

DRAFT MEETING NOTES
The Northern Forest Carbon & Ecosystem Services Network
Meeting Notes State House, Montpelier
October 20, 2010

Key Points

Goals for the network include:

- ◆ Information exchange
- ◆ Influencing Policy
- ◆ Joint marketing (and investigate the potential for Revolving Loan Fund)

General Comments

- ◆ Information exchange is beneficial
- ◆ Interest in rallying around joint marketing and rallying around one project or set of project to bring to market.
- ◆ Similarly, a need to look beyond a specific project and create an infrastructure to internalize externalities. Ultimately, we need to get a world where behavior is modified. Similarly, any pilot projects and initiatives to scale

Next Steps

- ◆ Clearly define a mission & vision for the group. (In two years, how do we want to see the world)
- ◆ Expand group to consider agriculture as well forestry in ecosystem services
- ◆ Expand the group to include others addressing climate change and seeking local solutions

Background

- ◆ Laury Saligman introduction
 - Focus- Role of carbon offsets and ecosystem services markets in conservation in and the economics of forest management
 - Origins of this group at a time when climate bill appeared imminent; concern that carbon speculators might get in to VT arena with detrimental results
 - Has morphed into a group that is actually putting projects together as well as convening to share ideas
 - A lot has changed- no climate bill in sight. This perhaps makes this group more important; with no federal mandate what should we be doing
 - AFF ES Markets conference this past summer. Nobody saying demise of the climate bill as reason to throw in the towel. Sense that state mechanisms could take up the slack.
 - Agenda review
 - Intros
 - Project updates
 - Policy
 - Next steps

- Break somewhere in there

Introductions

- ◆ Laury Saligman
- ◆ Joe Short
- ◆ Chuck Kerchner- AgRefresh. Project developers. PhD student at UVM with Bill Keeton
- ◆ Emily Russel Roy- UVM grad student looking at forest health; Victory project potential to enroll in various offsets
- ◆ Ann Ingerson- TWS. Interested in ES as a means to finance conservation. Publication on private sources of funding for land conservation.
 - “Defensive” work to ensure that carbon protocols are of a high quality. Working with AFPA
- ◆ Mary Russ- White River Partnership. Landscape auction, 3 year CIG project- Upper Connecticut River watershed
- ◆ Wayne Barstad- Dartmouth College. Project manager for Upper CT River Watershed project
- ◆ David Sleeper, Hubbard Brook Research Fdn. Upper Ct River Watershed Project with Mary and Wayne. Biomass aggregation project in Poultney
- ◆ Ben Machin, Redstart. Forestry, wetland protection, invasive control. Working on a variety of carbon and aggregation projects
- ◆ Stacy Brown- NWF. Consumer education. Wildlife and ecosystem services
- ◆ John Gunn- Manomet Natural Capital Initiatives. Forest Carbon. Drinking water quality project in Crooked River watershed in Maine.
- ◆ Steve Sinclair, State Forester. Lead state agency on forestry in VT.
- ◆ Bill Keeton, Chair UVM Forestry Program. Carbon dynamics and management. Biomass
- ◆ Sandy Wilmot- FPR. Soil carbon- better measurement criteria. Looking for opportunities to develop markets
- ◆ Will Raap- Carbon entrepreneur. Solutions Journal- 2 climate solutions- reduce emissions OR geoengineering. !!!!! The kind of thing that got us in to the problem; what we’re talking about is a natural solution. Merger of Brinkman and AES, thought carbon would be an inducement, still waiting. Employing their methodology with Middlebury.
- ◆ Cecilia Danks, UVM. Social and institutional analysis around forest carbon. Investigating how community based and urban markets participate. Organizing biomass symposium for this spring. 50-state effort to look at how state govts can help landowners
- ◆ Rachel Beddoe- UVM grad student. Research on barriers and opportunities for small scale landowners to access C markets. Landowner interviews of participants in Delta Carbon program
- ◆ Brian Woods- Forests, Parks and Recreation – Climate Collaborative
- ◆ Jim Horton, Forests, Parks and Recreation
- ◆ Ginger Anderson, Forests, Parks and Recreation
- ◆ Kate Wanner- TPL. Interest in C as a conservation finance tool.
- ◆ John Binhammer – TNC.

Project updates

- ◆ Laury- Victory CIG project. Forest overharvested and high graded. Exploring whether it has a place in carbon markets. With Bill & Emily. Review how this land fits in to the various protocols that are out there.
- ◆ Chuck- listed 4 improved forest mgmt projects with CAR. Two more in the pipeline.
 - Lessons- pain in the butt! No other projects developed with CAR in the NE so we are going first. Verification costs lower b/c of aggregation and sample plot changes implemented by CAR
 - Where are the markets going? Election day is a big day in CA. Prop 23 on the ballot to put off CA cap and trade program. Would do massive damage to any movt at the national level. If that policy fails, next best bet will be marketing strategy at the local/regional level.
 - How is this group useful? RLF. AgRefresh is fee for service- a hurdle for cash-strapped landowners. Could a group like this administer a RLF? Second- marketing/lobbying to approaching universities that have committed to carbon neutrality as to the availability of local carbon offsets.
 - Question- are you seeing voluntary funding going to any projects in the Northeast? No. Projects listed, will be verified under CAR. Maybe VCS. If so will go on sale in the spring.
 - CAR- Climate Action Reserve.
 - VCS- Voluntary Carbon Standard.
 - Cecilia- found that RLFs were critical as they looked at examples. One of the ways one project got upfront money was to sell a big offset up front to a utility.
 - Will- negotiating projects in the West with Climate Trust (OR). Focus on land based restoration (grasslands).
 - Sandy- examples of how to work with current use lands? Yes, in NY. As long as the timeframes are the same. Landowner owns the carbon, as long as the state doesn't negotiate a lien on these services.
 - Dealing with land tenure/intergenerational transfer? – Like an easement.
 - Ben- what about situations where the best C scenario is no use? Conflicts with current use, which requires some use.
 - This is one reason why groups are looking at potentially revising UVA.
 - Not an issue now because carbon returns are not going to be compete with economic benefits of current use. If C price goes up, this changes.
- ◆ Mary Russ- Landscape Auction
 - Model developed in Europe by Triple E.
 - Goal to host a live auction giving buyers a chance to “adopt” or otherwise fund conservation projects.
 - (handout of auction items)
 - Hoping to model European results of 200k and up. We raised 20k. Aggregations of people pitching in 25-50 bucks each.
 - We are hoping in yr 2 of Northern Forest Watershed CIG project to look more at ES projects.
 - CIG= Conservation Innovation Grants
 - Question- is there ongoing monitoring to ensure that these projects get done? Yes. Purchase price included \$\$ to pay for monitoring.
- ◆ David Sleeper- Upper CT River CIG program.
 - Year 1- trying to understand water related projects already identified; identify users/buyers, and sellers

- Year 2- Hoping to incorporate a landscape auction as well as other tools. A little under 100k to put in to different techniques.
- Will Raap- have to be careful about thinking that it is all about marketing. CCX- the quality of what they are selling is so suspect that it impacts the price. Scientific validation and follow up is critical. THEN there is the market that can enhance the value of it. Have not seen a whole lot of traction in the voluntary market for performance-based projects.
 - David- that is one reason that decided not to include carbon.
- Will R.- How do we embed a standard of high quality in the Farm Bill?
 - How do we get to a congruent standard?
 - Is this group focused just on forests?
 - Yes. So far.
 - Forests, farmland, soil all need to be addressed.
 - Ben puts in a vote for not being too limited.
- Who will do verification for AgRefresh projects- Rainforest Alliance. How hard is it to find these folks? Not hard in our case. Aggregation protocol helpful with cost. Single project 15-25k. Aggregated, drops to 7k a project.
 - Will R.- Only 3 validators for methodology. Recognition that this is different from offset verifiers.
- Ann- stacking concept is important.
 - Focus on quantification may be too much. Regulatory markets have to quantify, but voluntary markets not quite as critical?
 - Cecilia- even those just doing for PR don't want to get caught with an invalid/questionable offset.
- Cecilia- in the recent landscape auction, any sense from what sold/what didn't as to what worked?
 - Access, riparian buffer projects sold. It was a well know access point that many people used.
 - Perception that the ones that didn't sell were the ones that benefitted the landowner, not the broader community.
- ◆ John Gunn- Crooked River project.
 - Challenges around quantifying benefits of culvert replacement, riparian work, etc. Hard to make direct link to quality of what comes out of Portland faucets. Not sure how much we actually have to quantify.
 - Leveraging some carbon dollars. Blue Marble Moving- offering to their customers that they can offset carbon emissions of their moves. Pay in to fund that will do afforestation in watershed. Old hayfields right on river. If we can charge \$35/ton this can work.
 - Ann- why doesn't this work for water? Treading lightly in terms of approaching ratepayers.
 - David- looking at the idea of term easements. Some pushback from land trusts. Thoughts from this group.
 - FONAFIFO- Costa Rica. A good example a term conservation.
 - Ben- value of momentum- e.g.- The Current Use program is easy for landowners to opt out of but it has done a lot of good.
 - Will- for landscape auction, look at gifting angle.
 - Also- Earth Partners

Farm Bill/Policy Discussion

- ◆ Joe introduced the Eastern Policy Group and discussed how this group could feed into the larger discussion (see policy document for details).

Feedback:

- Ginger - Not the case that federal agencies don't have the know-how to provide technical assistance on ecosystem services. They just don't have the funding. There are still many pieces of the Farm Bill that haven't been funded. Educate the politicians about the importance of these programs.
- National assessment of carbon opportunities- "optimization framework" is something USDA could develop- and they could be charged with doing so in the Farm Bill
 - Will R – The bigger question is "how do we use carbon offsets for better forest management?" McKinsey Consulting has a study on the cost effectiveness of various solutions – a good starting point.
 - How do we fit this discussion into the larger context – such as the climate issue? Where are doors being opened? Where are the leverage points?
 - Big Ag will ensure that the Farm Bill passes. This is an opportunity to get items related to forestry and small landowners moved through the system. There will be no Climate Bill for the next few years.
- Research arm of USFS, FIA potentially important means of cataloguing ES. Has some support within the agency but folks have been trying to change FIA forever with no success.
- The draft shared for this meeting is focused on markets, which makes me nervous. To what extent do we want to support markets- there are other ways to create revenue to support ES without markets- e.g. mitigation, in lieu funding programs, reverse auctions?
- Can you add carbon as a CRP ranking?
- Tax policy- beyond the Farm Bill- cannot be ignored. Critical tool.
 - Look for a recent paper out of Maine
- Also state policy, e.g. What about adding carbon to Current Use program?
- To have small landowners participate in any of these potential programs or markets they need the community partner- programs like the CCPI to support those orgs- and modified to allow overhead and capacity-building expenses- are critical.
- USFWS- wetland easement program?
- How could existing landowner assistance programs be modified to address ES?
 - Vast majority of funding now comes through NRCS. Congress took it away from USFS.
 - 180 town forests in Vermont. Town forests don't have access to NRCS
 - Eastern states got together to get a forestry component in WHP.
 - Restore funding for forest planning
 - Provide training to NRCS staff on forestry issues.
 - Change restriction that says municipalities and states cannot apply for NRCS money

Next steps

- ◆ Goals & Next Steps - Discussion on goals and objectives for the forum in the next 1-3 years. The question at hand, What do we want to achieve in the next 12 months; and in the next 3

years to feel that our time together is well spent? (Perhaps networking is sufficient. Achieve some yet-to-be determined policy objectives? Start some joint projects?)

- ◆ Sandy – appreciate the networking opportunity
- ◆ Chance to bring more resources
- ◆ Two years from now, what will be different? (Develop a mission/vision statement for the group)
- ◆ Policy-A narrow segment of a lobby that could be very powerful
- ◆ Collaborate on grant proposals
- ◆ Game changer approaches- marketing. Get the first sale.
 - Facilitate the brokering of a sale
- ◆ Focus on carbon or on ecosystem services, both?
- ◆ Northern Forest Ecosystem Trust
 - RLF- Revolving Loan Fund
 - A big idea, but start with a project.
 - Work with RGGI (the difficulty is that RGGI is not moving forward with Forestry)
 - Could we find the common ground around a single project?
 - There are a lot of projects already going. Biggest barriers are that policies and institutions not set up right. Bigger barrier- no buyers! Have to develop buyers
- ◆ Joint marketing- proposal already developed.
 - Look to higher ed institutions that have taken carbon pledge. Conferences another potential buyer- looking to offset
 - Package projects from across the Northern Forest to offer to these buyers
 - Needs staff time to go to these potential buyers, ask them if they would buy these types of projects if they were available
- ◆ John Gunn- One-off project versus creating an infrastructure to internalize externalities. It is the latter that we need to be working towards as ultimately, we need to get to a world where behavior is modified.
- ◆ Emily R. – Is the goal to get to scale, so that you don't need a whole lot of people spending a whole of time on every project (as is the case with Victory)
- ◆ Policy is the key lever- regulation is what creates the drivers. Without it...
- ◆ Opportunity to convene again at the next Summit for the Northern Forest- early May, likely in VT.
- ◆ Expanding the group to include farm based carbon offsets.
- ◆ Expanding the group to include other individuals (Peter Stein) and perhaps organizations that need to address climate change in their organizations and carbon offsets may be part of the solution.