

Forest Sector Workgroup Status Update

July 7, 2008

Workgroup Goal

As described in its charter (see attached), the workgroup is focused on:

- Defining the role of Washington forests in achieving Washington greenhouse gas goals, consistent with E2SHB 2815 and with consideration of “most promising” CAT strategies in the forestry category.
- Identifying an appropriate range of potential forest project types that may be suitable for consideration within one or more market-based systems
- Agreeing on design elements for each forest project type enabling consideration within one or more regional or other multi-sector, market-based systems, including robust measurement, accounting, and verification systems.

Focus/Priority Area(s)

The workgroup has identified three top priority *project types* for consideration: (1) avoided conversion of forest to non-forest land use, (2) commercial forest management, and (3) afforestation/reforestation. See the attached conceptual framework and priorities document for more detail.

In addition to the top three priorities identified above, the group has identified three additional topics that are less likely to be completed by the group in the available time: (1) substitution of wood for fossil fuel-intensive products; (2) avoided emissions from fire and other natural disturbances, and (3) energy from biomass. Even if the group is unable to address them, these topics are nonetheless considered important for further work in the future.

Recommendations for Participation in the Market-Based System

For the three top priority project types identified above, the workgroup is considering voluntary offsets both within a cap & trade scenario as well as outside of a cap & trade system. For example, under the avoided conversion project type, given that growth in the state is going to continue, minimizing conversion of working forest lands while encouraging smart growth to minimize carbon footprints is being discussed. The group is looking at options for incentivizing smart growth rather than dispersed development to retain more forest land as working forest. The group is considering conservation easements and/or transfer of development rights as key tools to accomplish this, in addition to the purchase of carbon offsets. The workgroup is also looking at different scales for implementation (e.g., parcel, County, state, regional). Some of these options may work within a cap & trade system, while others may need to be outside of the system because of challenges in meeting design principles (e.g. leakage, additionality, baseline).

GHG Reduction Opportunities (non-market-based)

To date, the options being considered all have a basis either directly in the marketplace or in terms of economic incentives.

General Observations and Status

The workgroup membership includes representatives of forest landowners, industry, conservation groups, state and local government, and potential buyers of carbon offsets (see attached membership list).

The workgroup members are highly engaged and informed, and dedicated to working collaboratively. In spite of all members being extremely busy with their existing jobs, they have made this effort a priority. The most serious constraint is the short amount of time available for the process.

The workgroup adopted an Overall Meeting Plan (see attached) to carry out the agreed charter and the priorities discussed above. The plan anticipates each meeting being organized into key segments: (1)

providing the workgroup with a common information base, (2) focused discussion of policy issues and (3) development of recommendations.

The workgroup scheduled itself for 8 full meetings over the course of the summer and fall; three meetings have occurred to date. In addition, there have been two ad hoc subgroups so far, to deal with “common interests” (see below) and with the avoided conversion issue. The latter group has spawned several drafting groups and has necessitated considerable homework on the part of subgroup participants. Additional ad hoc subgroups are anticipated.

The full workgroup has had four informational presentations to date by panels of experts (including workgroup members) on: (1) the overall cap-and-trade and offset structure; (2) land use conversion and growth management trends in Washington, (3) forest carbon pools and their dynamics, and (4) harvested wood product pools and their dynamics. The group will soon be benefitting from a contracted study by the University of Washington College of Forest Resources on existing forestry-related protocols.

To assure that the workgroup had similar interests in solving how forestry can become a part of a market-based carbon offset or other credit, the group agreed on the following “**Common Interests**” to help maintain focus during deliberations:

1. The forest sector workgroup supports the reduction of global GHG emissions.
2. Healthy and working forestlands play an important part in reducing GHG emissions.
3. A comprehensive system needs to be designed to provide incentives to keep forest landowners in forestry and maintain the forest land base.
4. A well-designed system will produce the opportunity for the forest sector to bring high quality, low carbon products to the markets.
5. A system should not create unintended environmental or economic consequences.

The Forest Sector Workgroup’s next meeting is July 9.

Attachments:

- Framework & Priorities document
- Overall meeting plan
- Charter
- Membership list

(Attachments available at http://www.ecy.wa.gov/climatechange/2008FA_for.htm under “Workgroup Documents”)