



BRITISH COLUMBIA
ASSEMBLY OF FIRST NATIONS

British Columbia Assembly of First Nations

Submission to:

BC Climate Action Secretariat on the DRAFT BC FOREST CARBON OFFSET PROTOCOL VERSION 2.0

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Climate change and biodiversity loss exacerbates the challenges faced by First Nations across BC, including economic marginalization, even though their contribution to greenhouse gas emissions is minimal. Land-based carbon offsets projects are a potential source of economic development to First Nation communities in BC align with ecosystem based management practices and reflect their jurisdiction in protecting and stewarding their territories.

The B.C. Declaration on the Rights of Indigenous Peoples Act (the Declaration Act) requires BC to make all laws consistent with the United Nations' *Declaration on the Rights of Indigenous Peoples* (UN Declaration) and co-develop an Action Plan with rights holders. At the same time, BC has committed to economic reconciliation with First Nations. Contrary to these commitments and goals, the draft BC FCOP V2.0 (the Protocol) severely limits economic options for First Nations communities. In its current form, the draft BC FCOP V2.0 represents a lost opportunity for BC's relationship with First Nations.

Though arguably outside the scope of the Protocol, it is worth noting that a majority of forest carbon projects to be developed by First Nations in BC will require an Atmospheric Benefit Sharing Agreement. This will introduce a further net-down to offsets received by a community that develops a forest carbon project. The Crown should be alert to the undesirable situation where a quality forest carbon project would be yielded un-economic based on net-downs that are not necessary to protect environmental integrity of carbon accounting.

The final BC FCOP V2.0 must provide clear direction on First Nations' led carbon projects. At present, there is a fundamental absence of information within draft Protocol as to how First Nations can develop forest carbon projects in their traditional territories.

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Our specific comments and considerations with respect to the draft Protocol follow below:

1. Section 2.1 (lines 216-217): Carbon projects can help First Nations transition to a low carbon economy and help BC achieve its stated targets in the Climate Change Accountability Act (40% below 2007 emissions by 2030, 60% below 2007 emissions by 2040, and 80% below 2007 emissions by 2050.) Under FCOP V1.0, carbon sequestered in year 1 of a 100-year project would have to endure to 100 years, while under FCOP V2.0 it would have to endure to 200 years. This should be reduced to 100 years from when the reduction was achieved to encourage projects and be more in line with reducing carbon emissions for a low carbon economy.
2. Section 3.1 (line 406 onwards): To align with the Declaration Act, this entire section needs to be amended to recognize and affirm First Nations Rights and Title and the requirement of free, prior and informed consent for all projects. This includes separate and specific First Nations engagement and it must be acknowledged in this section that First Nations have the

'authority to access and use Crown land' outside of reserves and tenures. Also, the definition of 'private land' must include reserves and other forms of Title.

3. For viable carbon projects, First Nations tenure lengths must be increased to be commensurate with project lengths. First Nations tenures should be issued for a minimum 125-year period to allow for carbon projects. Other questions left unanswered within the draft Protocol: will tenure rights periods align with the crediting and monitoring period? Will there be a new type of tenure system created to enable Ministry of Forests to enter into minimum 125-years tenures and other agreements with First Nations?
4. Section 3.1 (line 438): The requirement for a Registered Professional Forester (RPF) on project teams should be removed or replaced with language that also allows for project team personnel with experience in the sciences, including carbon management, and other pertinent fields of knowledge. Some but not all RPFs have the expertise to evaluate carbon projects rigorously.
5. Section 8.1.1.2 (lines 1145-1146) Climate-related risks to projects are already accounted for by the contingency account. The requirement to demonstrate that a project accounts for climate-related risks should be removed because it is unnecessary and onerous.
6. Section 8.1.1.2.2 (line 1160-1178): The provision that "Any declines in normal harvest levels in the short- to mid-term must be no more than or equal to 10% per decade" must be removed completely because it undermines this entire draft protocol and makes forest carbon projects unviable for First Nations. It requires that a First Nation prove a baseline and then only generate a small fraction of the real sequestration. There should be no language in this draft protocol that carbon projects should not reduce timber harvest in BC.
7. Section 5.2.1 (line 711): Five to ten years of historical records should be sufficient for ensuring additionality of a project. Twenty years is unnecessary and unreasonable, and for First Nations communities, given the lack of information that already exists, this requirement would constrain their opportunities to initiate carbon projects, putting them at a disadvantage compared to other developers.
8. Section 5.3 (line 867): The BC government should not be able to make ex-post adjustment to the baseline scenario of a project. This would create uncertainty and reduce the viability of projects.
9. Section 2.1 (line 277-279): Only unintentional reversals (should as those brought about by an insect outbreak or a wildfire) should be covered by the contingency account. The contingency account should not be used for planned reversals (intentional logging).
11. Sections 8.3.1 and 8.3.2: The default leakage values in Table 5 are high and are lacking rationale. Other protocols restrict market leakage calculations to the country or region the

project is located in. Consideration should be given to restricting the market leakage determination to Canada or to BC.

Here are two examples of how market leakage is calculated in other systems:

- 1) In the VM0010 Methodology for improved Forest Management – Conversion from Logged to Protected Forest v1.3¹ restricts the determination of market leakage to the country the project is in using the following:
 - a) Leakage is 0 if it can be shown that no new concessions can be assigned, annual extraction cannot be increased in the country, and illegal logging is absent or di minimis,
 - b) If the country ratio is equal to the project ratio ($\pm 15\%$), then leakage is 0.4,
 - c) If the country ratio is $> 15\%$ less than the project ratio, then leakage is 0.7, and
 - d) If the country ratio is $> 15\%$ more than the project ratio, then leakage is 0.2.
- 2) The American Carbon Registry determines market leakage at the regional scale using²:
 - a) If the project can demonstrate that any decrease in total wood products produced by the project relative to the baseline is less than 5% over the Crediting Period, then market leakage is 0,
 - b) Where project activities decrease total wood products produced by the project relative to the baseline by more than 5% but less than 25% over the Crediting Period, the market leakage deduction is 10%, and
 - c) Where project activities decrease total wood products produced by the project relative to the baseline by 25% or more over the Crediting Period, the market leakage deduction is 40%.
12. Appendix C (lines 2271-2272): "Requirement of the remaining Timber supply (Q_N) to be the five-year average of annual total timber harvest in North America for the most recent period". BC should allow for adjustments in the parameter (Q_N) relative to project size. The equation assumes that the reducing harvest carbon offset project in BC impacts the entire timber market in North America regardless of the scale of the project. This assumption is not reasonable. Appendix C, Table 9, (line 2284) notes that the default leakage factors assess leakage as far away as China and Japan. Extrapolating data out this far is likely to overestimate leakage affecting projects in BC.
13. Forest carbon offset projects from BC have global significance in the fight against climate change. To encourage investment into First Nations economies, we recommend that FCOP

¹ [VM0010 Methodology for Improved Forest Management: Conversion from Logged to Protected Forest, v1.3 - Verra](#)

² [ifm-methodology-v1-3-april-2018-w-cover-cp.pdf](#)

V2.0 and associated BC Government legislation and policies seek to maximize the ability for attendant offsets to be usable in the Canadian federal offset system as eligible units, as well as Internationally Transferred Mitigation Outcomes (ITMOs) as part of Canada's engagement with Article 6 of the Paris Agreement. Access to broader Canadian and International foreign direct investment in conservation will both drive prosperity for citizens, and help British Columbia better fight climate change.

14. Appendix D Table 10 (line 2903): Projects that lower carbon emissions by reducing harvesting in an area should not face external leakage penalties due to demand for timber shifting to other areas. If BC wishes to mitigate climate change, current market demand for wood is not sustainable. The lack action on the part of the BC to promote a climate-smart action in wood products (such as the re-use and recycling of lumber, or the use of smaller-diameter trees from second growth) should not be paid for by First Nations carbon projects.
15. Section 8.4.5.1.1 (line 2020): The use of a buffer pool is best practice but the proposed contribution should be based on science. BC could use the same contingency contribution as the California Air Resources Board program -15%. We understand that there has never been a reversal large enough to have even come close to depleting a contingency account.
16. Appendix H (Lines 2531-2544): This lists several measures that can be taken to mitigate risk and reduce the contingency account contribution, but Natural Disturbance Types already account for First Nations stewardship and sustainable land management practices and as a result, these activities would not be eligible as mitigation measures.³ This is unfair to First Nations.
17. Verra and the American Carbon Registry use the *Agriculture Forestry and Other Land Use Non-Permanence Risk Tool, v4.0*⁴ to conduct a non-permanence risk analysis (risk of reversal). It is a scorecard containing the following categories:
 - 1) Internal risks – project management, financial viability, opportunity cost, and project longevity.
 - 2) External risks – land tenure and resource access/impacts, community engagement, and political risk.
 - 3) Natural risks – fire, pests and disease, extreme weather, geological, and other natural risks.

The minimum risk allowed is 10. The project is not eligible for crediting if a total risk score is greater than 60, an internal risk score is greater than 35, an external risk score is greater than 20 or a natural risk score is greater than 35. The total risk score is the percent of the project carbon assigned to a buffer pool. It would be more rational if a similar system was built in BC.

³ https://www.env.gov.bc.ca/fia/documents/TERP_eco_rest_guidelines/defgoals/natdisturb.htm

⁴ https://verra.org/wp-content/uploads/2019/09/AFOLU_Non-Permanence_Risk-Tool_v4.0.pdf

Mitigation activities based on modifications to current practices would be correlated to the risks as both would be based on current disturbance regimes.

18. Is the contribution to the contingency account returned to a Project Proponent at the end of the monitoring period?
19. Section 8.1.2 (line 1326): The wood density values provided in Table 3 are apparently incorrect values for green volume. If the volume is green volume, the wood densities from the more-current VM0034 protocol should be used. This document should specify whether the volume is green, air-dry, or oven-dry and provide the correct wood density values for the type of volume specified for the conversion of stemwood volume to stemwood biomass. If volume is air-dry or oven-dry, shrinkage values should be provided and included in Equation 9.
20. Section 8.1.2 (lines from 1294) the fractions of Harvested Wood Products (HWP) in-use provided in Table 2 are based on roundwood removed from the harvest site. Lines 1253-1254 indicate that the Natural Resources Canada analysis also included estimates of how much of the harvested volume is removed from the harvest site, net of on-site harvesting losses. Will Natural Resources Canada values for on-site harvesting losses be provided or is it up to the Project Proponent to determine this?
21. Section 8.1.2 (Lines 1268-1275): Increasing the proportion of long-lived HWPs should not be an eligible management activity (as is stated on line 489). Based on the definition of 'permanent' (line 216) and the fraction of HWP in-use from Table 2, less than 6% of the carbon stored in HWP can be considered permanent. The definition of 'permanent' (lines 216-217) disqualifies HWPs from being a component of the project scenario or at the very best, demoting the carbon stored in HWPs to *de minimis* status.
22. Section 8.1.2. Since the baseline HWPs cannot be considered permanent, it is unclear why they are being deducted from project removals or why harvested wood is not assumed to be immediately emitted as CO₂.
23. Section 8.1.2 (lines 1251-1261): Lists items that must be included in a HWP lifecycle analysis. There must be an option for proponents to develop their own fractions in use over time that are more appropriate for the harvested wood products they produce, such as "mass wood", while accounting for the items listed in the lifecycle analysis provided. Currently the project proponent only has the options of using the fractions in use provided in Table 2 or all harvested wood carbon is immediately emitted as CO₂ (lines 1266-1276).
24. Section 8.1.1.3 (lines 1200-1206): BCAFN calls for accuracy of models utilized in the protocol to ensure the quality of the offset monitoring, reporting, and verification. According to experts, specifying that a model must be used in a protocol leads to the inappropriate use of a model, as well as validation and verification problems, including the over-estimation of project removals. The draft FCOP V2.0 not only specifies which models must be used, it has removed the requirement to justify why a particular model is used and how models are linked

to each other. In addition, although this draft FCOP V2.0 requires certain models to be used, project proponents are expected to assume the risk of using them (lines 1210-1211), even when those models have never been independently peer reviewed in an open and transparent manner according to experts.

In order to ensure that models will be used correctly, that validators and verifiers have a better idea of what to check for, and the uncertainty assessments are more reliable, the draft FCOP V2.0 should do the following instead of prescribing exactly which models should be used:

- a) Recommend models that have been used in or calibrated for B.C.
 - b) Explain the appropriate uses of the recommended models.
 - c) Explicitly describe the uncertainties of each model so that the statistical accuracy of the modelling approach is well defined and publicly visible.
 - d) Provide guidance on linking recommended models, such as TIPSYP and the CBM-CFS3, based on inconsistencies between the models, such as biomass estimation.
 - e) Provide guidance on how the project proponent must justify the model(s) selected for use.
25. Section 8.1.1.3 (line 1205). Problems with the CBM-CFS3 model's ability to model stand-level carbon are well-known. The CBM-CFS3 uses the stand level volume-to-biomass conversion equations for the lead species for all species in a mixed species stand. This creates greater uncertainty in the carbon outputs for stands with lots of species' diversity. The CBM-CFS3 also over-predicts carbon in soil and dead organic material in comparison to other forest carbon models^{5 and 6} because for each merchantable stem section (stem minus top and stump) that dies and moves to the stem snag pool, 8.8 stumps and tops are moved to the branch snag pool. These problems should either be explained in the draft FCOP V2.0 or fixed.
26. Section 8.1.1.3 (line 1201). For the same species and volume per hectare, there is a large discrepancy in estimated biomass between VDYP and TIPSYP. The protocol should give guidance in how to reconcile such differences when linking different models together when determining emissions reductions for a project.
27. Section 8.1.1.1.1 (lines 1075-1077 and 1108-1109): Instead of requiring that the VRI be used FCOP V2.0 should:
- a) Provide guidance on exactly what an inventory should include, such as measures of woody debris and forest floor carbon for carbon budget model validation.
 - b) Provide guidance on how to enhance a VRI that is shown to be inadequate.

⁵ [e \(gov.bc.ca\)](http://e.gov.bc.ca)

⁶ [Microsoft Word - Invermere TSA Carbon Report Phase II final_out.doc \(gov.bc.ca\)](#)

- c) Allow alternative inventories, such as the Ministry of Forests, Lands and Natural Resource Operations cruising procedures for stumpage appraisal purposes⁷, for small-scale forest carbon offset projects.
- d) Specify the level, species or all species combined, the targeted sampling error applies to.

⁷ [2020_cruise_master.pdf \(gov.bc.ca\)](#)