

Forest-Climate Working Group: Policy Platform





Endorsing Organizations

American Bird Conservancy
American Forest & Paper Association
American Forest Foundation
American Forests
C2I, LLC
California Forestry Association
Council of Western State Foresters
Defenders of Wildlife
Environmental Defense Fund
Forest Guild
Hardwood Federation
Maine Forest Service
Manomet Center for Conservation Sciences
MWW MeadWestvaco
National Alliance of Forest Owners
National Association of Conservation Districts
National Association of State Foresters
National Association of University Forest Resource Programs
National Hardwood Lumber Association
National Wildlife Federation
New Forests
Pinchot Institute for Conservation
Plum Creek
Society of American Foresters
The Trust for Public Land
The Wilderness Society
Western Pennsylvania Conservancy
Weyerhaeuser Company
Wildlife Mississippi

U.S. Forests Offer Cost-Effective Climate Mitigation

U.S. forests must play a central role in our national climate strategy. America's forests and forest products annually sequester and store 10 percent of all U.S. carbon emissions—an essential contribution toward mitigating climate change. To secure this carbon sequestration and storage capacity, we must support policies and programs that keep our forests as forests by slowing their conversion to non-forest uses. This will ensure that our forest base can sustain its climate mitigation role. We must also enhance our forests' sequestration capacity by providing offset credits and other incentives for private landowners to manage their lands for increased carbon sequestration and storage. Expert studies have shown that forest carbon offsets can help achieve our national emissions reduction goals in a cost-effective manner by lowering compliance costs for utilities and other covered entities under a cap and trade system.

Forests Must Adapt to Changing Climate

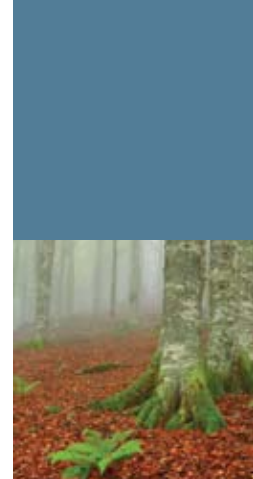
Forests face new stresses from accelerating climate change, including shifting forest systems and increased threats from invasive species, pests, pathogens, extreme weather, and wildfire. We must adequately fund existing planning and policy tools that could be used to help private landowners and public agencies effectively address forest adaptation to a changing climate. Addressing forest adaptation will sustain our forests' ability to sequester and store carbon. Equally important, addressing

forest adaptation will maintain other forest-based ecosystem services potentially at risk from climate change, including public drinking water supplies, forest products, wildlife habitat, and recreation opportunities.

Developing a Policy Response

The Forest-Climate Working Group (FCWG) is a broad and diverse coalition of forest stakeholders formed to develop consensus recommendations for U.S. forest components of federal climate legislation. The participants in the Forest-Climate Working Group—landowner, industry, conservation, wildlife, carbon finance, and forestry organizations—have engaged in a year of facilitated consensus dialogues to develop this policy platform. Our recommendations focus in three areas:

- 1) Offset Credits for Forest Carbon Activities
- 2) Beyond Offsets—Incentive, Research, and Technical Assistance Programs
- 3) Forest Adaptation





Looking Forward

The Forest-Climate Working Group intends to work closely with Congress and the Obama administration to develop strong forest-climate policy. The recommendations contained in this platform represent our best thinking and understanding to date on these complex and technical topics. We recognize that these recommendations rely on additional details that must be addressed. We will be engaging in further consensus dialogue and policy development to refine these proposals and to produce new ideas for consideration. We plan to advance these ideas as they are developed, and encourage policy makers to seek our expertise on important forest-policy questions as they arise.

Offset Credits for Forest Carbon Activities

The Forest-Climate Working Group recommends that a range of U.S. forest carbon activities should be made eligible for participation in offset markets established by federal climate legislation, provided that they can deliver real, additional, and permanent emissions reductions that are equivalent to the emissions being offset. Eligible U.S. forest carbon activities for offset credits should include afforestation, reforestation, and forest management, with potential for others to be included, such as avoided deforestation. The FCWG also recommends that forest carbon offset markets should be carefully structured to minimize transaction and compliance costs—this will encourage the necessary level of participation from landowners and project developers to reach scale. The detailed recommendations below are designed to shape forest carbon offset markets that deliver both environmental integrity and economic viability.

Environmental Integrity

- **Additional:** Forest projects should be required to meet a carbon additionality test. Methodologies should be developed for determining baselines that are quantifiable and matched to project type.
- **Permanent:** The term “permanent” for forest carbon offsets should mean removal and/or storage of the subject carbon from the atmosphere for at least 100 years. Forest carbon contracts should assign clear obligation for reversals.
- **Quantifiable:** All carbon pools expected to significantly change should be quantified and reported. Carbon pools include live and dead biomass, soils, and harvested wood products. Field measurements and estimates for forest-carbon projects and selected pools should be required to meet a specified benchmark for accuracy, to be reviewed and updated regularly over time using the best available scientific understanding.
- **Verifiable:** Third-party verification of reported amounts of carbon should be completed before they are registered for offset credits.
- **Leakage:** Internal leakage should be documented and addressed, which will usually be accomplished if the appropriate geographic management unit is enrolled. Standardized mechanisms should be developed to account for and address external leakage.
- **Sustainable:** It is important to ensure that forest management implemented as part of forest carbon projects is sustainable. A range of approved methods should be provided

for landowners and project developers to demonstrate sustainability.

- **Equivalent:** Equivalence for forest-carbon offset projects with other offsets will be ensured if key elements of project design, including those detailed above, are adequately addressed.

Economic Viability

- **Market Flexibility:** Allowing market flexibility for landowners and project developers to establish forest carbon contracts of different duration in response to market demand would be appropriate, provided that the environmental integrity of emissions reductions is not compromised. Clear rules should be established for replacing shorter-term credits so that environmental integrity is maintained, and contracts of varying duration should be standardized to allow them to remain fungible in offset markets. Market flexibility should also include a suite of options to enable obligated parties to cover the risk of reversals.
- **Measurement Standards:** A set of standardized tools to help determine which carbon pools will require measurement would mitigate compliance costs for landowners and project developers, and should be developed based on local/regional data. Measurement should not be required for carbon pools nearly certain to have increases.
- **Additionality Determination:** Development of a standardized methodology supported by robust data and tools to enable measurement of additionality would enhance accuracy and increase landowner participation.

- **Co-Benefits:** Forest offset projects can provide valuable co-benefits, including other ecosystem services. Projects should not be required to quantify co-benefits, but voluntary reporting could be advantageous for project developers.

Beyond Offsets—Incentive, Research, and Technical Assistance Programs

Proposals for federal climate legislation have raised the potential for delivering additional incentives for U.S. domestic forest carbon activities beyond offset markets. Proposals have included allowance awards and use of allowance auction proceeds to fund climate-related programs. Participants in the FCWG have not reached agreement on the appropriateness of awarding allowances or auction proceeds outside capped sectors. We do have recommendations on how those revenue streams, if they were made available, should be utilized to broaden incentives for landowners to implement forest carbon projects that contribute toward national emissions reductions. This could include increased opportunities for some project types, such as avoided deforestation, and innovative approaches to incentive program design to increase landowner participation.

- **Flexible Guidelines:** Incentive programs should adopt different project design guidelines than offset markets, as long as they are still limited to supporting forest carbon activities with measurable climate benefits. This enhanced flexibility should be used to incubate innovative forest carbon activities and otherwise increase opportunities for landowners to participate.





- **Categorical Approach:** Incentive programs should explore lowering compliance costs through a categorical approach, with standard carbon benefits assumed for specific practices and incentives provided accordingly.
 - **Reward Co-benefits:** Incentive programs should leverage additional value by using co-benefits to help differentiate among projects that otherwise sequester equivalent amounts of carbon.
 - **Research and Development:** A portion of new funding should be directed to federal forest-climate research programs to help develop improved precision in forest carbon monitoring and to create new measurement tools that will lower transaction costs and increase participation by landowners.
 - **Dedicated Funding:** Any new revenues directed to forest-climate programs (mitigation, adaptation, and research) through federal climate legislation should be placed in a dedicated fund and protected from diversion to other programs and purposes.
- **Stewardship and Conservation Programs:** Maintaining our forests as forests and promoting healthy, resilient forests are essential first-response strategies to address the effects of climate change on forest systems. Existing stewardship and conservation programs offer valuable tools to help private landowners and state and federal agencies to accomplish these goals, and should be adequately funded.
 - **Planning Tools:** State Forest Resource Assessments and Strategies and State Wildlife Action Plans provide near-term opportunities to practice adaptive management for climate adaptation and target early responses to major stressors on forests from climate change. Improved funding and partner contributions will be necessary to identify mitigation and adaptation options in these plans.
 - **Wildlife Habitat:** Encouraging stronger landscape connectivity will be important to support adaptation for some forest species. Appropriate forest management practices can also help increase resiliency of individual species and natural systems at a landscape level.
 - **Adaptation Science:** Scientific uncertainty regarding forest adaptation could be substantially reduced by supporting further research, and by implementing techniques such as the use of expert science panels and rigorous inventory and monitoring systems.

a portion of those funds for the activities and priorities described below.

Forest Adaptation

The impact of accelerating climate change on forest systems is an additional stressor that should be accounted for in future forest management. Failure to address climate adaptation will likely diminish our forests' mitigation capacity while compromising delivery of other critically important ecosystem services for human and natural communities. The FCWG recommends that if new revenue streams such as allowance awards and auction proceeds were established under federal climate legislation, then natural resources adaptation should receive



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