

Forest Carbon Offsets Market Comes of Age: Lessons from California's Landmark Climate Action Program *Evolution of the Public Policy Framework*

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Co-CEO



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Pacific Forest Trust: Advocating for the Climate Benefits of America's Forests

- Aligning ecological needs with economic realities
- Co-evolving market and policy to recognize and value climate benefits of forests
- EPA Climate Leadership Award



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Climate change isn't going away

Public policy slowly responding

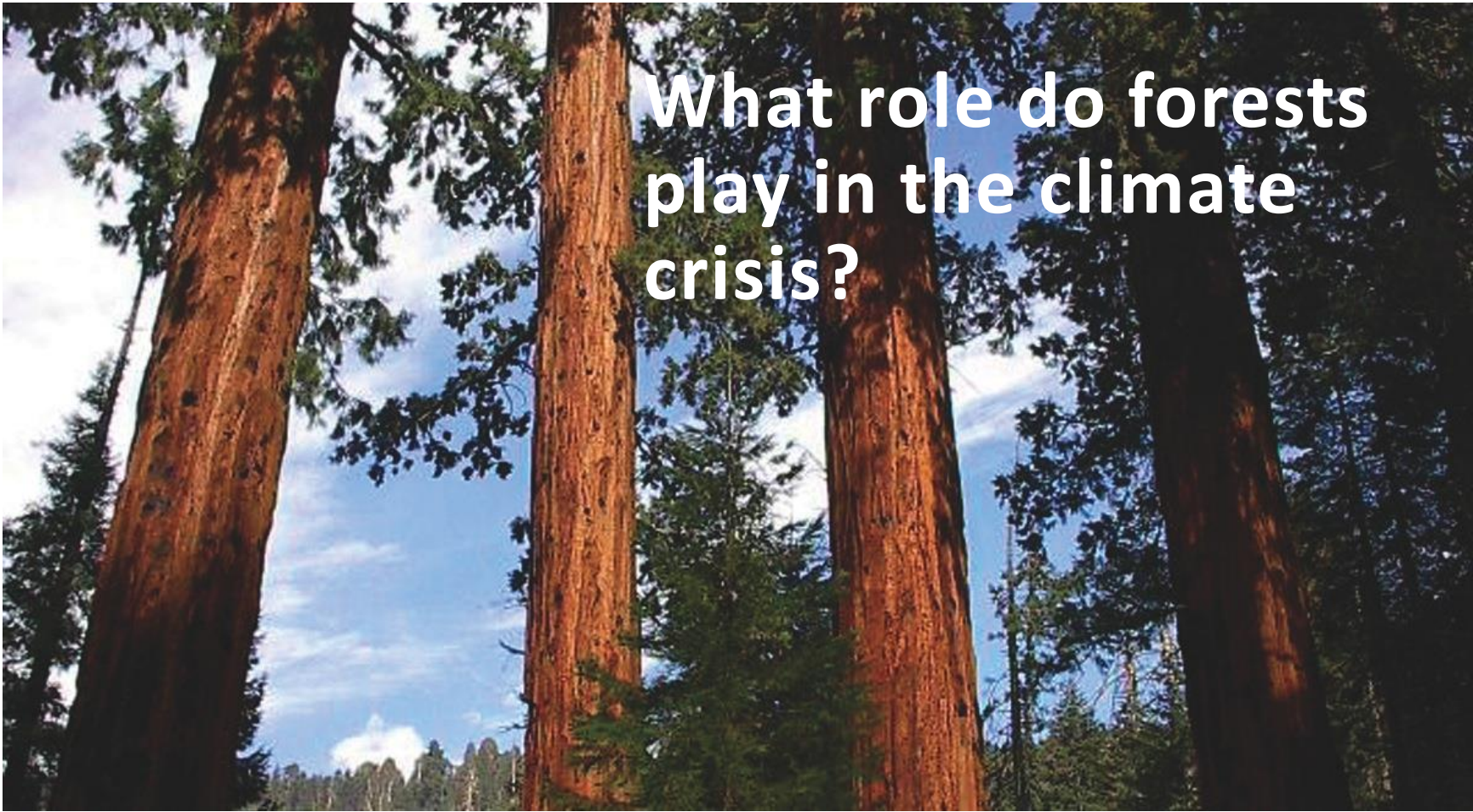
- Kyoto or bust!? Busted
- While international agreement has been stalled, national and sub-national action is increasing
- California became the refugia for greenhouse gas reduction programs



U.S. finally taking action – piecemeal but with growing momentum

- Supreme Court confirms EPA authority to limit dangerous GHG pollution
- California auto emissions standards adopted by Congress
- New power plants now required to reduce GHG
- Existing power plant rules in formulation
 - States being asked to develop own strategies to achieve GHG reduction goals





What role do forests play in the climate crisis?



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13%
of global CO₂

vs.



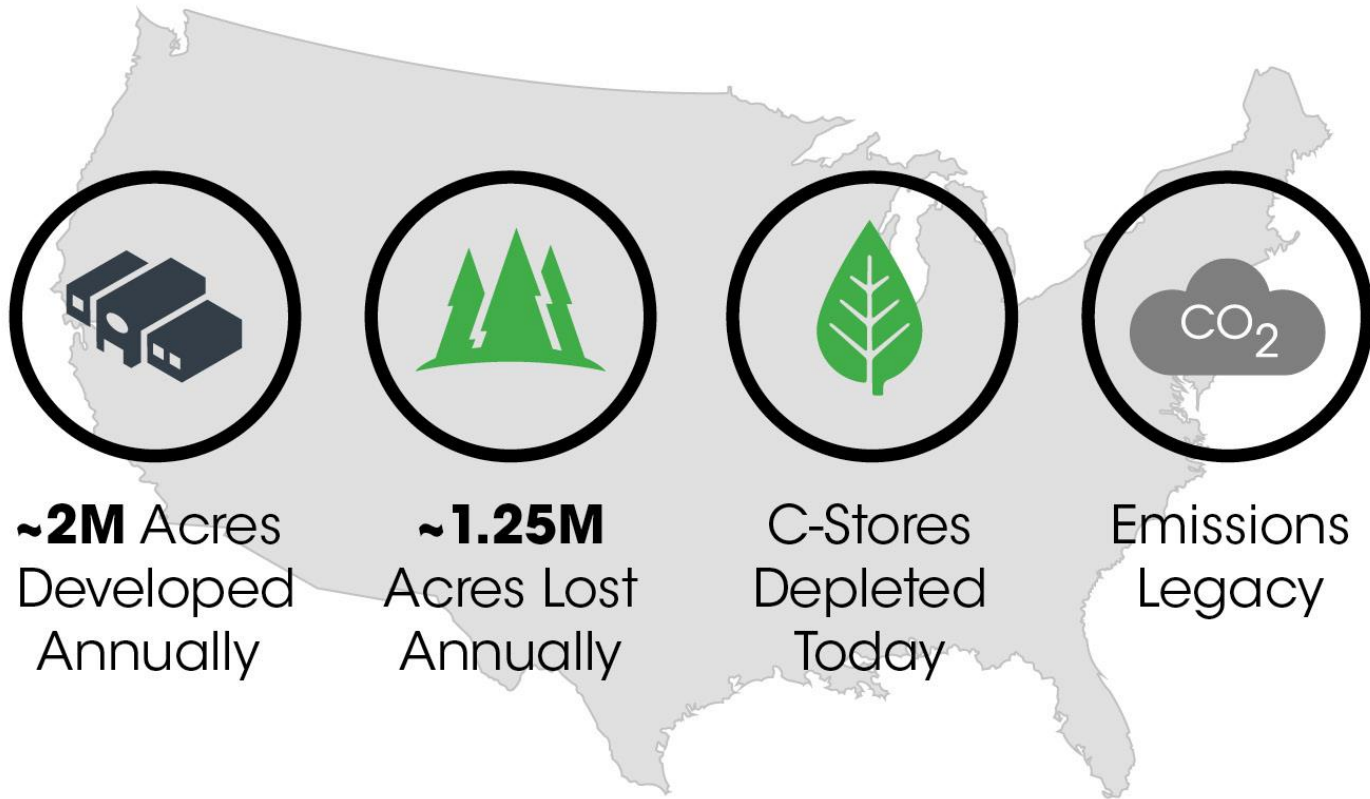
15-17%
of global CO₂



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U.S. LOST ACRES AND VOLUME



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Forest loss is not limited to the tropics



*USDA finds our forests are a leaky sink.
1.5 million acres lost annually to development 1990 - 2005.
Additional loss of projected 34 million acres by 2060 would
lead to emissions of 2 billion mtCO₂e.*

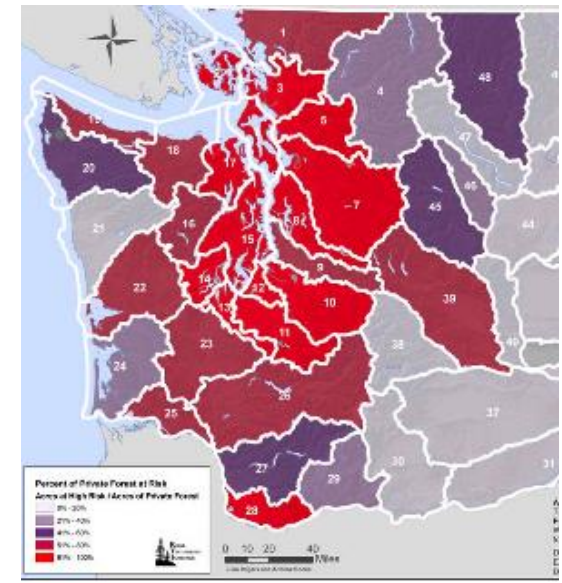
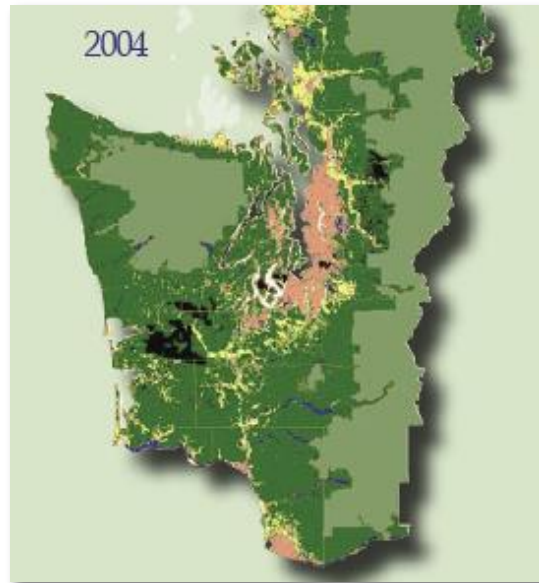


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Forest Loss and Urban Growth

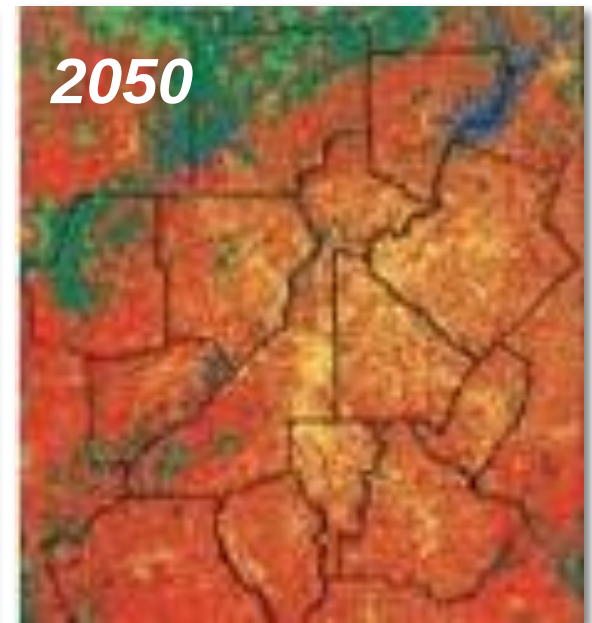
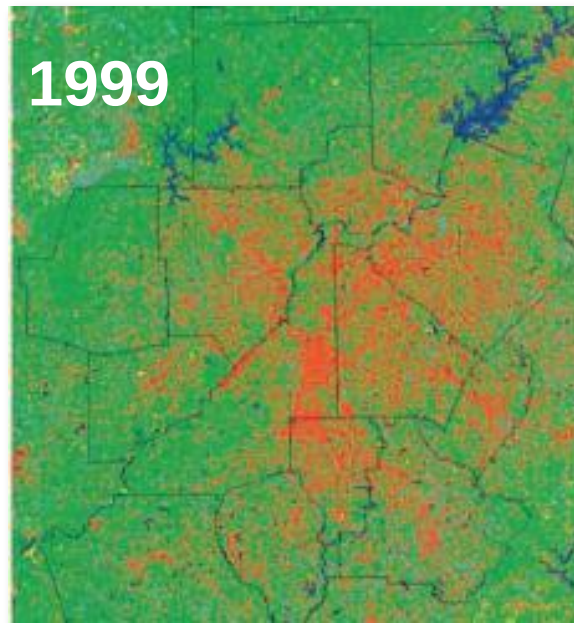
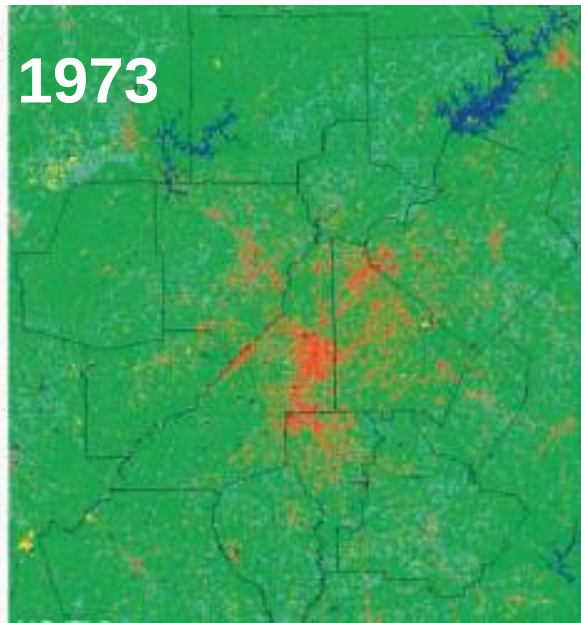
Puget Sound, Washington



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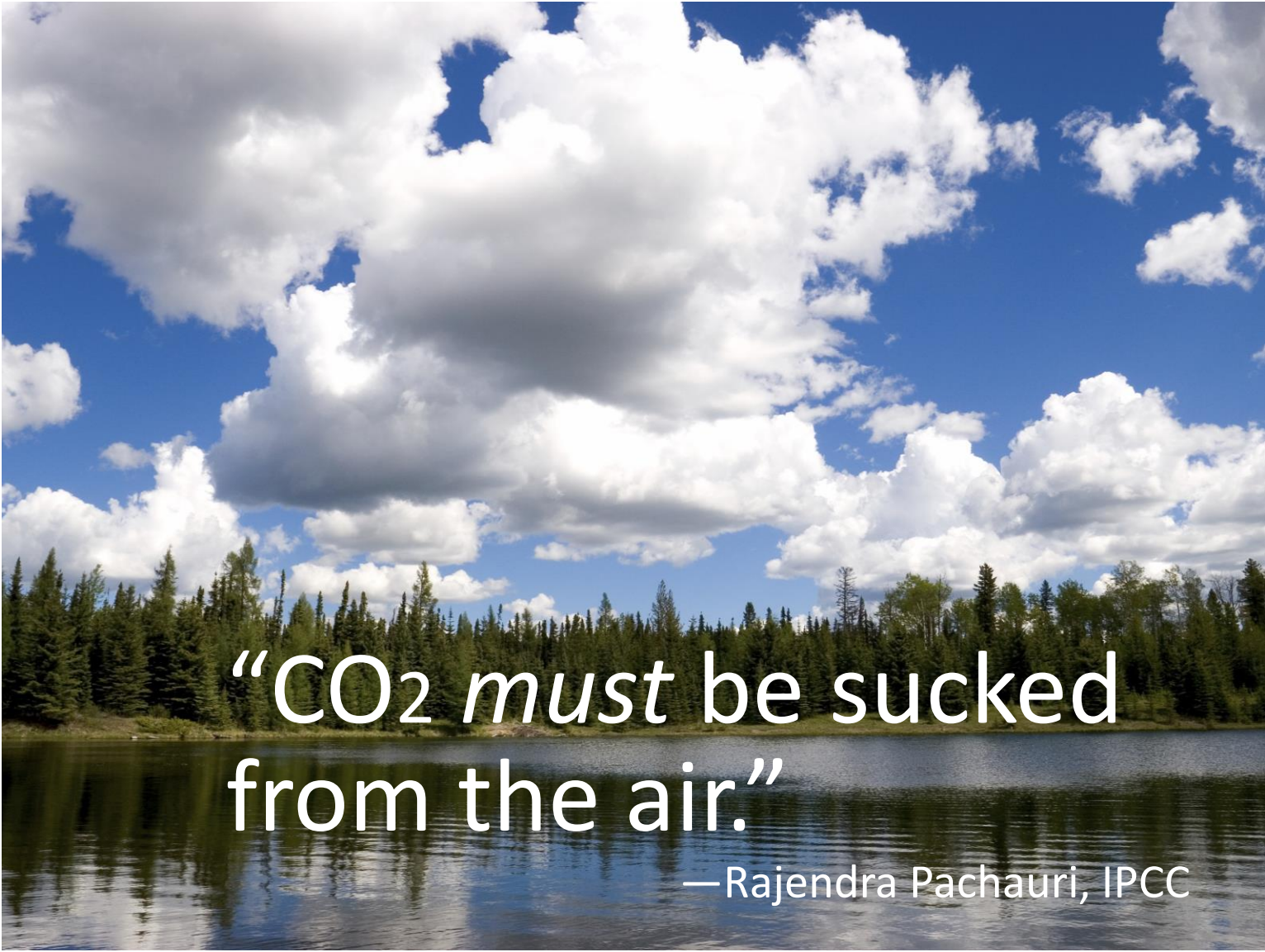
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Forest Loss and Urban Growth Atlanta



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“CO₂ *must* be sucked
from the air.”

—Rajendra Pachauri, IPCC



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Forests are the
largest, most secure
and expandable
carbon sink

BIO TECH

- The climate crisis cannot be solved without increasing forest sequestration
- Great opportunities in temperate forests to leverage under utilized biological capacity



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REDUCE



RESTORE



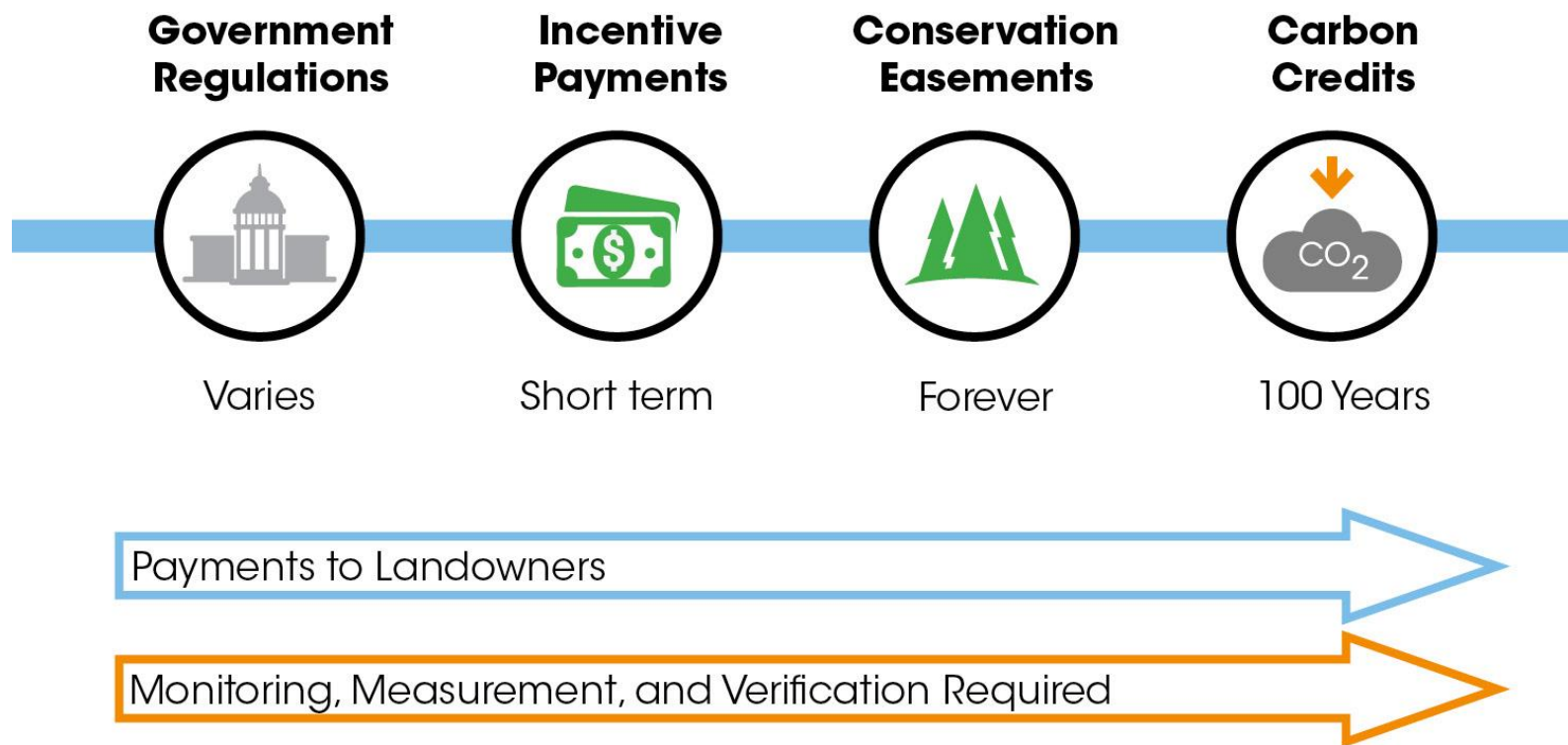
REFOREST



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FOREST SECTOR CLIMATE GAINS



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So just what happened in California?



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California Global Warming Solutions Act of 2006 – AB32

- Requires reduction of GHG emissions of 15% from 2012 levels by 2020 – *80% by 2050*
- California Air Resources Board is lead agency
- Various methods: regulation of auto emissions, energy efficiency, renewable energy, etc.
- Uses cap and trade with offsets for large sources
 - Phasing in - by 2015 includes 85% of emissions
- Allows forest offset projects from anywhere in the lower 48 states (private, non-federal lands)



GHG polluter pays: a new source of finance for climate solutions

- Revenue from sale of emissions allowances
- New funding for conservation easements, forest resilience and “climate friendly” forestry
- Development and sale of offsets pay landowners to manage for increased stores

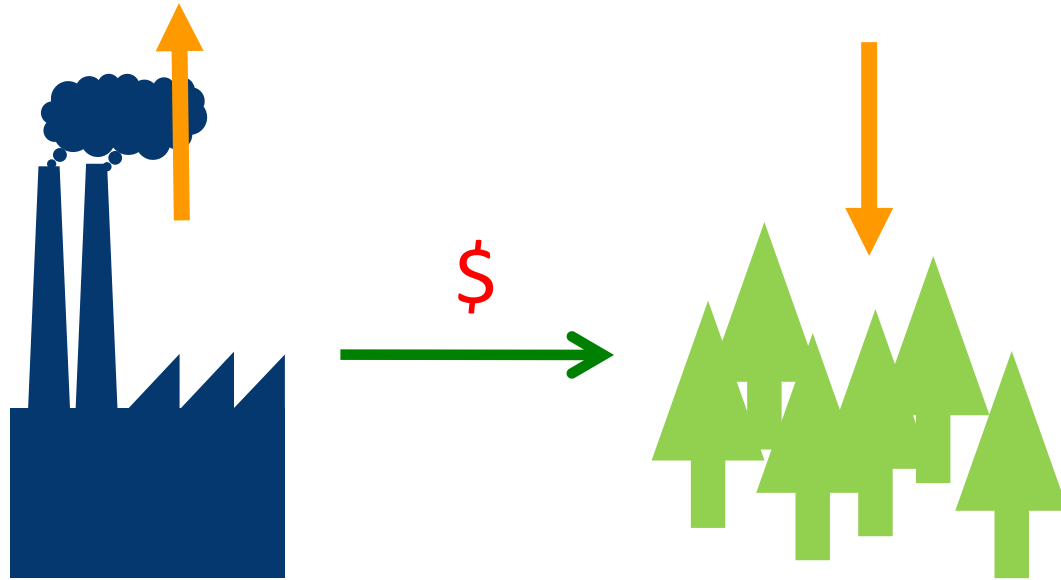


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What is a Carbon Offset?

A reduction in CO₂ emissions (or increase in sequestration) achieved to compensate for emissions allowed somewhere else



What is a Carbon Offset Project?

- A carbon project has site-specific activities that produce quantifiable climate benefits
- ARB approved: Forestry, Urban Forestry, ODS, Livestock Methane, Coal Mine Methane + more
- A forest project either increases sequestration or decreases emissions



ARB Forest Offset Project Types

Improved Forest Management

Conserving or growing older forests, increasing productivity

Reforestation

From converted farmland or after a fire

Avoided Conversion

Stopping the bull dozer in its tracks



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THE FOREST CARBON CYCLE

Creating Emissions

CO₂ Emissions & Transfers from Typical Clear-Cut Timber Harvest



32.5% released into atmosphere within 5 years as fine debris decays



32.5% transferred into wood products (2%/year avg. decay)



35% remains as stumps, roots and coarse debris decaying over time

CO₂ Emissions from Forest Loss & Development



After final development, potential for future carbon stores is minimal

Reducing Emissions

Strategy 1:

Prevent forest loss from conversion and sprawl



Strategy 2:

Conserve and manage for older forests



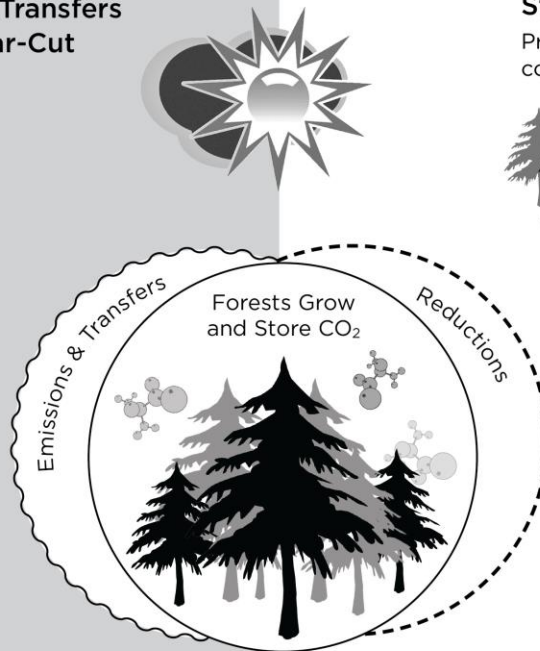
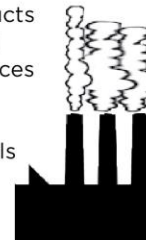
Strategy 3:

Restore forests where they have been converted to other uses



Strategy 4:

Use wood products in place of fossil fuel energy sources and more CO₂-intensive building materials



CO₂ Storage in the Forest

90% in trees and woody material
10% in organic soil layer

Trees and other forest vegetation grow in height and diameter by absorbing CO₂ from the atmosphere and transforming it to wood (carbon) through photosynthesis.

Forest
Carbon
Accounting
is complex
Accounting
must
capture full
cycle –
Gains,
Transfers,
Losses

Key Offset Characteristics

Additional

Climate benefits are above and beyond “business as usual” baseline of reductions that would have happened anyway

Real, Measurable and Standardized

A project must be able to rigorously measure and carefully calculate climate benefits using consistent standards

Verifiable

Accuracy can be confirmed by independent 3rd party

Permanent

The project reductions must be enduring and equivalent (to the atmosphere) to the emissions the project is offsetting

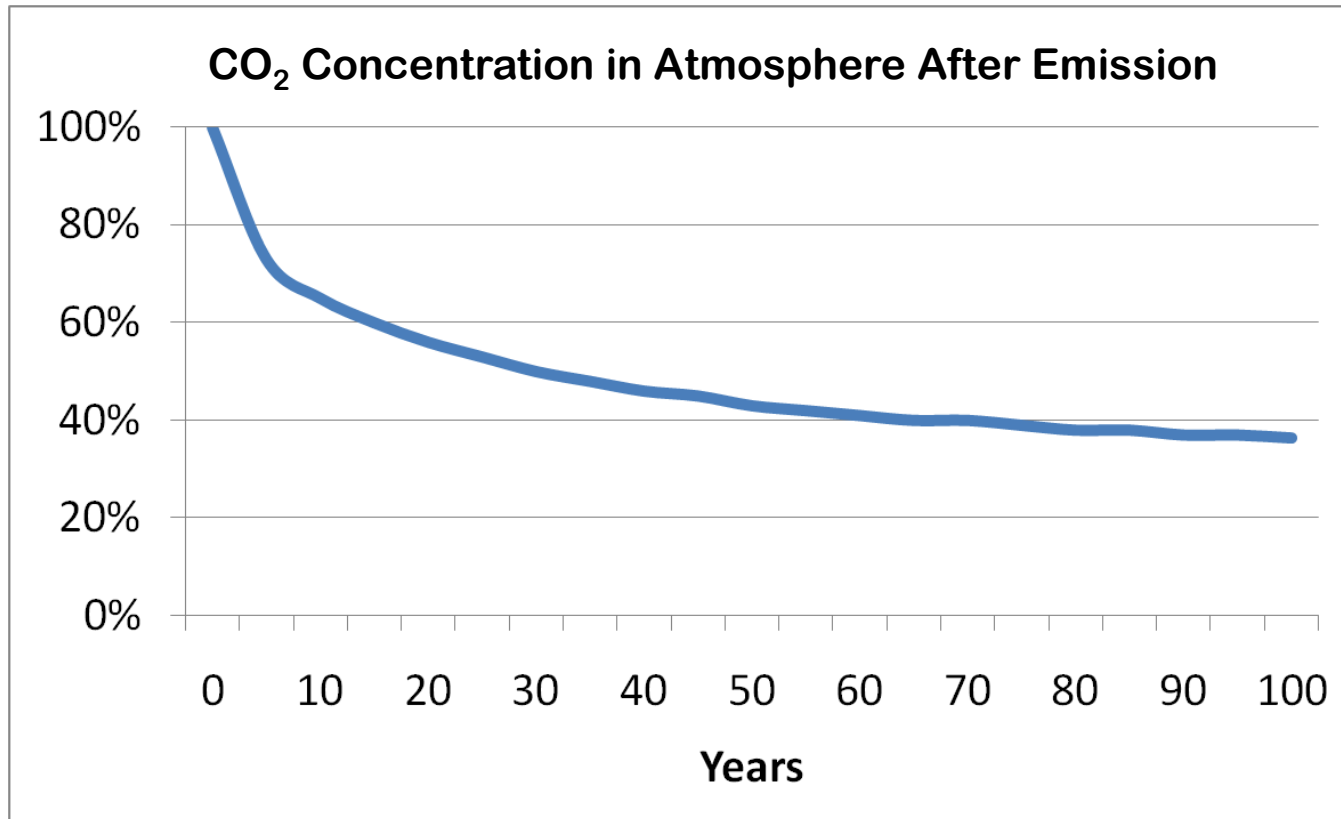


Additionality – *As compared to what?*

- All forests store carbon
- But not all forest carbon is “additional” to atmosphere
- Baseline establishes point of comparison
- Considers average stocks in area and over time under “business as usual” management
- Above-average stocks = credit
- Growth above starting stocks = credit



Why *Permanent*?

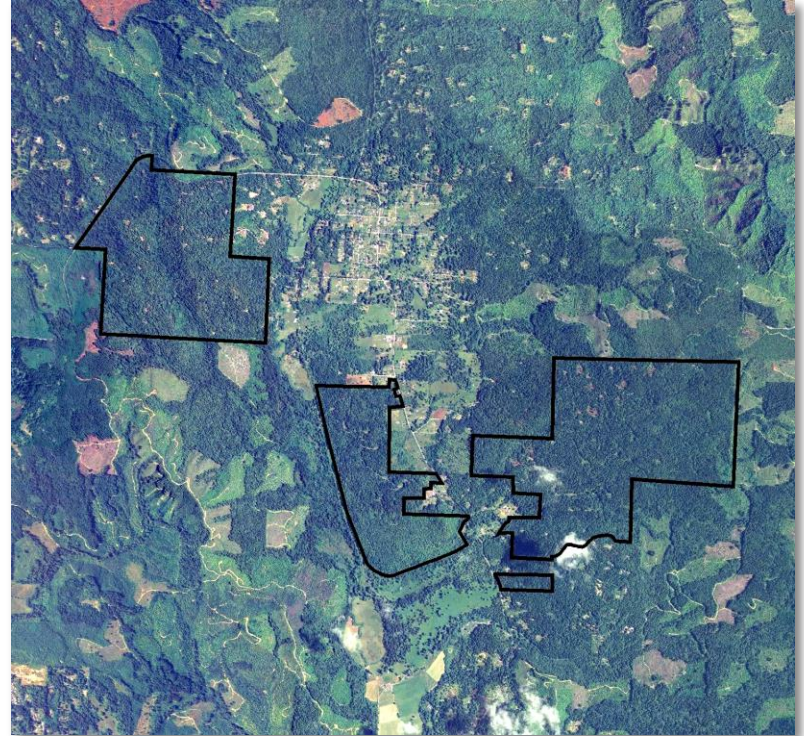


Some of the CO₂ being offset remains in our atmosphere for thousands of years



The Van Eck Forest Project: The pioneer

- 2,200 acres of working redwood forest in Humboldt County, CA
- Will reduce 500,000 tons of CO₂ over 100 years
- Prevents over harvest of carbon rich forest and assures harvest is always less than growth
- Secured with working forest conservation easement



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Van Eck “carbon forestry” benefits whole ecosystem

Wood, water
and wildlife



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Forest carbon credits have evolved to become real climate solutions

- Creating a new product out of thin air isn't easy
- Emerging from experimental, wild west stages
- More rigorous quantification standards to meet regulatory needs for GHG reductions
- The Holy Grail for valuing forest ecosystem services?



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Questions?



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