

Working Group Topic: Carbon sequestration in Forests

Commission Members: Marie Audet, Paul Costello, Robert Turner

State Agency Staff: Alex DePillis

Public Members:

Existing Condition and Trajectory:

Forest are a major carbon sink that cover roughly 78% of the land area of state. Estimates suggest more than half our annual CO₂ emissions are being absorb by these forests. Managing forests for carbon sequestration is completely compatible with all other forms of responsible forest management. Programs exist that allow for forest landowners to monetize forest growth as carbon offsets, but the short-term financial feasibility of these programs for the small landowners of the state is constrained by cost and complexity. Only one forest carbon project has been initiated in Vermont to date. Still, there is growing interest in any program that can add to the income stream of forest landowners, particularly when current wood markets are weak.

From a larger perspective, programs such as carbon credit trading may generate substantial additional sequestration, but may well play a role in keeping the major carbon sink that is our forests intact. Trading of carbon offsets from forests is likely to continue to generate interests, both on the part of policy makers and landowners. Various fledgling efforts are underway in the private sector to explore the potential further. Nationally and internationally, most experts expect to see considerable growth of these programs in the next 10-20 years.

Goals:

The CEP recognizes the importance of intact forests (Land Use chapter) and discusses the role of wood fuel for heat and energy. RGGI is a possible market for carbon offsets, but in the CEP RGGI s discussed mainly in the context of CO₂ *emission reductions* and generating funds for state energy efficiency programs. The goal of the subcommittee is to determine what actions the legislature and administration might undertake to support and encourage additional sequestration in forests by landowners. It will also identify steps, if any, to be taken to support improved access for landowners to existing programs that generate carbon credit revenues.

Other Entities Exploring Topic:

Maintaining and increasing carbon sequestration in forests is a major topic of discussion worldwide. Carbon trading, both through voluntary and regulatory mechanisms (for example, Cap and Trade) is a component of RGGI and California's AB32 (Cap and Trade bill). It is being considered by a majority of Canadian Provinces as an alternative to a federally mandated carbon tax. A number of states (NY, MA, others) exploring whether to expand the scope of entities covered by RGGI in supplemental state legislation. Many large, national companies and some in Vermont are active in the voluntary purchase of offsets. It seems nearly inevitable that interest and participation in these programs will grow. The Commission's role is to identify how best to position the state to take advantage of any opportunity that these developments present, both for its own emission reduction goals and for the benefit of landowners.

Proposed Commission Focus:

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The subcommittee will...

1. Catalogue the current efforts by various independent groups to move the prospects of forest carbon offset trading forward. These include the Department of Forest, Parks and Recreation, Middlebury College, the Vermont Land Trust, UVM School of Natural Resources, and Sustainable Woodstock. Identify any innovative efforts nationwide that might be a model for Vermont.
2. Identify the potential for forest landowners in the 5-10-year time frame. Are there trends that we should be watching?
3. Identify current constraints? Are there areas where local capacity building could facilitate forward movement, possibly creating jobs? Does it make sense to support other private efforts with state resources?
4. Identify opportunities where other programs (Smart Growth, Current Use, VT Coverts) may benefit from the promotion of additional forest carbon sequestration.
5. In more general terms, explore and refine the estimates of the proportion of annual State emissions currently being sequestered by forest growth. With forests playing such a large role in capturing emissions through annual sequestration, we should account for this benefit accurately and reliably in our assessment of the State's progress towards carbon neutrality.

Metrics:

1. The Commission will develop brief reports on current initiatives impacting or involving this topic. Through this, we will identify actions that may be taken by state agencies or legislators that may lead to increased adoption of forest carbon credit participation by Vermont forest landowners. In a sense, the Commission may become a source of information for an array of parties interested in more information on this topic.
2. With support from DFPR, the Commission will attempt to quantify the opportunity for additional sequestration through an analysis of the current and expected growth and composition of our forests.

Information Needs:

See questions above.

Potential Expertise:

Various individuals with expertise either with project development, regulatory policy, or other pertinent experience.

Full Commission Discussion Items:

RGGI has but a single project generating offset credits. By expanding the entities covered by RGGI, it is likely the demand for credits and allowances would grow—with upward pressure on prices. A more robust RGGI trading of allowances and offsets might expand the opportunities for landowners to sell credits into this market. A few of the states in the region are examining expanding RGGI. Increasing the

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scope of this program would not only benefit landowners selling credits, but expanded sales of allowances would also generate additional revenue for state emission reduction, alternative energy, and efficiency programs.

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