



National Center for
Conservation Science & Policy



January 6, 2010

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture

The Honorable Ken Salazar
Secretary
U.S. Department of Interior

Dear Secretary Vilsack and Secretary Salazar:

A recent Senate subcommittee hearing raised the prospect of applying private carbon contracts to federal lands. Offsets markets, if well-designed and well-regulated, could steer needed resources into private land protection. However, extending this mechanism into the arena of federal land management raises numerous unexamined issues. Most problematically, it would interfere with the management mandates for federal lands while undercutting the offset market on private lands. These and related problems need to be thoroughly vetted and understood before moving in such a direction.

We are aware of the limited offset experiments that have already been undertaken by the Fish and Wildlife Service and the Forest Service. It is important to understand that this experience has been gained in the unregulated voluntary carbon market. Much of what has enabled those projects to go forward would not be allowed in a regulated carbon market, under the standards of additionality, permanence, and measurement rigor that will be needed to keep offsets from undermining emissions targets.

At the same time, these early experiments have demonstrated the willingness of private parties to supplement public appropriations in return for the right to carbon credits hosted on public lands. It is apparent that if offsets on public lands are allowed, they could become major sources of new revenue for resource-starved public agencies. It is also apparent that they could entangle public land managers and agencies in potential liability associated with enforcement intended to maintain the integrity of a regulated carbon offsets market.

Here is a list of the issues that appear problematic and deserve your closest scrutiny:

1. Effect on private land protection. Offsets undertaken on public lands could become a substitute for offsets on private lands, especially if having a public agency on one side of the deal is seen as providing an imprimatur in the marketplace. This raises

the prospect of reducing the incentive to protect vulnerable private parcels. The long-term opportunity costs associated with missing chances to preserve unprotected private land could be very large.

2. Effect on the private carbon offsets market. Flooding the market with offsets on public lands would depress the price of offsets generally, leading to reduced funding for private land protection.
3. Lack of additionality. Our public lands are already managed under laws that require that their health be maintained. Thus it seems difficult to meet the requirement of a regulated offsets market that the carbon sequestered through reforestation of certain acres, for example, would not have occurred anyway under prudent public land management. Indeed, to the extent that the project occurs on land already prioritized by land managers for reforestation, it would seem that many offset projects would be sited where the next dollar of appropriations would have been spent anyway. This lack of additionality has not been enforced in the voluntary market, but it must be enforced in the mandatory market.
4. Lack of permanence. Most of the contracts undertaken in the voluntary market to date by the Fish and Wildlife Service have involved durations of 50 years or less. In the mandatory market, this is insufficient to achieve the level of “permanence” that justifies allowing a polluter to buy an offset.
5. Impact on appropriations. The perceived increase in resources available for reforestation or wetlands restoration from these contracts could become illusory if the appropriations committees simply reduce public appropriations by the amount attributable to this new private source. The financial benefit to the agency would be wiped out.
6. Impact on Management Flexibility and Conflict with Multiple Use Objectives. Forest Service Chief Tidwell stressed in recent Senate testimony the inadvisability of managing a public forest only for carbon as these lands are statutorily required to be managed to provide a wide variety of benefits to the American people, such as fish and wildlife, clean water and recreation. Carbon storage should not be allowed to over-ride the long-term ecological health and sustainability of the forest. Single-purpose federal land offset contracts with private parties would thwart this broader mandate.
7. Legal concerns. Legal opinion varies regarding proposals for public lands managers to bind the federal government to a contract with a private sequestration project developer in the voluntary carbon market. Even more thorny questions would be raised by federal land management agency participation in the compliance market because it will create liability, enforcement, and management issues not present in the voluntary market.
8. Use of offsets contract revenues. Should revenues flowing from efforts to mitigate climate change emissions be spent only on mitigating climate change emissions? The agencies have huge climate adaptation needs that would be directly related to

the purposes of climate legislation. On the other hand, diverting the money to non-climate related activities within the relevant agency, such as regular operations and maintenance, or outside the agency itself, would potentially undermine the climate purposes of the revenues.

For all these reasons, we believe it would be preferable to provide direct funding for protecting carbon storage and sequestration activities on the public lands through non-offset mechanisms. The pending climate bills significantly supplement agency budgets to accomplish natural resources climate adaptation purposes, much of which will have major storage protection and enhanced sequestration benefits even if not undertaken solely for that purpose. Additional proposals would supplement agency resources outside of the offsets market that would allow public land managers to protect sequestration value without becoming entangled in long-term contracts with individual private carbon projects. Some of the highest levels of carbon stored per acre can be found on federal lands as a result of past management decisions unassisted by private carbon contracts. Non-offsets funding from the climate bill could and should be used to support the preservation of this type of carbon storage on public lands.

We would welcome the opportunity to meet and discuss these concerns in greater detail at your earliest convenience. Thank you.

Sincerely,

Frances Beinecke
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President
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