

Trapper Keepers

By storing carbon, timber companies stand to profit under cap-and-trade. But at what cost?

Ryan Burns, North Coast Journal, 12-23-10

When the California Air Resources Board last week approved a landmark cap-and-trade plan, it marked a monumental step in the effort to reduce greenhouse gas emissions. But some unlikely critics worry that the new policy was something of a misstep.

The new regulations — which fulfill the keystone aspect of A.B. 32, the 2006 Global Warming Solutions Act — aim to reduce the state’s carbon dioxide emissions to 1990 levels by 2020. After years of negotiating and strategizing, regulators elected to pursue that goal through a market-based system: Starting in 2012, industrial polluters such as power plants, refineries and steel manufacturers will be given allowances covering their current level of greenhouse gas emissions. But over time, these and other polluters (including transportation fuel distributors, come 2015) will be required either to lower their emissions or, failing that, to compensate for their excess pollution by purchasing “carbon credits” at quarterly auctions, or from other firms.

Who will supply these credits? Companies that sequester CO₂ — that is, capture it and keep it locked away either through chemical methods (storing it in carbonate mineral form, a la Han Solo) or biological processes like reforestation, which effectively corrals carbon inside the biomass of trees. In the resulting carbon market, 360 of the state’s mega-polluters will be able to buy and sell emissions allowances like any other commodity. Meanwhile, timber companies, as potential suppliers of these new commodities, stand to make a tidy profit.

Predictably, the new rules have their share of critics. Many in the business sector, for example, argue that the restrictions will put California at a competitive disadvantage, leading companies to relocate to other states rather than comply with the rules. And of course there’s the ever-present climate change deniers. What’s perhaps more surprising is that some key players in the environmental community don’t much care for the regulations either — at least certain elements. For one thing, many enviros would have preferred a straight carbon tax to cap-and-trade. Others object to the allowances that will be given out free. And then there’s an issue that’s all too familiar for eco-warriors on the North Coast: clearcutting.

A group of nearly four dozen environmental organizations — led by the Center for Biological Diversity and including local nonprofits like the Environmental Protection Information Center (EPIC), the Northcoast Environmental Center (NEC) and Californians for Alternatives to Toxics (CATs) — spent the final weeks of negotiations urging the California Air Resources Board to close what they see as a loophole in the regulations, one that will allow timber companies to benefit from forest clearcutting, they say. In a Dec. 9 letter to CARB Chair Mary Nichols, the groups collectively argued that the proposed protocol “incentivizes the conversion of natural forests into tree farms.” Nevertheless, the board approved the forest protocol with the alleged loophole intact.

Scott Greacen, executive director of EPIC, said that while he applauds the forward movement on emissions controls, the new cap-and-trade regulations represent “fundamentally the Republican-friendly way of doing it.” And he argued that by allowing so-called “even-age management,” the state is literally missing the forest for the trees. Not only is clearcutting harmful to the environment, he said, it’s also a short-sighted approach to carbon sequestration since it doesn’t account for the storage capacity of soils and woody debris in a healthy forest ecosystem.

CATs Executive Director Patty Clary agreed, saying clearcutting also brings with it a host of dangerous chemicals. “So instead of going forward with better forest practices in this state, it’s just more of the same useless, wasteful, non-scientific approach,” she said.

But not everyone sees it that way, even in the environmental community. The Nature Conservancy and the Environmental Defense Fund, among other groups, support the adopted forest protocol and say it does not, in fact, encourage clearcutting — a position echoed by Nichols, the CARB chair. All carbon-sequestration projects will require evidence of climate benefits in order to be certified and approved by an independent third party. “It really is about benefiting the climate,” Nature Conservancy spokesperson Vanessa Martin said. “This really has huge potential to not just help our climate but improve forest management practices overall.”

Andrea Tuttle was director of the California Department of Forestry and Fire Protection when the forest protocol legislation was first brought forward. Reached Monday, she argued that clearcutting, while admittedly ugly, is a technique that has legitimate purposes, such as removing unhealthy trees from mismanaged lands in order to start anew. But more to the point, she said, the issue is a red herring in this context. The state’s established forest practices protocols already regulate the industry (insufficiently, Clary objected). “If you’re talking about a carbon project, the metric that counts is stored carbon,” Tuttle said.

In order to receive certification, timberland owners must demonstrate that they can store each ton of carbon for a minimum of 100 years, a requirement that effectively excludes clearcutting once a stand is established, Tuttle said. Furthermore, she added, environmentalists should be pleased by the fact that out-of-state timberland owners will want to participate in the carbon market, given the financial incentives, and in order to do so they’ll have to abide by California’s regulations, which are much more restrictive than those in any other state.

Still, timber companies are reportedly pleased by the final protocols. Gary Rynearson, forest policy manager for Green Diamond Resource Company, said that he could not personally comment, and the company’s PR staff had already left for Christmas by the time the *Journal* called on Monday morning. Mike Jani, president of Humboldt Redwood Co. — which, along with sister company Mendocino Redwood Co., voluntarily eschews clearcutting — said that the cap-and-trade system provides ample incentives to grow trees bigger and longer. In fact, MRC has already been participating in a voluntary pilot program through the California Climate Action Registry. And with the broad outlines of cap-and-trade now established, Jani said they’re ready for more. MRC and HRC have roughly 200,000 acres apiece slated for carbon-sequestration projects.