



FOREST ETHICS



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The Land Trust Alliance of British Columbia

Climate Action Secretariat
Ministry of the Environment
Government of British Columbia
c/o Cindy Bertram
C. Rankin & Associates
PO Box 28159
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Victoria, BC V9B 6K8

January 31, 2011

Dear Ms. Bertram:

Our organizations wish to provide comments and concerns related to the British Columbia Forest Carbon Offset Protocol, Final Draft for Public Review, November 22, 2010 (the "FCOP").

We recognize the leadership of the provincial government to date in taking action on many climate-related issues. We also acknowledge that there is a potential role for offsets among the suite of climate policies that will be required to reduce greenhouse gas (GHG) emissions in BC and meet provincial GHG targets, and acknowledge the work that has been undertaken by the provincial government to prepare the draft FCOP.

However, any forest based carbon offset initiative must be integrated into an overarching coherent forest policy including targets for both GHG emission reductions and habitat protection, in order to fight global warming and save species that are under increasing risk of extinction or extirpation. Provincial leadership to develop such a policy and effectively address deforestation and forest degradation in BC should be of the highest priority.

To the extent that forest based carbon offsets are employed in BC as part of an overall strategy to reduce GHG emissions, we support high quality forest-based offsets that along with real greenhouse gas (GHG) reduction benefits provide biodiversity co-benefits, or, at a minimum, no net environmental harm. Offsets should provide incentives for forest conservation initiatives as a first priority: forest conservation is the most effective way to reduce GHG emissions, by protecting the vast carbon stocks in our intact forests. Forest conservation also provides the best chance of survival for our species and ecosystems in the face of climate change.

We commend and support the eligibility of conservation measures in the FCOP, under both the improved forest management and conservation/avoided deforestation activities. We also commend

you for requiring explicit tests of additionality based on an assessment of financial, technical or other barriers to the project. It is crucial that these elements be part of the final FCOP.

Nevertheless the draft FCOP also has some serious flaws. For example, the FCOP sets a very low bar for forest carbon offset projects by considering only GHG impacts, and no other potential environmental impacts. This omission also puts the FCOP out of step with credible approaches taken by forest carbon offset standards in other jurisdictions and markets, as discussed in more detail below, where environmental safeguards are seen as essential. As a result, buyers that are looking for high quality forest carbon offsets that also protect biodiversity will likely not find FCOP attractive.

Our submission concerning specific aspects of the FCOP and how it can be modified to ensure that it creates incentives to develop high quality forest carbon offsets that protect BC's forest ecosystems and species, are set out below.

1. No net environmental harm

The general principle of “no net environmental harm” should be incorporated into the requirements set out in the FCOP and should be applicable to all project types. Although the FCOP references other BC legislation and regulation with respect to forest management and protection, in reality there is no environmental safety net provided by existing policy and regulation in BC, which generally prioritizes resource extraction and does not address overall environmental impacts of forest management activities. Moreover, enforcement of existing regulations in British Columbia aimed at protecting the environment has been shown to be weak.¹ It is therefore critical that the FCOP address the environmental impacts of forest carbon offset projects explicitly. Failing this, the FCOP risks creating a new financial incentive for activities that have negative biodiversity impacts or other adverse impacts on overall ecological integrity.

It may be possible to amend existing legislation and regulations to include provisions that would ensure that projects developed under the FCOP cause no net environmental harm. However, it would seem to be more effective, and efficient, to include specific requirements in the FCOP itself, making the process of ensuring no net environmental harm more transparent and more easily verifiable.

Both the draft North American Forest Carbon Offset Standard and the federal “Guide for Protocol Developers” that are referenced as “Good Practice Guidance” by the FCOP refer explicitly to the need to safeguard against non-GHG environmental impacts.²

¹ Office of the Auditor-General of British Columbia (2010), *Conservation of Ecological Integrity in B.C. Parks and Protected Areas*, Report 3: August 2010

² See draft *North American Forest Carbon Standard* (Forest Carbon Standards Committee, Draft WD-3 (FCMA-10), June 2010), section 4.10.4, “Project proposals should not proceed if a project poses significant risk of environmental harm and proposed mitigation measures are deemed to be inadequate. Projects rejected under this clause may reapply to the appropriate Authority after making modifications that minimize negative impacts”, and

In terms of practical requirements, the Forest Stewardship Council (FSC) standard provides an internationally-accepted, multi-stakeholder approved set of environmental requirements for forest management activities. As well, where a project overlaps habitat of a federally or provincially listed species at risk, it should specifically be required that projects are consistent with the best available scientific advice for the recovery of the species.

Some further examples of approaches taken by other forest carbon offset standards that could inform an FCOP approach to a no net environmental harm requirement include the following:

- Forest Project Protocol, Version 3.2, Climate Action Reserve (CAR) – limits project eligibility. For example, CAR specifically excludes projects that include broadcast fertilization.³
- Voluntary Carbon Standard (VCS) – uses FSC as a proxy for environmental safeguards.

2. Applicability – eligible project types

- Improved Forest Management – to ensure that the existing GHG benefit of carbon storage in forests is maintained, this section should be modified to include a provision that “all projects shall maintain or increase forest carbon stocks over the contract period.”⁴ Further, to avoid any ambiguity, the references to increasing long term storage in wood products and increasing the proportion of long-lived wood products should be removed from this section. Accounting for any carbon storage in wood products is properly addressed in the quantification methodology of the FCOP as a carbon pool, and should not affect project eligibility.
- The only eligible projects for old growth forests should be avoided deforestation, or avoided degradation (avoided timber harvest). This would ensure protection for their vast carbon stores and biodiversity, and would avoid providing further financial incentive for logging in these areas.

Canada’s Offset System for Greenhouse Gases Guide for Protocol Developers, Draft for Consultation, 2008, section 4.2, “Include economic, social or other environmental impacts such as impacts on water, habitat conservation, etc.”.

³ See sections 2.1.1, 2.1.2, 2.1.3 and 9.1.1.1. See also CAR section 3.10.3, which specifies that “In an effort to maintain the environmental benefits of Forest Projects, the Reserve requires that the standing live carbon stocks within the Project Area be maintained and/or increased during the project life.”

⁴ See for example the Forest Project Protocol of the Climate Action Reserve (CAR), version 3.2, which in section 2 specifies that “...a Forest Project is a planned set of activities designed to increase removals of CO₂ from the atmosphere, or reduce or prevent emissions of CO₂ to the atmosphere, through increasing and/or conserving forest carbon stocks.” A similar provision is also included in the draft North American Forest Carbon Standard (Forest Carbon Standards Committee, Draft WD-3 (FCMA-10), June 2010), section 5.3.1.3: “All projects shall maintain or increase average live tree carbon stocks above those present at project initiation for the duration of the contract period. Averages can be calculated on a rolling 10- year basis.”

3. Identification of project area

Currently BC law does not address the ownership of carbon benefits on Crown and First Nations lands, with the exception of some areas covered by specific agreements. This creates uncertainty in relation to the ownership of carbon benefits within a defined project area for an offset project. As long as this issue remains outstanding, it should be explicitly noted in the FCOP.

4. Quantification – harvested wood products

As drafted, the FCOP accounts for carbon storage in harvested wood products (HWP) that have been disposed in landfills. The methodology specifies the use of figures from a US study that specifically states it is only applicable if the HWP is in US landfills.⁵ By contrast, the United Nations Framework Convention on Climate Change countries (which include Canada) are taking the approach that HWP should be treated as instantly oxidized once they enter the landfill, given the uncertainties about quantification as a result of the unpredictability of the rates of decay of HWP in different locations and the perversity of creating incentives for disposing of wood.⁶ This is the approach that should be followed in BC, particularly in view of the fact that Canadian exports of forest products are increasingly destined for countries other than the United States.⁷

5. Quantification – leakage

We would support the development by BC of standardized parameters (“external, harvest shifting leakage factors”) tailored for BC-specific local and export market circumstances, and generally find this preferable to having each project proponent develop and defend their own strategy for addressing external harvest leakage. At the same time, we recognize that demand management approaches can also be an effective way to address leakage from forest carbon offset projects, and agree that this option should be available for project developers. However, in order to not be subject to prescribed standard rates for leakage management, it should be required that a project plan that contemplates a demand management approach should be approved by a validator with specific expertise in the use of demand management to address carbon leakage. There might also be merit in a process whereby the Climate Action Secretariat works collaboratively with universities, the Pacific Institute for Climate Solutions and perhaps the National Round Table on the Environment and the Economy, to develop

⁵ James E. Smith, Linda S. Heath, Kenneth E. Skog, and Richard A. Birdsey, General Technical Report NE-343 Methods for Calculating Forest Ecosystem and Harvested Carbon with Standard Estimates for Forest Types of the United States, USDA Forest Service, April 2006.

⁶ At the 16th Conference of the Parties in Cancun, Mexico, Parties came to an informal agreement that HWP carbon in landfills would be treated on the basis of instantaneous oxidation. This agreement is expected to be formalized at COP 17. UNFCCC document FCCC/KP/AWG/2010/CRP.4/Rev.4:

<http://unfccc.int/resource/docs/2010/awg15/eng/crp04r04.pdf>

⁷ Lumber imports China <http://www.madisonsreport.com/archivesJanuary11.html>

specific standards for designing, implementing and quantitatively tracking demand management efforts, so external leakage can be accounted for, rigorously and credibly.

6. Managing the risk of reversal

All projects should contribute to a buffer reserve pool, managed by the provincial government, to ensure protection against the risk of reversal. The advantage of the buffer reserve pool as opposed to project-based insurance or other measures is that the risk is spread across different projects and the overall GHG benefits are more likely to be maintained. The size of the contribution of projects to the buffer reserve pool should be adequate to maintain overall GHG benefits, taking into account the risks associated with both human-made and natural disturbances.

Conclusions

The FCOP is an opportunity for BC to continue to show leadership in climate action, and to stimulate the development of forest-based carbon offset projects that provide real greenhouse gas benefits. However, it is critical that the FCOP have requirements to ensure that no net environmental harm results from these projects--requirements which are currently lacking.

In order to ensure that projects developed under the FCOP do not have unintended environmental impacts, we have outlined above a number of recommendations to address this problem. We suggest including specific environmental safeguards for forest management projects, including FSC requirements as a benchmark (or, alternatively requiring FSC certification), and defining project eligibility to exclude activities that are likely to cause environmental harm, and favouring those that have the potential for significant greenhouse gas and biodiversity benefits, such as avoided degradation (avoided timber harvesting) in primary forests.⁸

We note, furthermore, that enhanced forest conservation and nature protection are imperative to boost species' resilience and support ecosystem integrity and functioning in the face of climate change.⁹

It is also important that the concerns related to quantification and reversal risk, as outlined above, be addressed, in order to ensure that the greenhouse gas benefits associated with projects developed under the FCOP are real and lasting.

⁸ T. Andrew Black and Rachhpal S. Jassal, Carbon Sequestration in British Columbia's Forests and Management Options (Pacific Institute for Climate Solutions, November 2008) at 7-8.

⁹ See, for example, Risto Seppala, Alexander Buck and Pia Katila, (2009) *Adaptation of Forests and People to Climate Change: A Global Assessment Report*, International Union of Forest Research Organizations, and Elizabeth Campbell, Sari C. Saunders, Dave Coates, Del Meidinger, Andy MacKinnon, Greg O'Neill, Deb MacKillop, and Craig DeLong, *Ecological Resilience and Complexity: A Theoretical Framework for Understanding and Managing British Columbia's Forest Ecosystems in a Changing Climate*, Ministry of Forests and Range Forest Science Program, Technical Report, 2009.

It is paramount for BC that any forest based carbon offset initiative be integrated into an overarching coherent forest policy including targets for emission reductions and habitat protection in order to fight global warming and save species that are under increasing risk of extinction. Identification and mapping of forest ecosystems of high conservation and carbon storage value would be a key step for such a policy, which must include increased conservation and improved forest management. As noted on several occasions our organizations are willing to engage with the provincial government to develop such a policy.

Thank you for the opportunity to submit these comments, concerns and recommendations, and we trust they will be duly considered. Globally, forest based carbon offsets are under intense scrutiny and only by meeting the highest standards possible can they become part of a solution to fight global warming backed by broad support.

Contact information for each of the organizations supporting this submission is found below.

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