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New California rules allow timber firms to sell carbon credits

By Eric Bailey

The Schwarzenegger administration pushed through new rules Thursday allowing California's biggest timber firms to cash in on the fight against global warming even as they clear-cut parts of their forests.

Forest owners stand to reap tens of millions of dollars in the coming decades by selling the capacity of their woods to cleanse the air of carbon dioxide, offsetting greenhouse gases belched by industrial polluters.

But the administration's successful effort to allow loggers to sell their carbon credits to industry while also clear-cutting their lands sparked intense opposition from several conservation groups.

Ecologists say the self-styled "green" governor, an opponent of global deforestation, is undermining his credibility by letting logging firms profit from the global-warming battle while practicing California-style deforestation.

"The governor is using Vietnam-era logic: We have to burn the village to save it," said Jeff Shellito, an environmental consultant. "It's hypocrisy. How can the governor be a leader on the world stage if his own regulators are saying it's OK to do clear-cutting?"

Supporters say the new rules, approved by the California Air Resources Board, provide airtight accounting standards for trading carbon credits and will become the gold standard for other states.

"California is adopting the most stringent forestry protocols in the world," said Linda Adams, Schwarzenegger's environment secretary. "We're very proud of this effort."

Environmentalists called the decision predetermined, saying the Air Resources Board distributed an e-mail news release announcing the decision more than two hours before voting.

Some board members expressed reservations, and requested another look at the regulations in the future.

"I just don't like clear-cutting," board member Dorene D'Adamo said, adding that if timber firms are allowed to trade carbon credits "what's wrong with asking them to do more?"

A new marketplace

In two years, the state will roll out a new carbon-trading marketplace, a provision of the landmark 2006 global warming law signed by Schwarzenegger. Major polluters such as

power plants and oil refineries would tap that market.

Some of the state's biggest timber firms, including Sierra Pacific Industries and Green Diamond Resource Co., have done no carbon trading because they don't want to be told how to manage their forests.

Under rules approved two years ago, a timber company that wanted to sell carbon credits had to accept a property easement that prohibited any future development of the land. Those rules barred clear-cutting by companies selling carbon credits.

Only two California forests, both managed by nonprofit trusts, entered the carbon market. Eager to boost participation, state regulators held exhaustive negotiations over the last 18 months, bringing together timber firms and conservation groups to hammer out compromise rules.

The resulting regulations won support from some conservation groups that participated in the meetings, including the Nature Conservancy and Environmental Defense.

"In the bigger picture, these are by far the most rigorous rules for forest carbon we've seen," said Paul Mason of the Pacific Forest Trust, which backs the new protocols. "Investors trading in carbon can have trust in these."

But the Sierra Club, the Center for Biological Diversity and two dozen other environmental groups have balked at the clear-cutting permission, which they say was slipped into the protocols a few months ago.

Green Diamond and Sierra Pacific are among the last big firms that still use the practice, considered by many environmentalists to be the most destructive type of logging. It wreaks havoc on wildlife and watersheds, they say, and releases more carbon into the air than other kinds of logging.

Activists had hoped that the economic incentives of carbon credits would prod timber

companies to stop clear-cutting. Otherwise, "we are going to keep getting degraded forests," said Brian Nowicki of the Center for Biological Diversity.

Some environmentalists contend the provision allowing clear-cutting loggers into the carbon market is designed to accommodate Sierra Pacific. The privately held company owns 1.7 million acres of California timberlands, and over the last decade has contributed \$2.9 million to political campaigns, including more than \$100,000 to Schwarzenegger and his causes.

Sierra Pacific embarked a decade ago on a 100-year logging plan that includes clear-cuts throughout its vast holdings along the spine of the Sierra Nevada mountains. "They want these protocols to fit their business model," Shellito said. "And they have influence in the governor's office."

Long-range plans

Mark Pawlicki, Sierra Pacific's government affairs director, said naysayers ignore scientific evidence that clear-cuts allow more light onto replacement seedlings, hastening growth, and thus consume more carbon.

Under the company's long-range plans, Sierra Pacific's forests will, by the end of this century, have 280% more timber. The average tree size -- only 18 inches in diameter -- will leap to 32 inches.

"This is not deforestation," he said. "We're actually growing more for the future than we have now."

Pawlicki said the firm helped win the new rules with persuasive arguments -- not political pressure.

"The governor is promoting good forestry and doing a tremendous job on climate change issues," he said. "And he wants forest landowners to be part of the equation."