April 9, 2018

David K. Paylor
Michael G. Dowd
Virginia Department of Environmental Quality
1111 E. Main Street
Richmond, VA 23219

Subject: Virginia Regulation for Emissions Trading

Dear Director Paylor and Director Dowd:

The Forest Products Industry National Labor Management Committee (LMC) provides the following comments to the Air Pollution Board regarding the Commonwealth of Virginia’s proposed “Regulation for Emissions Trading” for the CO2 Budget Trading Program (the “regulation”) and its treatment of biogenic carbon dioxide (CO2) emissions from forest biomass.

LMC is a non-profit trust, formed to pursue the common public policy interests of the working men and women in the forest products industry. Collectively, the LMC represents more than two million workers across the nation including lumber and sawmill workers, woodworkers, machinists, carpenters, and pulp and paper workers. The coalition is made up of labor unions and management dedicated to finding solutions to the long-term challenges facing our industry that balance environmental concerns with economic realities.

LMC opposes the Commonwealth of Virginia joining RGGI due to concerns it would increase electricity and natural gas prices for businesses and consumers. If Virginia does join RGGI, LMC strongly urges the following language be added to the regulation:

Emissions from the combustion of any forest-derived biomass shall not be considered a greenhouse gas if:

(1) timberland carbon stocks, based on United States Forest Service Forest Inventory and Analysis data for the United States South Region, are stable or increasing relative to the 2005 carbon stocks assessment for this region; or

(2) the forest-derived biomass is from forest products manufacturing residuals, harvest residues, or waste-derived feedstocks, including used wood products.

Subsection (1) above is based on the fact that harvesting of wood for energy does not contribute to net carbon emissions in cases where the harvesting is offset by wood growth and associated carbon sequestration. U.S. Forest Service data analyzed by the National Council for Air and Stream Improvement (NCASI) shows carbon stocks in trees on timberland across the Southern U.S. have steadily increased from 4.9 billion in 2005.

1 The Paris Agreement and the Obama Administration's Clean Power Plan both used 2005 as the baseline.
to 5.6 billion tons in 2016. This shows biogenic CO2 from biomass removed from the forest is more than offset by removals of CO2 from the atmosphere by growing forests.

Also, 2016 data from the U.S. Forest Service demonstrates that the growth/removal ratios for timberlands in Virginia is 2.29, meaning Virginia’s timberlands are growing more than twice as much wood as is being harvested. This positive net growth/removal ratio shows that Virginia forestry is more than sustainable.

Finally, we would note that strong markets for wood actually preserve forests by providing an incentive not to convert the land to other uses. According to a 2014 Journal of Forestry article, “[t]he demand for wood keeps land in forest, provides incentives for expanding forests and improving forest productivity, and supports investments in sustainable forest management that can help offset the forest carbon impacts of increased demand.”

Subsection (2) above is based on the fact that emissions from forest products manufacturing residuals, harvest residues, or waste-derived feedstocks would eventually enter the atmosphere even if they are not used for energy production. Simply landilling these feedstocks can result in methane emissions, which have a much greater impact on global warming than carbon dioxide.

A study by NCASI found the use of biomass residuals each year avoids the emission of approximately 181 million metric tons of CO2, indicating there are substantial greenhouse gas reduction benefits in using forest products manufacturing residuals for energy in the pulp, paper, packaging and wood products industry.

LMC would also urge the following language be included in the regulation:

Forest biomass, including forest products manufacturing residuals, should categorically be treated as carbon-neutral whether or not it is co-fired with fossil fuel.

The carbon profile of biomass is not at all altered when co-fired with other fuels. The biomass portion of the fuel mix has the same characteristics no matter what fossil fuel it may be co-fired with. It is the characteristics of the biomass feedstock, not of the power generation process or facility, that support treatment of biomass as carbon neutral.

Additionally, LMC strongly urges the regulation not be expanded beyond its focus on utilities to also apply to industrial boilers. Governor’s Executive Directive 11, “Reducing Carbon Dioxide Emissions from the Electric Power Sector and Growing Virginia’s Clean Energy Economy” (May 16, 2017), which launched this regulation, pertains exclusively to controlling CO2 emissions from electric power facilities. Also, the Economic Impact

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Assessment, the direction given to the Regulatory Advisory Panel, the emissions and economic modeling conducted by DEQ and its consultants, and DEQ’s written and oral information leading up to and supporting the proposal indicated that the regulation applied only to the electric power sector.

Thank you for your consideration of these comments.

Sincerely,

[Signature]

Mike Draper, Chairman
Forest Products Industry National Labor Management Committee