

FLC Annual Meeting Summary: April 30 –May 2, 2009, Ukiah, California

Attendance at the 2009 annual meeting in Ukiah was the highest FLC has seen in years! Over 140 individuals joined us to see and hear experts discuss the effects of the 2008 Mendocino wildfires and to learn the newest information on carbon sequestration. Presentations focused on the effects of AB 32 (California Global Warming Act) on forest landowners and the potential as well as the complexities of creating an additional income stream from carbon trading.

Field trip attendees viewed two properties burned in the Mendocino Lightning fires and listened to the landowners describe the fire experience and its effects on their forests. They also viewed the well managed property of Webb Harpe, Tree Farmer of the Year, and enjoyed lunch on his historic property. Attendees were treated to the unique experience of riding in CDF Emergency Transport vans which were provided and piloted by local fire captains.

The evening banquet was well attended by an enthusiastic crowd who enjoyed bidding on many popular auction items. As a result, the auction income this year was record breaking.

Thank you to all the hard working volunteers who made this event such a success. We look forward to welcoming you next year in Redding!

The theme for the FLC Annual Meeting in Ukiah was: The Two Faces of Carbon: Mendocino Wildfires and Carbon Sequestration. This summary will cover the “class room” discussions of April 29 & 30 of the Carbon Sequestration. The chronological sequence of each speakers presentations used in the program is followed here.

(Editors note: Charles Greenlaw took notes of the speakers presentations which are the basis for the following portion of this article. His note taking expertise is gratefully acknowledged)

Bill Stewart, University of California Cooperative Extension – AB 32, “California Global Warming Solution Act of 2006”, is not the only forum for forest and climate benefits. The Air Resources Board (ARB) is involved with any source of Carbon emitted from fossil fuels, break down of carbonate rock used in the production of cement, and all phases of the carbon cycle in organic material. The forest and forest protocols are just one small portion of ARB’s interest – but the only one that naturally removes the greenhouse gas – carbon dioxide- from the atmosphere.

Energy is the dominant carbon dioxide emitter. Approaches to limit carbon dioxide emissions are: 1) taxes, 2) regulatory mandates, or 3) cap & trade – an untried marketing system. All of the above methods have problems.

According to Bill, enhancing wood chip use for energy production has widespread, favorable, interest. Wood chips will continue to be the leader for the next 30 or more years a bigger source of energy than wind, geothermal, & solar combined.

Landfills hold (sequester) carbon waste (with the exception of methane).

(An important rule of thumb conversion factor: 1 mbf = 6 to 8 tons CO₂e)

Wolfgang Ortloff, Equator, LLC – Carbon dioxide emissions do come from deforestation. They do not come from forest operations for sustained productivity. Who is buying carbon dioxide credits? 1) pre-compliance and compliance buyers, 2) Corporate “better citizens” buyers, and 3) retail carbon offset buyer.

The voluntary market (people are not yet required to buy offsets) is very small at present. Forests are nowhere in the carbon markets yet. Carbon dioxide reduction by US legislation is a certainty so we have to make sure forestry is a big part of it.

John Nickerson, Climate Action Reserve (CAR) , a US private non-profit organization and parent to three programs: 1) California Climate Action Registry(CCAR), 2)Climate Action Reserve (CAR), & 3) Center for Climate Action - CAR is now national. It deals with forestry, landfills, live stock, and coal mine methane.

In California’s carbon sequestration projects, credit for sequestered carbon is given for “additionality”, ie, carbon that is sequestered above a baseline of pre-existing carbon when the property entered the program. “Permanence” and “Leakage” always counts. Credit for wood product (lumber) is there. Emission reductions that are “real”, “verified”, and “permanent” are the only kinds that are creditable.

CAR has the following Forest – based Green House Gas (GHG) projects. 1) Reforestation, 2) Improved Forest Management, and 3) Avoided Conversion to non-forest use.

Baseline determination and conditions are exacting and rigorous to prevent exaggeration. Permanency means keeping carbon out of the atmosphere for 100 years. Risks (to forest landowner) would include 100 year liability for loss (leakage) of sequestered carbon dioxide through fire, disease, timber price fluctuations, carbon price fluctuations to name some.

ARB adoption of the CAR forest protocols will require independent verification measure are made before property is granted accredited sequestered carbon units.

Jim Clark, North Coast Resource Management – A carbon sequestration project requires inventories, biometrics, growth projections, monitoring, annual reporting that are required to be done by a Registered Professional Forester (RPF). This is a large and

detailed subject that can be an up-front cost deterrent to the forest owner. The numbers produced largely determine the economic attractiveness of the venture.

Robert Hrubes, Scientific Certification Systems –“Verifiers” verify the RPF findings on the amount of sequestered carbon on a project. A Verifier cannot consult on “projects” they audit. They can only interpret their findings to project owner(s). Quality forest management practices fetch premium dollars from buyers of carbon dioxide credits. You still must have an RPF do the original project work.

More accuracy for carbon measurement is needed in inventorying than for a (Non-Industrial Timber Management (NTMP)). Hence, the RPF work for a carbon project is costlier because there is no mill, scale-based measurement of cut logs, that can be used as the bottom line.

“Aggregation” of multiple forest ownerships is the way for small landowners to obtain cost – effectiveness and make the carbon project pay. Cost effectiveness of selling carbon with 100 acres or less is presently “a challenge”.

Time & cost estimates: 3 months time if good data is provided by the RPF. Minimum of \$5000 to \$10,000 for only a small acreage. Permanently, monumented “plot centers” needed for initial and subsequent verifications. Verifier will re-run growth projections off of earlier data but will not use growth projections from an NTMP.

“Additionality” is verified after the fact for carbon sales purposes and can be done as often as once a year or less often, depending on urge to sell more tonnage based on verified growth since last verification.

PROJECT DEVELOPER (AGGREGATOR) PANEL

Mike Gaudern, Woodlands Carbon Co - He feels that you can expect from 1.5 to 5.0 tons CO₂ equivalent per acre per year sequestered in your forest. An Aggregator’s role is to serve forest landowners to obtain the best dollar return for carbon to the owners pocket. They use the Chicago Carbon Exchange (CCX) and other non CCAR/CAR protocols.

Brian Shillinglaw, New Forest Advisory – Other protocols have a 100 year commitment but also have a 10 – 15 year buyout provision to get out of the deal.

BROKER/TRADER/BUYER/RESELLER

Sean Carney, Cantor CO2e - Three existing carbon sequestration standards: 1) CAR, 2) CCX, and 3) VCS. Everything pertaining to carbon sequestration in Congress is still in flux.

FORESTRY CONSULTANT

Mark Edwards, North Coast Resource Management – Really doesn't know what is going to happen. Wishes for protocol complexity scaled to project size and effects of potential inaccuracy of system. He sent letters to support the adoption of the CAR forest protocols. He envisions Aggregation as the way to participate for the small forest landowner. In as much as the verification – monitoring protocols aren't written, the costs cannot be estimated at this time. He advocates cessation or reduction of monitoring when landowner is no longer selling carbon credits.

FOREST INDUSTRY VIEW

Gary Rynearson, Green Diamond Resources – “It's coming: Carbon Cap and Trade or taxation. You can't burn scrap wood anymore if it has paint on it. A Byron Sher bill had genesis of terms of CCAR protocols, ie, conservation easements and uneven age management. In California, almost no timberland is corporately held or publicly traded. There are approximately 8,000,000 acres of commercial forestland in CA. When ARB adopted CCAR forest protocols in late 2007, they recognized too many acres were excluded due to conservation easements requirements, uneven-age management, and other things. They provided for future revisions to address these issues. Mary Nichols chairs the ARB which is responsible to implement AB 32. Revised protocols don't recognize wood products that sequester long term. “Baseline” was revised, conservation easement is now 100 year “carbon commitment” and even-age management is now allowed.

Remaining misgivings include no credit for energy production using slash & wood chips (reason – energy sector wants the credit). Now, all burned slash is an “emission” No “Life-cycle analysis” against other building materials – where wood wins hands down. Can't offset sawmill emissions with growing wood. Southern states and steady – stocking (which means no “Additionality” stocking) forest owners get their sequestration performance from forest products that endure. Regional differences are not yet recognized in CAR/CCAR. Now- the whole world's watching CCAR (CCAR) with regard to international application

COMMENTARY - Annual Meeting Carbon sessions –By Editor John Middlebrook

Forest landowners and forest professionals are entering into a new era. It is developing quickly and it is changing rapidly.

All that is now happening is being done following legislation that was made in the belief that we are in process of man made global warming that is caused by excess presence of carbon dioxide gas (and others) and that immediate steps must be taken to reduce carbon dioxide emissions.

Our forests are unique in that it is the only major natural absorber of carbon dioxide from the atmosphere. What can be done to increase efficiency of absorption and long term carbon sequestration? By economic incentives such as establishing carbon markets and through a cap and trade system whereby certain industries are given the options of buying sequestered carbon from forest landowners when industries are unable to meet their carbon dioxide reductions requirements set for them, the forest landowners will be compensated.

As we have seen, the forest landowner needs to be cautious. We have something others want. Agreements cover long periods of time (up to 100 years). Measurements are costly, as is verification. Carbon markets fluctuate. The risks are many and liability high and must be studied carefully. Just remember when all is said and done, you must determine if the rewards are worth it to you.

FLC will continue to follow all aspects of carbon sequestration and report periodically to its membership as this evolving activity continues along.