed this requirement.

Additionally, the proposed forest protocol successfully addresses two critical issues that were ignored in the 2007 protocol, which we believe will lead to greater participation by private forest landowners, and these are as follows:

- 1) Indemnifying landowners from risks of reversal due to uncontrollable natural disasters such as fire and disease through a self ensured buffer pool.

2) Addressing long term carbon sequestration in the form of wood products.

The inclusion of these issues in the new protocol is extremely critical to the protocol's overall success. Success like "additionality" is always best measured in hindsight. The new protocol will ultimately be measured by how many additional offset tons it creates over the 2007 forestry protocol. The inclusion of the above mentioned issues (no mandatory conservation easement, project indemnification through a buffer pool, carbon sequestration in wood products) will greatly influence the participation of private forest landowners and hence the overall success of the new draft protocol.

The proposed forestry protocol proposes that a regional baseline be developed using FIA based, landscape average data. The FIA inventory system is a national program, designed to provide basic policy level forest data. We are unsure how this FIA data will be applied to smaller regional areas; this is not spelled out in the draft protocols. As such, the issue of baseline is a difficult issue to comment on at this point since the FIA data, and the derivation of regional baselines have not been included with this draft protocol.

In California many private landowners currently have extensive inventory and timber stand modeling prepared for their properties. This forest inventory and stand modeling is used for Sustained Yield Plans, Option "A" documents, Non Industrial Timber Management Plans, and for basic land management and financial planning purposes. We believe that the 2007 protocol process of modeling maximum allowable harvests given the current regulation, and then calculating sequestration based on net amounts above this baseline is still an appropriate methodology. For those landowners who have suitable information and the ability to perform this sort of modeling, the necessary carbon sequestration calculation could closely follow their other efforts (such as preparing an Option A). Allowing the use of a methodology consistent with other State mandated forest practice programs would greatly decrease costs of modeling the project baseline. This would ultimately lead to greater participation by private forest landowners.

NCRM recommends allowing two baseline scenarios for project developers to consider at this time. First, as stated above, we believe that the 2007 forest protocol baseline should be used in those instances where it is most appropriate and efficient. In certain instances, however, the FIA based baseline might be the most cost effective means to determine the baseline. For example, certain landowners are not interested in conducting intensive forest measurement activities and then undertaking extensive modeling. They will be naturally deterred from the Program. In this instance, comparison of the individual property to a simply understood FIA baseline, with simple compliance methodology would be the most effective way to measure a change in behavior on a macro scale.

## **6.2.1 Estimating On- Site Baseline Carbon Stocks, p. 15**

### ***Original Language (In Italics):***

#### ***Additional constraint:***

*Additional constraints must be applied to baseline projections to foster conservative estimates. These additional baseline constraints are as follows:*

*2. For projects whose initial project inventories are below the applicable mean: The modeled standing live carbon stocks cannot go below the higher of:*

*a. carbon in the current standing live stocks, or*

*b. the lowest level allowed by regulatory, physical, or economic constraints.*

*In addition, projects whose initial project inventories are below the applicable mean must document any changes in the project area's inventory over the preceding 10 years. Initial baseline levels of standing live carbon stocks must be modeled as the higher of:*

*a. the project area's initial inventory of standing live carbon stocks, or*

*b. 80% of the highest inventory levels documented for the preceding 10 year period.*

### **Proposed Language (In Bold):**

#### **Additional constraint:**

**Additional constraints must be applied to baseline projections to foster conservative estimates. These additional baseline constraints are as follows:**

**2. For projects whose initial project inventories are below the applicable mean: The modeled standing live carbon stocks cannot go below the higher of:**

**a. carbon in the current standing live stocks, or**

**b. the lowest level allowed by regulatory, physical, or economic constraints.**

#### **Justification:**

The purpose of the new draft protocol is to reward forest landowners for changing their behavior, from "business as usual." As long as forest landowners "business as usual" complies with the project areas applicable forest practice rules, and laws then they should not be penalized from where their property is today. The purpose of the protocol is to encourage a change in behavior to sequester "additional" carbon over time. It should not penalize a landowner for past actions given that those actions were done in compliance with applicable laws and regulations. We do not believe that the protocol should penalize landowners for past practices; the only interest the protocol should consider is how

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landowner's actions will result in additional, quantifiable carbon sequestration in the future. An example would be if a landowner bought a property today and wanted to initiate a project on their property. During the look back period it was discovered that the property ten years ago had 10,000 board feet to the acre, where currently the property has 5,000 board feet to the acre. Under existing forest practice rules for the area the property owner is allowed to cut by law down to 4,000 board feet. Under this example the landowner with 5,000 board feet exceeds the forest practice rules for their area but would not be able to realize any "additional" carbon sequestration credits until they reached 8,000 board feet. So they would not get any credit for a current project until they remedied a past landowner's decision to harvest which was well within their rights under the law.

### **Section 3.3 – Project Implementation Agreement, p. 4**

#### **Current Language:**

*To be eligible, each project is required to enter into a Project Implementation Agreement with the California Registry. The Project Implementation Agreement is an agreement between the Reserve and a landowner setting forth: (i) the landowner's obligation (and the obligation of its successors and assigns) to comply with the forest project protocol established by the Reserve for a term of 100 years, and (ii) the rights and remedies of the Reserve in the event of any failure of landowner to comply with those obligations. The agreement must be recorded and is binding on the successors and assigns of the landowner.*

*The agreement must be recorded with the project in the county where the project exists that identifies the contract. If a conservation easement is used in addition to the Project Implementation Agreement, the conservation easement must be recorded within a year of the project's listing as a demonstration that any limits to forest management defined in the conservation easement are intended to support the project activity. Otherwise the limits described in the conservation easement must be considered as a legal restriction in the baseline analysis. Public lands are exempt from the need to record the agreement or provide recorded notice since the risks of land transfers to private parties is extremely low or is done in a very open and transparent process. In the specific case of an "Avoided Conversion" project type the protocol requires the use of a conservation easement or transfer to public ownership.*

#### **Comment:**

**The Project Implementation Agreement (PIA) is missing from this protocol; hence it is impossible for us to comment on it at this time.**

**Owners of private property have an historic concern over the type and level of monitoring and supervision given to them by regulatory agencies. In the case of carbon projects; where the values derived from sale of carbon represent a small**

**component of the overall land value, private landowners will be particularly concerned over what level of mandatory intrusion occurs on their property. They will also be concerned over the costs and manpower associated with monitoring, reporting, and general compliance with the Implementation Agreement. NCRM would like to caution the reserve to not over burden landowners and remind all parties involved in drafting the PIA that the document is not a conservation easement. Plainly said the Registry's control and interest in a private property should be limited only to insuring the permanence of allocated carbon reductions. The PIA should be included in this protocol in the appendix and made available for public comment.**

Thank you for the opportunity to comment on the proposed forest protocols. We hope that CCAR will consider our comments, and our positive impression of the overall draft protocol. We support adoption of the revised forest protocol at the soonest possible opportunity.

Sincerely,

Andrew Atkins