HB49: Public Testimony

This bill has often been referred to as the tree bill but I think it would be better to refer to it as the density bill. Why density? Because the main metric for measuring the amount of carbon to offset will be trees per acre. The higher the density the more carbon can be offset.

Setting up a framework for companies to offset their carbon emissions by leasing our forest land is saying to us, the people, that Alaska's forests are worth a certain number of barrels of oil outside of Alaska or in a foreign country. These companies need dense forests to account for the total emissions they produce.

Anew, a company who was invited testimony and are a WEF partner, wrote a white paper study on Alaska's forest, they identified 300,000 acres available to perform a pilot project that the state needs to approve today. The average density is 113 trees per acre. When you convert this to barrels of oil that means those 300,000 acres of forest lands in Haines, Matu-Su and Fairbanks is worth 14,000 barrels of oil to someone else.

Our forests will become an asset, an asset that will require collateral, and an asset that will be protected at all costs not managed for forestry.
Now, what happens in the future when the density changes to be 150 or 200 trees per acre in order to meet the criteria on the exchange? Does this mean that your constituents that heat their homes with wood will no longer be able to log those forests because there aren't enough trees per acre for the company that owns the lease?

The company that manages and sets up caron offsets, Verra, who when asked if they were part of the WEF committed a lie of omission. They are a WEF partner. Any legislator in the room and certainly their staffers, could have verified this fact with a simple Google search. Verra also confirmed they are a non-profit. But did the legislature know that this non-profit was incorporated in Columbia? Why is that a foreign entity was invited testimony petitioning support for a US state bill proposal?

This bill needs to be removed from the ledger completely based on the negligence of this body to perform the necessary due diligence of the invited testimony and intent of this new legislation on land use and taxation.

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Position Paper on HB49/SB48
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Overview

House Bill 49 and its companion bill in the Senate, Senate Bill 48, propose to create a carbon offset credit program within the State of Alaska Department of Natural Resources to raise revenue by selling carbon credits on the voluntary market. A carbon offset credit is a financial instrument issued in exchange for one ton of carbon dioxide (or its equivalent in greenhouse gasses), that is permanently pulled out of the atmosphere, that would not have been stored without the financial incentive of the credit. Buyers purchase credits to "offset" otherwise unavoidable emissions.

At first, there was a reason for cautious optimism about the potential for carbon offset credits to move state policy in the right direction, because forests have always been worth more standing in terms of fisheries, wildlife, and culture, and now with the additional financial benefits from carbon storage as well.

Unfortunately, the ANEW report that Gov. Mike Dunleavy commissioned on this topic, indicates serious flaws in the Governor's proposed program. The report claims that Alaska could sell carbon credits from its public lands, but paradoxically claims Alaska could also increase the harvest of timber from those same lands at the same time.

This raises several fundamental questions about the whole program because harvesting timber emits CO2, which is counter to the entire concept of selling carbon offset credits for stored carbon. To understand these questions, we have to understand several concepts in carbon markets; additionality, leakage, and permanence.

Additionality is the requirement that the greenhouse gas (GHG) reducing activity of a carbon credit project would NOT have occurred without the incentive provided by the credits. People buy carbon credits so that more carbon is stored than would have happened otherwise, and substantial verification goes into establishing baselines. There is no value in a carbon credit that fraudulently claims a ton of carbon was stored that would have been stored anyway because it does not meet the additionality requirement.

Leakage refers to the effect of a carbon-storing activity in one place simply resulting in a carbon-emitting activity occurring elsewhere. Putting state lands that would otherwise have been cut into the carbon market meets the additionality standard. But if the state simply cuts more trees elsewhere on public lands to meet pre-existing harvest goals, that is a direct example of leakage. Leakage reduces or eliminates the value of carbon credits.

Permanence is the requirement that the GHG-reducing activity of a carbon credit project is durable and long-lasting. CO2 and other greenhouse gasses have long-lasting impacts, therefore people buying carbon credits are buying them so that the GHGs are stored for a very long time. Ninety-nine years is a common permanence benchmark.

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Risks

Carbon offset credit programs that do not meet these three criteria face several risks.

- The first risk is that buyers will simply not be interested in credits that do not represent real, additional, and permanent offsets across Alaska's public lands.
- Even if there are buyers, a program that is weaker in the areas of additionality, leakage, and permanence will not bring the financial benefits that a stronger program would, not to mention the fish, wildlife, scenic, and climate benefits to the state that carbon offset programs provide.
- There is real value in storing carbon in natural landscapes rather than allowing it to be emitted into the atmosphere. The EPA conservatively estimates that each ton of carbon emitted into the atmosphere will cost society $51 in climate change-related damages and lost opportunities in the next century. In Alaska, these costs manifest in ways such as declining fisheries, extreme weather events, or coastal erosion and village relocation. Each ton of carbon stored avoids these costs, so stronger carbon offset programs represent real long-term savings to the state of Alaska.
- Finally, there is the risk of litigation and liability. The voluntary carbon credit market is often described as a "wild west," with no governing regulations. A weak program is vulnerable to several kinds of litigation and liability.
    - Buyers of weak carbon credits have been the subject of consumer lawsuits alleging "greenwashing".
    - Administrators of carbon credit programs may be liable to buyers if the program does not meet their requirements. This is not limited to just natural disasters, examples of scenarios that could create liability include timber overharvest, slower carbon storage rates than expected, or excessive leakage.
    - Land managers may be liable if they do not adequately consider the benefits of strong carbon credit programs in Forest Plans in the best interest findings. For example, in comparison to a weak carbon program, a certain harvest level or competing use may appear to be in the best interest, whereas if a stronger carbon program were considered it may clearly be in the best interest.

Solutions

To avoid these risks, we encourage the legislature to consider the following issues.

- Additionality and leakage must be addressed by requiring that carbon offset credit sales do not simply transfer carbon-emitting activities to other state lands. **Sec. 38.95.410.a** must be amended to reflect this such as by inserting language to the effect of "projects shall not create conditions for carbon leakage elsewhere in state lands" with leakage defined in **Sec. 38.95.499.** as "Increases in emissions levels on lands outside the project area due to shifts in the supply of and demand for emission causing products."
- Permanence must be addressed by amending **Sec. 38.95.410.e** to read "A carbon offset project term must not be less than 55 years or exceed 99 years."
- The Commissioner must be directed to consider the strongest possible carbon offset program during the preparation of a forest land management plan.
- Carbon project leases must be subject to public notice and comment requirements similar to those required for other land management activities, such as timber sales.

Good afternoon,

Firstly I will be addressing SEC 38.95.430 for the offset revenue fund on page 6:

As explained in the hearing on Monday the 13th, the revenues would not be going into the permanent fund but would go into a separate fund to pay for the expenses of this boondoggle. Although the chair chooses to hold this public testimony before receiving the up-dated fiscal notes, we can see that there is an expected expense to the people of Alaska of One Million, Eight Hundred Sixty-Seven Thousand, Eight hundred dollars ($1,867.80) across the three fiscal notes. Now, if HB 50 was any example, the fiscal notes will be walked back in order to encourage this bill to be forced through the legislation. However, if the work was put in before this bill was presented, it should be safe to assume this is an accurate cost, singularly for the one-year period of 2024. Also note, there is no expected revenue presented still because this entire scheme is too unknown to have accurate numbers.

Secondly, I will be addressing Page 6 under definitions; item number 4 “Carbon offset project”;

Last Friday, we heard in testimony (given by a conflict of interest), that if Alaska makes it a law to manage the forests in a manner different than what we currently are, that could disqualify us from the carbon capture market. By Definition, this bill must install a “framework legislation” that DOES change the law as it clearly states “.. similar land and resource management measures that mitigate greenhouse gases by increasing the carbon stock on state land”. This is placing the carbon fiat market into the law, by definition, as a priority which will inherently alter the way Alaska manages the forests, voiding the goal of the legislation.

Lastly, I will be addressing points made by your own invited public testimony, which are companies that work with the World Economic Forum:

1) Although this framework states 55 years, it has been expressed that the market preferred time span is 100 years. Alaska has only been a state for 64 years, and should not get married to a fiat currency and WEF market for almost the same length of time. We have come a long way in 64 years, and if our legislators were really pro-Alaska, we would be seeing an increased amount of growth in the next 55 years.
2) We cannot use forests that are inaccessible due to terrain grade. Also, companies would prefer to clear-cut instead of clearing a percentage due to cost. There is simply not enough PRACTICALITY in this bill to even consider joining this “new green deal” replacement.
3) Everyone tries to reference the native CORPORATIONS as a shining light for this bill. I would remind you that the GOVERNMENT is NOT a CORPORATION.
4) Lastly, joining any carbon fiat currency is ESG and the people of Alaska view this just like porn. If you don’t want to support human trafficking, don’t watch porn or partake in that market. If you don’t want to support the ESG poverty that we KNOW happens, don’t partake in this market.

Thank you

Lydia Shumaker

3/15/2023