

# Forest Sector Workgroup Status Update

## Updated July 16, 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.

As top priority, avoided conversion has been the primary focus of the group’s attention to date. Avoided conversion refers to the goals of keeping working forests lands working, and—in cases where some forest land conversion is likely to occur—minimizing the loss of carbon storage. The group is looking at options for incentivizing smart growth and low impact development rather than dispersed development to help achieve these goals. The group is considering such incentives either at the parcel level (e.g., via sale of individual offsets in the market-based system), or through financial incentives to local governments to actively implement smart growth tools such as transfers of development rights and other policies. These tools could be used to incentivize development in urban areas and/or encourage cluster development or conservation villages in rural or forest areas. A possible revenue source for financial incentives to local governments would be from the sale of a portion of the state’s carbon allowances that would be set-aside for this purpose. A critical consideration in the group’s deliberation is the need to avoid “leakage,” which refers to GHG emissions that occur outside a project’s boundary but can nevertheless be attributed to the project’s activity—e.g., land conversion avoided in one area may just increase land conversion in another area.

Three other ideas have emerged from consideration of avoided conversion.

- *Ecosystem services district.* Incentives could be provided to forest landowner to retain the land in forest through an “ecosystem services district,” analogous to other types of special districts, in which beneficiaries of the various ecological benefits provided by forest land in a defined area would provide a flow of income to the forest landowner in return for maintaining these benefits.

- *Green building standards.* As a way to encourage greater use of wood products and thereby provide greater incentive to keep working forest land working, the workgroup is considering a recommendation to encourage the US Green Building Council (developer of the LEED standards) to add consideration of full life cycle carbon accounting for building materials to its standards.
- *Parcels database.* Currently available forest land ownership data is fragmented and difficult to access. The workgroup is considering supporting a specific proposal for state funding to continue the work of the University of Washington College of Forest Resources in constructing a Washington State Forestland Database. This database ultimately could be used to track trends in land conversion rates and potentially be indispensable for demonstrating adherence to appropriate design principles for forest offset projects.

The workgroup has just begun its deliberations on commercial forest management and afforestation/reforestation. For commercial forest management, the group will consider mechanisms such as longer rotations, more intensive forest management, improved durability of harvested wood products, and conservation of forests as ways to increase carbon sequestration and storage. For afforestation/reforestation, the group will review existing protocols and determine whether to recommend accepting existing standards already developed in other markets. The group may also consider a new protocol for urban forests.

### **General Observations and Status**

The workgroup membership includes representatives of forest landowners, forest 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 meetings 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; four 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 were just launched to deal with commercial forest management and afforestation/reforestation, and several conference calls were added to the group’s agenda.

The full workgroup has had five 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, (4) harvested wood product pools and their dynamics, and (5) existing forest carbon 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 remaining meetings are scheduled for August 12, September 5, September 23, and October 13.

Attachments:

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

(Attachments available at [http://www.ecy.wa.gov/climatechange/2008FA\\_for.htm](http://www.ecy.wa.gov/climatechange/2008FA_for.htm) under "Workgroup Documents")