

FOREST PRODUCTS
INDUSTRY NATIONAL
LABOR
MANAGEMENT
COMMITTEE

April 9, 2018

International Unions:

International Association
of Machinists and
Aerospace Workers

United Brotherhood of
Carpenters and Joiners
of America

United Mine Workers of
America

Regional Affiliates:

Association of Western
Pulp and Paper Workers

Carpenters Industrial
Council

Woodworkers District
Lodge 1, IAM

Woodworkers District
Lodge 2, IAM

National Associations:

American Forest & Paper
Association

National Alliance of
Forest Owners

American Wood Council

Regional Associations:

American Forest
Research Council

Arkansas
Forestry Association

California
Forestry Association

Intermountain
Forest Association

Louisiana
Forestry Association

Minnesota
Forest Industries

Oregon Forest
Industries Council

American Loggers
Council

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 2005¹

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 2.29,² 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."³

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 landfilling 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 CO₂,⁴ 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

² Review Draft, Forest Resources of the United States, 2017, A Technical Document Supporting the Forest Service Update of the 2010 RPA Assessment, Table 36, p. 93. Net growth represents growth minus mortality.

³ Reid Miner, Robert Abt, et al., "Forest Carbon Accounting Considerations in U.S. Bioenergy Policy," *Journal of Forestry* (Nov. 2014), p. 594.

⁴ "Greenhouse Gas and Fossil Fuel Reduction Benefits of Using Biomass Manufacturing Residuals for Energy Production in Forest Products Facilities," NACASI Technical Bulletin NO. 106, Revised August 2014. <http://ncasi.org/Downloads/Download.ashx?id=9603> See also, Caroline Gaudreault and Reid Miner, *Temporal Aspects in Evaluating the Greenhouse Gas Mitigation Benefits of Using Residues from Forest Products Manufacturing Facilities for Energy Production*. *Journal of Industrial Ecology* (Dec. 2015), pp. 1,004-05

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,

A handwritten signature in black ink, appearing to read "Mike Draper", with a long horizontal flourish extending to the right.

Mike Draper, Chairman
Forest Products Industry National Labor Management Committee