



TO: Regional Greenhouse Gas Initiative Staff Working Group
FROM: Tom Gilbert, Director of Eastern Forest Conservation &
Ann Ingerson, Research Associate, The Wilderness Society
DATE: May 22, 2006
SUBJECT: Comments on RGGI Draft Model issued March 23, 2006

Our comments primarily pertain to the use of forest-based offsets, section XX-10.5(c) on pages 109 through 116 of the Draft Model Rule. Our primary concern is to ensure the quality of afforestation offsets to ensure that they are real, surplus, verifiable, and enforceable. As this program will likely set a precedent for other regions, and perhaps for the nation, for the design of greenhouse gas cap-and-trade programs, we believe it is important that afforestation projects meet the highest environmental standards practicable, and that future opportunities to consider additional offsets for forest management and conservation be included.

Purpose for Offsets

XX-10.1, p. 84

We recommend adding language indicating that **forest management and forest conservation projects will be considered as additional offset types in the future**, and defining a **process for adding new offset types**. Though the initial Model Rule for the Regional Greenhouse Gas Initiative will accept only afforestation projects within the forest offsets category, we believe that other forest offset types have considerably more potential in our region. The RGGI rule will serve as something of a model in other regions and perhaps nationally, so we highly recommend including wording in the Rule indicating that these offset types will be considered in Rule revisions in the near future. A clear indication that RGGI intends to consider these offsets in the future will encourage additional research to answer remaining questions about these offset types. We also urge that the “five point principle” that offset projects must be “real, surplus, verifiable, permanent, and enforceable” be incorporated in the XX-10.1 Purpose section of the Model Rule.

General Requirements

XX10.3(e)

We recommend extending the standard term for **forest-based offsets to 20 years**, renewable for at least a second 20-year term. A ten year term, renewable for a second 10-year term, is appropriate to most offset projects that sequester fairly constant amounts of carbon annually. Accounting for forest-based projects, particularly afforestation projects, should be over the life-cycle of the trees planted. Sequestration amounts will be relatively low during the first 10 years, but will increase rapidly as stands reach pole size.

Eligibility

XX-10.5(c)(1)(iii) p. 110

We applaud the inclusion of a **sustainable forest management standard** for afforestation projects. We suggest that the definition of sustainable forest management found at (c)(5)(ii)(c) pp. 115-116 - “in accordance with environmentally sustainable forestry practices consistent with the Forest Stewardship Council (FSC) and/or Sustainable Forestry Institute [should be *Initiative*] (SFI), or such other similar organizations as may be approved by the

REGULATORY AGENCY” - be included in the list of definitions in XX-1.2, pp. 4-18. We believe this requirement assures that forests planted under this provision will not be managed in a way that damages other important environmental values, and the “equivalency” provision provides enough flexibility that the requirement will not become a serious obstacle to landowners offering afforestation offsets.

We would like to see an additional requirement that only **native species** plantings are eligible, as these plantings are most likely to provide important secondary environmental benefits. The California Climate Action Registry Forest Project Protocol was developed by a broad group of lead organizations and was subject to intensive review, and should be used as a model for other programs. This protocol requires that all forest-based offsets maintain “native tree cover”.

Carbon sequestration baseline determination

XX-10.5(c)(3)(i), pp. 110-111

We encourage the inclusion of **standing dead organic matter and coarse woody debris as required carbon pools** rather than optional ones. These are important ecosystem components, and carbon offset sales should not encourage practices that clear the soil of coarse debris or remove snags to minimize tree planting costs. Adding these sampling elements to an inventory of live tree and soil carbon would not be excessively burdensome. If the final rule retains the requirement that projects meet sustainable forest management standards equivalent to SFI or FSC, however, then soils and woody debris will be protected to some extent by these standards, making explicit monitoring of soil carbon and woody debris less critical.

Calculating carbon sequestered

XX-10.5(c)(4)(iii), pp. 115

We believe that a 20% discount to allow for potential carbon losses from forest offset projects is excessive, given the requirements to monitor and verify carbon pools. A **10% discount** would be sufficient if permanent easements require maintenance of end-of-contract forest volume (see Permanence below).

Monitoring and verification

XX-10.5(c)(5), p. 115

As forest carbon stocks generally change slowly in the absence of major natural disasters or drastic management action, we would support an option for offsets providers to use models or look-up tables to estimate carbon sequestered during the contract period (currently ten (10) years, as specified at (XX-10.3(e), p. 93; we recommend twenty (20) years). Under this option, however, direct measurement of all carbon pools should be required to **verify carbon sequestered at the end of the contract term**, with sampling requirements as described for the baseline at XX-10.5(c)(3)(v), pp. 112-113. If direct measurements show a shortfall compared to models or look-up tables, the offsets provider should be required to **compensate for that shortfall** through purchase or on-site provision of additional offsets.

Permanence

XX-10.5(c)(6) p. 116

We support a conservation easement that requires permanent forest cover, but even an easement does not guarantee permanence of the carbon storage purchased by an offset contract, particularly when the draft Rule defines forest cover as only 10% stocked or 5% crown cover

(XX-10.2(q), p. 87). The easement should require **maintenance of forest stocking** at a level equal to that at the close of the offset contract. Though this requirement may appear overly restrictive, bonding or insurance mechanisms to cover natural disasters already exist in connection with European carbon markets, and such services would likely be extended to the RGGI region.

Thank you for the opportunity to comment on this critically important initiative.