

A summary of the seventh meeting of the ODF Forest Carbon Stakeholders Working Group - Monday April 7, 2008 in Portland, OR.

Present: Jay Morey – ODF, Jim Cathcart – ODF, Cameron Smith – Oregon Governor's Office, Mike Schnee – Michael Schnee Consulting (Facilitator / Mediator), Steve Bernath – WA Dept. of Ecology, Linc Cannon – OFIC, Adrian Miller – WFPA, Debora Munguia – WFPA, Steve Brink – CFA, Mike Gaudern – OSWA, Mark Copeland – OSWA Advisor, Scott Zimmerman – Oregon Woodland Cooperative, Ralph Saperstein – Conkling, Fiskum & McCormick, Keith Balter – Forest Capital Partners, W. Ray Jones – Roseburg Forest Products, Jake Gibbs – Lone Rock Timber Company, Greg Miller – Weyerhaeuser, Wade Mosby – The Collins Company, John Audley – The Nature Conservancy, Bettina Von Hagen – Ecotrust, George Schunk – Ecotrust, Sara Vickerman – Defenders of Wildlife, Gina Larocco – Defenders of Wildlife, Evan Smith – The Conservation Fund, and Hal Salwasser – OSU

Via Conference Call: Rachael Katz – Pacific Forest Trust, Emily Russell-Roy – Pacific Forest Trust, and Gabe Petlin – 3 Degrees Energy

WCI Offsets Sub-committee Update:

Cameron Smith provided an update on a workshop meeting held March 27-27 in Vancouver, BC sponsored by the WRI in which the WCI Offsets Sub-Committee was invited to participate in.

Some Key Topics covered at this meeting included:

- There are still some questions the offsets sub-committee has around the complexities involved with forestry.
- The offsets sub-committee was able to hammer out some very general recommendations around forestry including:
 - (1) A general support for offsets to cap and trade
 - (2) Reducing costs to program participants.
 - (3) Encourage innovation from sources not covered by cap and trade.
 - (4) Offsets should focus throughout North America.
 - (5) Linkage to other systems is a key aspect to avoid double counting.
 - (6) There will most likely be some limits on offsets, no percentage has been determined due to uncertainty of how tight the cap is.
 - (7) Offsets should be of high quality.
 - (8) The administration structure could be regional, state, both, or also include private partnerships.
 - (9) Registry system of offsets could be either public or private?
 - (10) Unintended consequences should be considered and avoided.
- Some group members who had attended the meeting expressed they didn't feel the speakers and presentations concerning forestry had been well balanced.
- In terms of the WCI, there is generally a good feel and appreciation for the group's work. The offsets sub-committee recognizes the time and energy the group is expending on the hard thinking to form agreement on these tough issues.

Educational Presentation by Steve Brink from the California Forestry Association:

- Steve gave an informative presentation on the main differences between the California Climate Action Registry (CCAR), Chicago Climate Exchange (CCX), and Voluntary Carbon Standard (VCS) protocols.

Discussion on Baseline:

Dialogue continued from last meeting on the issue of baseline.

- The question was brought up about non-biological emissions and whether or not they are being taken care of elsewhere in the WCI? Most group members weighed in that the

issues of electricity, fuels, chemicals, etc. are being addressed elsewhere within the WCI Sub-Committees.

- Investment in silviculture can dramatically change carbon sequestration. Most every forest landowner has an inventory today, where a baseline is set will have a dramatic effect on how the property owner will manage the land.
- Carbon is not going to drive management at current price; there should be rewards for past management that has created carbon sequestration and storage.
- Regardless of baseline, sound carbon accounting will decide if credit is appropriate.
- Offsets should not incentivize reduction in carbon in the short term.
- A baseline that encourages a surge in carbon reduction is not desirable.
- There may be a need for two types of systems, one for small landowners who will have to aggregate their carbon and one for larger landowners who can sell carbon on their own.
- Several approaches can be taken on baseline including Business As Usual (BAU) versus projections, and inventory (average or time of registration).
- An inventory approach is date and time based, simple, verifiable, lends itself to large scale, can be forecasted, and is “real” carbon.

The group felt we had good discussion on baseline, and we should continue on this issue to really hammer it out, since it will be more useful to get detailed agreement rather than briefly touch on multiple design elements and principles in the time remaining we have in our recommendation process. Mike Schnee, Jay Morey, Jim Cathcart, and the drafting sub-committee will put together a plan and agenda to devote significant time to finishing this topic next meeting. We have a collection of thoughts on baseline, however, no real recommendation yet. The plan is if we can accomplish agreement and work through an issue as difficult as baseline then we can work through the rest of the issues with greater ease and timeliness.

Discussion on Co-Benefits:

- There was general feeling amongst the group that co-benefits are good for both the environment and economy, the difference of opinion centers around whether they should be a voluntary or regulatory addition to potential carbon credits trading.
- Numerous group members expressed co-benefits packaged with carbon credits makes sense in a voluntary market. Under a regulatory type market they should be sold separately as a stand-alone component.
- Quantifying co-benefits is very difficult, thus possibly better for the voluntary market. Gabe Petlin from 3 Degrees Energy said there is certainly a market out there for environmental co-benefits and some clients are willing to pay extra for carbon credits with co-benefits attached.
- Co-benefits can certainly make carbon trading more appealing politically and should be mentioned in recommendations. They can certainly be selling points to some carbon buyers.
- It is extremely important to consider perverse outcomes or “unintended consequences” of what can happen elsewhere due to a project being implemented.
- Any approach to co-benefits should be cautious, since loading many complex components into selling carbon could create more encumbrances in landowner participation. Focus on reduction of greenhouse gases, the atmosphere doesn’t care about other stuff.
- Economic co-benefits for our region are very desirable.
- Some carbon projects are so intensive with carbon they offer no environmental co-benefits such as biodiversity (i.e. overstocked mature forest with no understory vegetation).
- Co-benefits can be divided into two tiers, one as the co-benefits of keeping forests in forests, and the other with biological benefits.
- An inventory approach is date and time based, simple, verifiable, lends itself to large scale, can be forecasted, and is “real” carbon.

Discussion on Strategic Investment in the Ecosystem Marketplace:

- The ecosystem marketplace consists of easements, taxes, conservation easements, and land use laws.
- Really four major forms of trading or marketing currently. Wetland Mitigation Banks, Conservation Banking (ESA), Water Quality Trading, and Carbon. These are very hard to do alone. We should look at how we invest in such programs (i.e. money wasted on wetland mitigation with no real ecological benefits). These types of environmental benefits could be bundled together and sold, making better use of dollars and producing meaningful environmental benefits.
- If we are smart we can achieve better use of our dollars when investing in environmental projects. Investment should be encouraged in priority areas.
- This is an issue that extends far outside of this groups focus on the offsets sub-committee but could provide some additional value to the WCI as a whole.

The group felt intrigued by this discussion and wanted to see something in writing. Sara Vickerman and John Audley will work on putting together some thoughts and recommendations in writing on strategic investment to share with the group at the next meeting.

When: Monday April 21, 2008 from **9:00 am to 4:00 pm** with a brown bag educational presentation (*Gabe Petlin* from *3 Degrees Energy* via conference call) from 12:00 pm to 1:00 pm

Where: Portland – DEQ Building (Commission Room) at 811 SW Sixth Ave Portland, OR 97204.
[See the Google link below for maps and directions.](#)

<http://maps.google.com/maps?f=q&hl=en&geocode=&q=811+SW+Sixth+Ave,+portland,+or&sl=37.0625,-95.677068&ssp=31.646818,59.238281&ie=UTF8&ll=45.519835,-122.679005&spn=0.006826,0.014462&z=16&iwloc=addr>

Future Meetings Scheduled:

When: Mondays May 5th from 9:00 am to 4:00 pm and May 19, 2008 from 1:00 pm to 4:00 pm with a brown bag educational presentation (topics and speakers TBD) from 12:00 pm to 1:00 pm

Where: Portland – DEQ Building (Commission Room) at 811 SW Sixth Ave Portland, OR 97204.

Jay C. Morey

Forester - Astoria District - Sunset Unit

Chair - Astoria District Safety and Wellness

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