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Mr. Jason Denham  
New York Department of Environmental Conservation  
Via e-mail: [jpdenham@gw.dec.state.ny.us](mailto:jpdenham@gw.dec.state.ny.us)

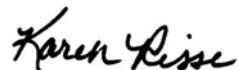
Dear Mr. Denham:

During a recent conversation with Christopher Sherry, Chair of the RGGI Offsets Staff Working Group, we learned that not all offset guidelines are likely to be developed by the publication date for the April 2005 Model Rule. We also understand, however, that development of offset provisions is likely to continue after April 2005 well into the two year implementation period. As a forest products company we have a sincere interest in the development of practical, environmentally sound offset rules for all types of projects but most importantly forest carbon sequestration projects.

Because of our interest in this area we are offering the following comments and suggestions on the elements of a forest carbon sequestration rule. We would also like the opportunity to comment and participate as the offset program moves forward in the coming months. We have given the topic a lot of thought and have solicited input and ideas from our top forestry managers, and we would like the opportunity to discuss these ideas with you further.

Thank you for your effort in this important endeavor and we look forward to working with you on the development of a quality carbon offset program.

Sincerely,



Karen Risse

cc: Christopher Sherry, NJ DEP, Offsets Working Group Chairman  
Douglas Stilwell, IP, International Programs Manager

## International Paper Comments to RGGI Program on Forest Carbon Sequestration Offsets

### Forest Carbon Sequestration Project Principles

- Forest carbon sequestration **project rules** should not be (need not be) more complicated than other types of rules such as water and air quality rules. Forest carbon sequestration offsets can be administered successfully depending on the construction of the standards and the clarity of the top down determinations of additionality.
- **Leakage** issues for forest carbon sequestration may be regional, national, or global. Because of the extreme difficulty in anticipating and measuring leakage, we believe that this issue is best addressed with a discount factor approach. Also, discount factors specific to a U. S. based program should consider the history of carbon inventories in this country which have been increasing over the last century and are expected to continue increasing. Based on our knowledge of U.S. land-use and fiber supply we do not believe that leakage will be significant for any carbon sequestration project of the size and scale likely to be developed in the U.S.
- **Additionality** may be assumed under the following situations such that extra efforts to describe how or why the project is not business-as-usual are not necessary.
  - 1) A project commitment to permanence is not a business-as-usual activity (except under limited circumstances such as Parks, Conservation Areas, and Wilderness), especially under the long time horizons expected under a GHG offset program. Project developers should be required to commit to re-establishment in the event of catastrophic loss anytime during the project life-time. If re-establishment is not possible, project developers must alternatively be prepared to reimburse credit recipients with emission reduction credits or other sequestration offsets.
  - 2) Commitment to minimum carbon inventory levels is not a business-as-usual strategy. Forests have been managed using many techniques including: clearcutting, partial cutting, selective cutting, high grading, shelterwood, and seed tree. They have also been managed for various attributes such as watershed protection, wildlife habitat, aesthetics, timber production, pulpwood, firewood, cash flow, as long term stable investments, and for maximum profit. But never have forests been consciously managed to maintain a carbon balance. Commitments to manage, maintain and measure minimum inventory levels for sequestration cannot be considered a business-as-usual strategy.
  - 3) Additionality claims for project commitments or permanence should also apply to changes in land-use and forest type. Establishment of a forest, even by passive means is an expensive commitment of land, people, and other resources. The rate of carbon uptake is greatest the higher the investment. With an abundant and growing supply of fiber in the US it should not be considered business as usual to spend the money to start a new forest where one has not existed historically. Likewise there is always greater risk and higher expenses when trying to change land uses. Neither of these should be considered business as usual, because perpetuation of the status quo is virtually always biologically and silviculturally more simple.

- Project rules for carbon sequestration should not prescribe overly detailed **technical rules for measuring forest carbon**. Many well recognized methods exist for such measurements in forestry literature or in recent studies (e.g. Winrock International remote sensing approaches). Many of the techniques are adequate for determining carbon sequestration although some may be more appropriate or affordable depending on the type of project and/or its location. The adequacy of the carbon estimates should be based on other principles such as:
  - minimum accuracy requirements with discount rates
  - auditor verification of approach and carbon estimates
  - inclusion of basic carbon pools as defined by the rule.
- There are many **forest sequestration project types** that should be considered. While afforestation and reforestation are the most obvious of project types, significant carbon benefits may be gained from various forest management projects. These may include fertilization, plantation species conversion, or natural forest type conversion. The practicality of developing rules for these types of projects should not be more onerous or difficult than other more familiar project types.

### Other Project Principles

Many aspects of the rule advocated below can and should apply to most carbon offset project types not just forest carbon sequestration projects. Due to the long-range commitments for forest carbon, however, these issues should not be over-looked.

**Project “Responsible Party”** - The rule should also state the applicable qualifications for financial assurance or insurance for reestablishment in the event that the project is lost and must be re-established or replaced with other credits from the market.

**Applicability** – Geographic, timeframes, minimum acreages, etc. should be clearly defined in the rule. Geographic applicability to the cap region only will greatly diminish carbon offset opportunities, therefore the a cap should include as wide a region as possible keeping oversight issues in mind.

**Discounting** – Discounting should be used to address areas of uncertainty rather than requiring high levels of sampling to meet stringent uncertainty criteria. Discounting may be applied on a sliding scale to meet the objectives of the program. Discounting may also be appropriate for projects where leakage is expected. A discounting approach may be less expensive and more appropriate than an intricate program of leakage monitoring as is currently proposed in some protocols.

**Severance criteria** - A forest carbon sequestration rule should allow for legal severance without penalty if replacement of credits is provided through emission reduction credits or other sequestration credits.

**Auditor qualifications** - For auditing and verification of forest carbon offset projects it is recommended that the RGGI program rely heavily upon already recognized audit certification programs such as ISO, FSC, SFI, and/or existing state certification programs. Auditors qualified to evaluate forestry practices and inventories under these other well recognized schemes should be recognized for RGGI offset verification as well. Separate certification standards will increase the burden on RGGI states and could create a bottleneck in available auditing resources.

**Authorizing government entity** The rules should state clearly who the authorizing entity is. It is recommended that only one entity be authorized for offsets in the RGGI region. State-by-state authorization or registration would significantly increase resource requirements and reduce market certainty for the offsets market. This same entity should be given the authority to directly authorize registration of the project. (i.e. a minimum of administrative steps is a must.)

**Timeliness for project approval** To ensure success of the program, there should be a statutory time frame for approval (or denial) of the project by the reviewing authority.

**Recordkeeping Requirements** The rule should state the basic expectations of types of records to be kept by the project owner. The should not be overly prescriptive but list categories of information to kept where applicable to a given project scenario.

**Project registration** - All projects should have an initial registry following approval by the authorizing agency. This will allow for public recognition of the project and market knowledge of the availability of credits from the proposed project activity at each stage of implementation. This first step is critical for all offset projects, but is especially critical for forest carbon sequestration due to the long time-frame for project development, establishment and maintenance. A registration should also include a “final” registry step which reflects verification of the target forest carbon inventory volumes. One interim registry step or verification step may also be desirable.

For example:

**Project Number: 1234**

Registry Step One:	Registry Step Two:	Registry Step Three:
Project Approved <input checked="" type="checkbox"/>	Interim Verification Complete <input checked="" type="checkbox"/>	Final Verification Complete <input checked="" type="checkbox"/>
Number of Expected Credits _____ tons CO <sub>2</sub> e	Number of Verified Credits _____ tons CO <sub>2</sub> e	Number of Verified Credits _____ tons CO <sub>2</sub> e

**Project description requirements** This list includes possible types of information to be included in the project plan and should be listed in the rule to avoid uncertainty. Where possible, predefined timeframes should be stated, as in the case of vegetation history to avoid subjectivity in the process.

- Location and size
- Project length/term
- Land owner/project developer, etc.
- Vegetation history with defined historical time frame (e.g. 25 years)
- Objectives for afforestation/reforestation/forest management
- Project development timetable
- Baseline carbon estimates

- Forest/project management (as applicable)
  - Target volumes, inventories, type, etc.
  - Conservation
  - Thinning
  - Harvesting
  - Inventory “minimums”
- Carbon measurement techniques
- Audit and verification plan
- Statement of accuracy goals in measurement/verification
- Leakage assessment
- Re-establishment plan