

Statement of the Society of American Foresters, the Nature Conservancy, and the National Alliance of Forest Owners for the Coalition Group Representatives Hearing on the Environmental Protection Agency's New Source Performance Standards Proposal

Introduction

The Society of American Foresters (SAF), The Nature Conservancy (TNC), and the National Association of Forest Owners (NAFO) thank you for the opportunity to share our carbon offset solutions. The Society of American Foresters is the national scientific and educational organization representing the forestry profession in the United States. We are a nonprofit 501 (c)(3) organization dedicated to using the knowledge, skills, and conservation ethic of our profession to ensure the continued health and use of forest ecosystems and the present and future availability of forest resources to benefit society.

The Nature Conservancy is the leading conservation organization working in all 50 states and over 30 countries to protect ecologically important lands and waters for nature and people. TNC has over 1 million members and has protected more than 119 million acres of land worldwide.

The National Alliance of Forest Owners is an organization of private forest owners that promotes the economic and environmental benefits of privately-owned forests at the national level. NAFO membership encompasses more than 79 million acres of private forestland in 47 states.

On behalf of our members, we urge EPA to include forest and other land-based offsets in its emerging New Source Performance Standards (NSPS) for greenhouse gases. Forest conservation, restoration, sustainable forest management, and agriculture improvements are among the most affordable ways of reducing greenhouse gases in the atmosphere. As a result, including credit for these activities under NSPS will allow EPA to achieve the same or greater reductions in carbon at significantly lower cost to the economy. Including forests and agriculture will allow EPA to meet the Clean Air Act Section 111 requirement that it's standard take "into account the cost of achieving such reduction and any nonair quality health and environmental impact and energy requirements) the Administrator determines has been adequately demonstrated." In all this, it is important to note that tremendous advances in carbon monitoring technology and skill mean that forests and other land use can be monitored and tracked as well and as affordably as emissions from other sources.

In addition, protecting and restoring forests and improving agriculture are uniquely able to provide those non-air benefits that the Clean Air Act requires be taken into account, using practices such as forest conservation, restoration, and sustainable management, and reducing agricultural tillage. These can also help deliver clean water to tens of millions of Americans, provide habitat for wildlife, reduce erosion, and allow

opportunities for Americans to enjoy the great outdoors. Including forests and agriculture will provide millions of landowners, farmers, and rural Americans with the opportunity to participate in and benefit from solutions to climate change, making this a truly national effort, not one that is confined to our population centers.

### Legal authority

EPA has recognized the flexibility inherent in the New Source Performance Standards to enact market-based controls such as offsets, because market-oriented regulatory approaches can offer important advantages over non-market-oriented approaches when suited to the environmental problem. Market-oriented approaches leave the method for reducing pollution to the emitter, and emitters have an incentive to find the least cost way of achieving a regulatory requirement.

An offsets system is critical to realizing the joint goals of reducing carbon emissions while reducing social costs. Section 111 provides a flexible opportunity among the Clean Air Act's organic authority provisions to address stationary sources to pursue offsets. Section 111 requires EPA to establish standards of performance for various pollutants emitted by different source categories based on best demonstrated technology (BDT). BDT is a broad and flexible standard that incorporates the best system of emission reduction. EPA has observed that “the NSPS program could use emissions trading, including cap-and-trade programs and rate-based regulations that allow emissions trading, to achieve GHG emission reductions.” *73 Fed. Reg.* 44354, 44490, July 30, 2008.

Given EPA's recognition that the NSPS program could promote emissions trading, it is logical to conclude that an offsets system could be incorporated as well, either into a conventional NSPS or a market based system. While Section 111 to date largely has been utilized to set specific numeric- and technology-based standards that apply at a facility specific level, the broader flexibility of “standards of performance” on the surface may not limit EPA to past practice. Ultimately, NSPS allows the balancing of numerous factors, including costs and technology, that enables EPA to develop an argument that such a market-based system would be both environmentally and economically efficient at realizing certain reductions. An offsets system is consistent with both the environmental and economic goals of such a system, and legally consistent with EPA's recognition of its authority to promote an emissions trading system.

We also note the section 110(a)(2) of the Clean Air Act provides authority for economic incentives, which could be integrated into the state model rule. Market-based offsets are within a reasonable interpretation of existing authority.

### Programmatic Feasibility

Developing and implementing an offsets program would be administratively feasible for EPA. Credible offset methodologies have been tested in a variety of mandatory and voluntary programs, and continue to be developed and applied around the world. This experience could be readily adapted for use in the NSPS context with a high degree of confidence. Moreover, the ability of several credible offset programs to be established at relatively low carbon prices indicates that the administrative costs are reasonable in comparison to the cost savings and flexibility afforded to covered sources.

### Domestic benefits

Domestically, carbon offsets can help keep our climate policy cost effective, ensure affordable electricity for consumers and businesses and help ensure broad and long-lasting support. Offsets will expand opportunities for rural Americans to become involved in an important market. Rural Americans need carbon offsets to participate in and benefit from solutions to climate change. Forestry and agriculture could account for significant reductions in emissions, and offsets could substantially increase the amount of carbon sequestered by forests through the right incentives. At the same time, forest carbon offsets would also benefit conservation efforts.

### International benefits

Because greenhouse gases are a globally mixed pollutant, emissions reductions overseas make as much impact as reductions at home. Tropical forest conservation is an extremely affordable way to reduce emissions, can be easily tracked using satellites and on-the-ground monitoring on a large scale, and can help protect endangered wildlife and indigenous people. There is also a strong track record for this type of partnership to produce demonstrable results. Norway has concluded a deal with Brazil to provide up to \$1 billion in compensation for deforestation reductions on a pay-for-performance basis. This agreement has helped reduce Brazilian deforestation by roughly two thirds since 2005, dramatically cutting Brazil's greenhouse gas emissions.

Tropical forest emissions reduction should require that forest additions be permanent in order to be eligible. After a transition period in which project, state, and province-level forest conservation efforts are eligible for crediting, reductions could eventually be required to be part of national deforestation reductions and would benefit biodiversity, clean water, and indigenous people.

### Closing

Again, the Society of American Foresters, The Nature Conservancy, and the National Alliance of Forest Owners thank you for the opportunity to contribute toward solutions that will be beneficial for everyone.