



TO: RGGI Staff Working Group  
FROM: Tom Gilbert, Director of Eastern Forest Conservation, The Wilderness Society  
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DATE: September 20, 2005  
SUBJECT: Forest Conservation Options under the RGGI

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Throughout the Northeast, forests are being converted to development at an alarming rate with this trend expected to continue for the foreseeable future. A recent report by the USDA Forest Service, "Forests on the edge: housing development on America's private forests," projects that 44.2 million acres of private forests, particularly in the East, are likely to see dramatic increases in housing development in the next three decades. The release of carbon and loss of carbon sequestering capacity that occurs as forests are cleared and converted to development threatens to undermine the effectiveness of the RGGI. Forest conservation would reduce the release of carbon just as would reduced power plant emissions and would ensure that emissions reductions are not diminished by carbon release and the loss of carbon storage capacity from forest conversion in the region.

State and local governments throughout the Northeast are struggling to prevent the rapid development of forests and the increasingly volatile ownership of industrial forestlands in the region could result in vast acreages of forestland coming on the market and becoming vulnerable to development. Existing federal, state, local and private sources of funding to conserve forestlands threatened by development are not sufficient to address this challenge given the cost of land and pace of development.

Though The Wilderness Society has not formally participated as a stakeholder in the development of the Regional Greenhouse Gas Initiative, we have reviewed the August 24, 2005 proposal of the Staff Working Group and would like to present several options for addressing forest conservation through the RGGI. We are limiting our comments specifically to this issue and defer to and support our colleagues from other environmental advocacy organizations who have been formal stakeholders in the process regarding the broader scope of the RGGI.

### **Options for Addressing Forest Conservation through the RGGI:**

1. Strategic Carbon Fund- Forest conservation could be an eligible use of funds allocated to the Strategic Carbon Fund, especially conservation of large blocks of forestland threatened by development that have regionally significant carbon sequestration capacity. Conserving such lands through state acquisition or purchase of development rights would clearly be an added environmental benefit and would foster carbon sequestration beyond that required to achieve the cap, a stated goal of the Strategic Carbon Fund.

We agree with our environmental colleagues that leakage, or growth of emissions outside the region as a result of the RGGI, should be prevented from the outset. The Strategic Carbon Fund should be used to achieve truly added environmental benefits and verifiable carbon sequestration within the region over and above the cap.

2. Public Benefit Allowance- Forest conservation could be added to the list of public benefits purposes that states may choose to allocate some portion of their 20% allowance for public benefits towards. To ensure that ratepayer assistance and energy efficiency are the primary focus of these funds, states should devote public benefit allowances towards forest conservation only if a forestry project produces verifiable carbon reductions and also lowers total compliance costs.

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Allowing states to dedicate a portion of the Public Benefit Allowance to forest-based sequestration can lower compliance costs for utilities and thus ultimately for consumers.

Forest conservation measures funded through the public benefit allowance could also be required to demonstrate energy efficiency benefits, such as maintaining forest cover that might reduce heat island effects due to excessive paving, thus reducing demand for electricity as effectively as more traditional investments in insulation or efficient cooling equipment. We agree with our environmental colleagues that generators should pay for a greater share of their allowances.

3. Forestry Offsets- We applaud the inclusion of afforestation as an accepted offset mechanism, and of sustainable forestry management as a priority for future offsets. We suggest that forest conservation (preventing deforestation and conversion of forest to developed uses) should be included with forest management as a priority for future offsets. A forest conservation offset standard might require a project to demonstrate that purchase of forested acreage forestalls certain liquidation or conversion, with its resulting immediate carbon release and loss of future sequestration services.

We agree with our environmental colleagues that a greater share of carbon reductions should be achieved through emissions reductions rather than through the level of offsets proposed. We believe, however, that offsets can increase flexibility and lower compliance cost, and thus increase support from both utilities and consumers.

Thank you for the opportunity to comment. We would be happy to discuss these ideas further with RGGI Staff Working Group members and stakeholders. We can be reached as follows:

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