

**Testimony to the
Senate Committee on Environment and Natural Resources
of the Oregon Legislature**

February 8, 2020

David Ford
Principal, L&C Carbon
Senior Fellow, American Forest Foundation

Introduction

- Professional forester with over 40 years of field and policy work experience in federal government, non-profits, and private business
- Past 10 years working in the forest carbon field – in 2010, founded L&C Carbon to assist forest owners in expanding their revenue streams, in part by selling carbon into the voluntary and regulated markets
- L&C Carbon is a project developer of forest carbon projects -- in Oregon developed projects totaling over 600,000 acres – examples, City of Astoria (voluntary) and Green Diamond Resource Company (CARB)
- Senior Fellow, American Forest Foundation – leading forest carbon initiatives.

Support Key Elements of Senate Bill 1530 -27

The American Forest Foundation and L&C Carbon support the purpose, objectives, and key provisions of SB 1530 -27.

No legislation is perfect; however, we believe SB 1530 offers a strong foundation that can be built upon as lessons are learned through implementation over the coming years. We appreciate the efforts of this Committee during the interim and as this session unfolds to make improvements from the legislation considered during the 2019 session. SB 1530 -27 offers improvements in key areas of our interest, including revised language in Sections 25 through 27 (Offsets) and in Section 39 (Climate Investment Fund).

Section 25 through 27 – Offset provisions

We support the inclusion of offset projects as an important cost containment mechanism for compliance entities, while creating revenue earning opportunities for sectors that are not subject to cap, most of which operate in rural Oregon.

We believe that Sections 25 through 27 contained improvements over previous bills considered by the Oregon Legislature and reflect many suggestions offered by the organizations I represent and those of small forestland owners across the state.

We support the eight percent offset usage limit contained in Section 25 (2). Further, we recommend the Committee consider authorizing the Oregon Greenhouse Gas Reduction Board to increase the offset usage limit in future years as emission reduction goals are met.

We support the use of aggregation contained in Section 26 (1)(d) to make the offset program more assessable to small family forestland owners, if the forest offset methodologies are not otherwise too burdensome.

We support the -27 amendment language addressing potential timber supply reductions in Section 26 (2)(b).

Section 39 – Climate Investment Fund

We support the creation of the Climate Investments Fund as incentive and offset programs are complementary and reinforcing within an overall strategy for mitigating climate change.

We support the distribution formula of monies in the fund included in Section 39 (3). This distribution allocation is a significant improvement over previous bills as it more fully recognizes the importance of natural and working lands, as they offer a significant and economical pathway to mitigating climate change and meeting this bill's GHG reduction targets.

We recommend that the Oregon Greenhouse Gas Reduction Board **be directed to utilize competitive block grants** directed at not-for-profit (NGO) and quasi-governmental organizations to match climate investment funds with corporate and foundation funds. This will ensure effective and efficient deployment and use of funds to implement voluntary climate-friendly forest management actions on private forestland across Oregon.

One example of a private initiative that could be supported through a Climate Investment Fund block grant is the Family Forest Carbon Program – a joint initiative of the American Forest Foundation and The Nature Conservancy.

The Family Forest Carbon Program (FFCP) incentivizes specific forest management practices which have been scientifically demonstrated to enhance carbon sequestration. Through the program, private landowners will work with professional resource managers to implement one or more practices that align with the landowner's management goals. The practices are consistent with sustainable forestry, provide more suitable wildlife habitat, and support long-term production of forest products. The amount of carbon sequestered through these practices is verified through on-the-ground monitoring throughout the program period. In Oregon, this will open the door for family forestland owners to contribute to climate mitigation and help our state achieve its GHG reduction goals.

BACKGROUND

Role of Family Forests in Climate Mitigation

Family forestlands are a largely untapped natural landscape that offer globally significant climate mitigation opportunities, as well as multiple environmental and social benefits.

According to scientific paper published in Science Advances, 14 November 2018 - TNC's Natural Climate Solutions (NCS) in the US – the entire US Paris Agreement climate pledge could be delivered through NCS. It is clear the 21 NCS opportunities, collectively, are very large and have been mostly ignored in climate mitigation discussions.

Forests offer the greatest overall climate mitigation potential, at the least overall cost, according to TNC – with reforestation, improved forest management and fire management offering the greatest opportunities – well over 600 million tCO₂ mitigation potential between now and 2025. Other major NCS categories are agriculture, grasslands and wetlands.

Defining the Opportunity

National

- Private forestland accounts for almost 58% of our nation's forest
- Over 1/3 of all forestland is owned by individuals and families
- According to the US Forest Service's National Woodland Owner Survey:
 - o Wildlife and beauty top the reasons why families own forestland – timber/income rank 12th on the list
 - o 1 in 4 acres are owned by someone who has a written forest management plan
 - o 1 in 3 acres are owned by people who have received forest management advice from a natural resource professional

These statistics demonstrate there is a significant opportunity to engage family woodland owners in management activities that achieve their goals while sequestering and storing significant amounts of carbon through climate friendly forest management practices.

AFF & TNC estimate that if 50 million acres of family forestland – just less than 20 percent of the 270 million acres owned by families -- were enrolled in voluntary programs that incentivized carbon-friendly forest management practices over the next 30 years; these practices could sequester 1 billion tCO₂.

Oregon's Role

- 30 million acres of forestland in Oregon – about one half of the land area (63 million total)
- 35% of forestland in the state is in private ownership – just over 10 million acres
- Families own about 15% of Oregon's forestland – of which 4.3 million acres are ownerships of less than 5,000 acres – about 62,000 families
- About 800,000 acres are certified as sustainably managed through American Forest Foundation's American Tree Farm System
- Family-owned forestland is strategically located between the valley floors and the higher elevation federal forests; making these some of the state's most productive forestland
- AFF's assessment is that these family-owned forestlands offer significant opportunity to sequester more carbon and protect stores of carbon
- Carbon-friendly management practices are consistent with the reasons families own forestland – such as, wildlife, recreation, family and legacy

Traditional Carbon Markets Not Assessable or Rational to Family Forest Owners

Nationally, as well as here in Oregon, family forest owners are not participating in the traditional carbon markets – voluntary or regulated. Why is this the case?

There are many reasons – here are a few:

- The carbon offset programs and methodologies are too complicated
- The upfront cost to participate is significant – requiring, on average, 5,000 acres to justify the cost versus return – initial project development cost starts at \$150,000 for smaller project.
- Time commitments too long – 40 years for voluntary and 100+ for CA regulated
- Compliance and reporting requirement too onerous – annual monitoring and reporting, re-inventory and re-verification by third party
- Risk and reward not viewed as balanced - compliance and market risks too great

Taking a step back, we know that millions of family forest owners across the US and thousands here in Oregon are not engaged in sustainable management; thus, they are not implementing carbon-friendly practices to help mitigate climate change. The most common barriers to families are:

- The cost to implement practices like planting trees or thinning trees
- Lack of knowledge about what to do – so no action is often viewed as the safe course of action

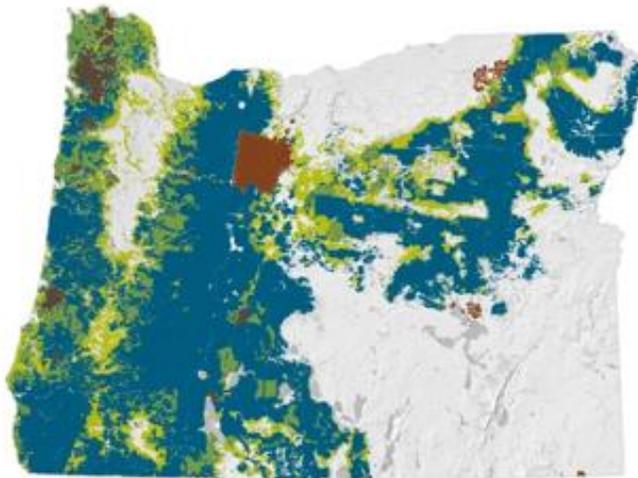


WHO OWNS OREGON'S FORESTS?

- 60% FEDERAL FORESTLAND
- 35% PRIVATE FORESTLAND
- 3% STATE FORESTLAND
- 1.5% TRIBAL FORESTLAND
- .5% OTHER PUBLIC

Forest Ownership Map

Source: OFRI



Source: OFRI