

The Honorable Barbara Boxer, Chairman
Committee on Environment and Public Works
U.S. Senate
Washington, D.C. 20510

The Honorable James Inhofe, Ranking Member
Committee on Environment and Public Works
U.S. Senate
Washington, D.C. 20510

The Honorable Tom Harkin, Chairman
Committee on Agriculture
U.S. Senate
Washington, D.C. 20510

The Honorable Saxby Chambliss, Rnkg. Member
Committee on Agriculture
U.S. Senate
Washington, D.C. 20510

The Honorable Jeff Bingaman, Chairman
Committee on Energy and Natural Resources
U.S. Senate
Washington, D.C. 20510

The Honorable Lisa Murkowski, Rnkg. Member
Committee on Energy and Natural Resources
U.S. Senate
Washington, D.C. 20510

The Honorable Max Baucus, Chairman
Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Charles Grassley, Rnkg. Member
Committee on Finance
U.S. Senate
Washington, D.C. 20510

Dear Chairmen and Ranking Members,

Thank you for your leadership developing legislation in the Senate that will help move our economy towards a clean-energy, low-carbon future with an innovative and ambitious framework and strategy to confront the opportunities and threats of a changing climate. In passing a market-based, cap-and-trade approach to limit domestic greenhouse gas emissions, the Senate will provide historic global leadership to address the most critical environmental threat of our time. The American Clean Energy and Security Act (H.R. 2454) promotes a cap-and-trade approach that provides an appropriate foundation for a domestic climate strategy and supports crucial funding and program authorities that address the ecological, social, and economic impacts of climate change.

The undersigned organizations are working as part of the Rural Voices for Conservation Coalition to find solutions to the profound impacts and opportunities that climate change is likely to present for the sustainability of our nation's forests and natural ecosystems and the economic and social well-being of rural communities who depend on them for their livelihoods. These communities will likely face disproportionately higher costs from a cap-and-trade system due to energy use, reliance on small businesses, and persistently elevated levels of poverty and unemployment. Communities in close proximity to public lands have an additional challenge because their economies are built on natural resource-reliant industries, more likely to be impacted by a changing climate. However, climate and energy legislation structured with these communities in mind can provide economic opportunities while maximizing contributions by these communities to mitigation and adaptation solutions.

As your Committees craft a bill in the Senate, we would like to offer our perspective on H.R. 2454 as passed by the House. We would like to describe what we believe to be the strengths of the legislation, as well as areas in which we feel the bill could be improved. We would ask that you consider the following recommendations as you develop the Senate bill.

Renewable Biomass: We applaud the efforts in both H.R. 2454 and the American Clean Energy Leadership Act (S.1462) to establish a Renewable Electricity Standard. We strongly feel that any energy policy that strives to increase the production of renewable energy should simultaneously capture energy efficiency gains and promote the most efficient transfer of energy from our natural resources.

We are supportive of a renewable biomass definition that includes wood residuals from Federal forests. The inclusion of public lands ensures social equity for public-land communities across the West from federal investment in renewable energy development. The definitions of allowable biomass in H.R.2454 and S.1462 differ in their approach to environmental safeguards. We support the need to address sustainability and ecological integrity of harvesting; however, we feel that existing environmental laws governing activities on public lands provide a mechanism to ensure ecological safeguards for activities on federal forestlands. We ask the Committee to consider simple and straightforward means of achieving environmental safeguards for public lands biomass harvesting, so as not to overly burden an already complex system of legal requirements and thus dampen the potential for investment in public-land communities. Additionally, biomass supplies from private lands will be instrumental for enterprise development. We encourage the Committee to continue working towards provisions addressing private land biomass that include 1) sustainable management practices to ensure long-term ecological integrity and 2) a prohibition on the conversion of native forests.

We advocate for the development of appropriately-scaled energy facilities. By appropriately scaled, we mean facilities that require a feedstock resource that is ecologically sustainable, economically feasible, and socially acceptable. In many cases, these facilities will be small combined heat and power (CHP) or district and institutional heating facilities that provide opportunities for rural entrepreneurs and benefits to local economies. Appropriately-scaled facilities should qualify as distributed generation, as defined in S. 1462. However, the definition of distributed generation in H.R. 2454 limits the generation of electricity from wood-fired combustion to facilities less than two megawatts. We believe that a collaboration of diverse stakeholders should ascertain the appropriate size of a facility in their community.

We also believe in utilizing our natural resources efficiently when generating energy. Small CHP facilities provide an opportunity to capture “waste heat” to provide either space heat or process heat. The capture of thermal energy (heat) in these facilities can increase system efficiency from 25% to 75%. In rural communities, thermal energy (heat) generated from renewable sources such as biomass would typically offset the combustion of a petroleum-based fuel, such as heating oil or propane. This not only reduces the consumption of petroleum but can serve as a source of wealth capture for rural communities. We support Senate RES attempts to establish some value to the thermal energy generated by these types of facilities in Sec. 132(c)(H)(I).

Natural Resources Adaptation: We fully support the inclusion of planning and financial resources for climate change adaptation in H.R. 2454, both for state and private lands and national forests. We would like to express enthusiastic support for the inclusion of expanded natural resource adaptation funding and strategies in Senate climate change legislation, as called for in a recent letter from Sens. Max Baucus and Sheldon Whitehouse to Chairwoman Barbara Boxer of the Environment and Public Works Committee.

H.R. 2454 allocates 8.1 percent of natural resources adaptation funding to the Forest Service for activities on both National Forests and state and private forests. The significance of our nation’s forests to climate change mitigation and the threats facing our forest resources from a

changing climate warrant higher investment. We would like to see this 8.1 percent devoted solely to National Forest adaptation activities, with an additional 8.1 percent of the overall natural resources adaptation amount directed to state and private forest adaptation efforts carried out under the Cooperative Forestry Assistance Act. Further, we would like the funding allocated to Federal agencies for natural resources adaptation activities to be dedicated funding, not subject to the annual appropriations process. In addition, the U.S. Forest Service should be included in the list of Federal agencies contributing to the development of natural resources adaptation science and information (Sec. 477). Finally, we encourage that funding provided to the States for natural resources adaptation includes allocations for state forestry and other state land management agencies (rather than limited to wildlife agencies).

In developing State adaptation plans, we urge a more comprehensive stakeholder consultation process that includes rural communities, which are inextricably linked to natural resources and likely the most vulnerable U.S. populations in a changing climate. Sec. 479(d) provides for public input in the development of state plans. We encourage that, as part of this provision, the Secretaries of Interior and Commerce are required to consult with a broad array of affected stakeholders, including rural communities and community-based organizations, thereby ensuring that that full range of social, economic, and ecological impacts of adaptation assessments and strategies are considered by and communicated to those affected. We would also urge that these state plans be made available to the public, through expanded language in Sec. 479(d).

Although these plans are to detail impacts and strategies for natural systems, they should also reflect on similar impacts and strategies for local rural communities. The development of the International Deforestation Reduction Program in Sec. 754 provides a good example of how to include these communities in new climate-related planning, ensuring the international deforestation plans consider the “rights and interests of local communities.” Adopting similar language for the development of state adaptation plans under Sec.479(c)(1) and Federal plans under Sec.478(c) would help engage, inform, and guide rural communities as they participate in adaptation efforts.

Green Jobs and Worker Transition: The current program under the Clean Energy Curriculum Grants (Sec.421) focuses too narrowly on renewable energy development. In addition to careers and jobs in the fields of “clean energy, renewable energy, energy efficiency, climate change mitigation, and climate change adaptation”, the program should also include training for sustainable natural resource management. This should include ecosystem restoration strategies that can reduce CO₂ emissions from forests and natural ecosystems and assist with ecosystem adaptation. This may also include activities to enhance the capacity of rural communities to engage in carbon offset markets, such as training for verification and management carbon offset projects.

Supplemental Carbon Incentives: Supplemental emissions reductions strategies can and should be included in the legislation, addressing both international and domestic opportunities to participate in mitigation activities outside of carbon offset markets. To this end, we support the general intent of the supplemental agricultural and renewable energy incentives program (Sec. 788), which provides financial incentives for activities undertaken in the agriculture sector that reduce greenhouse gas emissions or sequester carbon, but we believe that forests need to be included more clearly and prominently. The Forest Carbon Incentives Program Act (S. 1576) provides a model for how a similar program might be applied to forest landowners. We feel that language similar to S. 1576 should be included in the bill and further strengthened to:

- Explicitly include non-industrial private forest landowners and direct program resources to small landowners who face barriers to offset market participation due to their scale of ownership and the inability to finance associated transaction costs, such as costs of aggregating carbon offsets from numerous small landowners.
- Establish clearly defined targets for programmatic emission reductions and adequate monitoring protocols, supported by field sampling and remote sensing, to ensure that the program results in real and measureable climate benefits.
- Identify eligible adaptation goals that can be achieved alongside mitigation activities, particularly in forest projects.
- Provide for learning or demonstration components, including research and monitoring to understand the mitigation and adaptation outcomes of projects.
- Recognize and report on co-benefits achieved through activities to reduce or sequester carbon emissions.
- Encourage landowners to participate in other conservation programs that provide incentives or financial assistance for specific activities and allow for “stacking” of environmental benefits.

In addition to domestic opportunities, we support provisions that provide financial resources and technical assistance towards achieving supplemental emissions reductions from reduced international deforestation. We would urge, however, that the Forest Service’s Office of International Programs play the lead role in administering this program, due to their long history of work with developing countries to reduce deforestation.

We also call attention to Sec. 205, which will drive supplemental emissions reductions through grants for strategic tree planting in urban areas to help reduce energy demand and provide climate benefits through shading. We strongly support this critical provision that recognizes the value of trees for energy conservation purposes and fosters new partnerships in urban forestry.

Qualified Forest Offsets: A Federal cap-and-trade program must explicitly provide for qualified domestic forest-sector offsets that have the potential to generate significant and credible emissions reductions while providing flexibility in achieving emissions targets and a host of ancillary environmental benefits.

We support the approach adopted in Title V of H.R. 2454, which lists a range of eligible project types in the forest sector, including afforestation, reforestation, improved forest management, avoided conversion, and urban forestry. The list provides important direction from Congress that certain project types for forest-sector offsets, which have achieved significant public agreement through discussions of state and regional protocol, should be included in a Federal cap-and-trade program. A number of other project types, including harvested wood products, woody biomass-to-energy, and reduced wildfire emissions will require further protocol development to gain agreement among diverse interests and should be actively explored for eligibility in a Federal cap-and-trade program.

Title V establishes authorities under the USDA to develop and administer the agricultural and forestry offset program. We strongly support this role for USDA, particularly in developing methods and protocol for a forest-sector offset program and providing outreach and technical assistance to landowners for the implementation and aggregation of forest-sector offsets, acknowledging the USDA’s long history of direct involvement with landowners and implementation of conservation practices on working lands. The EPA should have a primary

role in broad carbon market oversight and will be a critical partner to the USDA in linking forest-sector offsets to the wider carbon marketplace.

Title V similarly establishes the USDA Greenhouse Gas Reduction and Sequestration Advisory Committee and we urge that this Committee include a member with extensive knowledge of forestry and forest practices. We would also urge that U.S. Forest Service's Office of International Programs play a central role in the issuance of international forest-sector offsets (Sec. 743).

Disposition of Allowances: We appreciate many of the allowance allocations under Subtitle B of Title III directed to address social equity issues, such as climate policy impacts on low-income or underserved groups. Several specific allocations provide the necessary investments in a shifting economic landscape towards a low-carbon, clean energy future, including those to electricity consumers (Sec. 782(a)), low income consumers (Sec. 782(d)), energy efficiency and renewable energy resources (Sec. 782(g)), and worker training (Sec. 782(k)). Allocations to State and Federal adaptation efforts (Sec. 782(m)) also provide necessary investments in maintaining the ecological resiliency of the nation's environment.

We applaud the inclusion of key social, economic, and environmental components in allowance allocation and auction strategies. The success of these strategies hinges on proper legislative direction and program design that recognizes the challenges that rural populations will face from climate change and climate policy while ensuring that rural communities will be included in the programs funded by these allowance allocations.

In closing, we greatly appreciate your efforts to craft climate and energy legislation for the nation which provides opportunities and protections for rural communities and landscapes. We ask that you consider our recommendations as your Committees develop and debate a Senate bill. We would also welcome the opportunity to discuss our ideas and recommendations with you as your Committees move forward. Please contact Gerry Gray (202-737-1944 ext. 217 or ggray@amfor.org) or Maia Enzer (503-221-6911 ext. 111 or menzer@sustainablenorthwest.org) if you have any questions or if you would like to discuss these recommendations further.

Sincerely,

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