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Via electronic filing  
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EPA West (Air Docket)  
Attention Docket ID No. EPA-HQ-OAR-2009-0517  
Environmental Protection Agency  
Mailcode: 2822T  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

**Re: National Alliance of Forest Owners' Comments on Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule Docket EPA-HQ-OAR-2009-0517**

Dear Sir or Madam:

The National Alliance of Forest Owners ("NAFO") welcomes the opportunity to submit the following comments in response to the Environmental Protection Agency's ("EPA") Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule ("Tailoring Rule") 74 Fed. Reg. 55292 (Oct. 27, 2009). As described below, NAFO and its members bring unique perspectives and solutions to the discussion of how to address climate change. We hope to continue to develop a strong collaborative relationship with policy makers in Congress and federal agencies as we explore together how our nation's private forests can play a significant role in reducing the nation's greenhouse gas ("GHG") footprint.

NAFO's mission is to protect and enhance the economic and environmental values of private forests through targeted policy advocacy at the national level. At the time of this submission, NAFO's members represent 74 million acres of private forests in 47 states. NAFO was incorporated in March 2008 and has been working aggressively since then to sustain the ecological, economic, and social values of forests and to assure an abundance of healthy and productive forest resources for present and future generations.

In recent years, both domestically and abroad, there has been an increased focus on the role forests can play to address climate change. First, forests in the United States serve as the nation's most significant natural carbon sink, capturing carbon dioxide ("CO<sub>2</sub>") through photosynthesis and sequestering CO<sub>2</sub> naturally. Second, responsibly managed forests and harvested wood products have the potential to provide further prospects for reducing atmospheric CO<sub>2</sub> by providing biomass for renewable energy, such as electricity generation and transportation fuels, that have lower lifecycle

CO<sub>2</sub> emissions than fossil fuels. Third, GHG regulatory regimes can be developed to allow offset credits from responsibly managed forests and harvested wood products to be generated and traded, providing a flexible, cost effective way for regulators and industry to achieve net GHG reductions.

Collectively, our nation's private forests are a fundamental means of helping our country reduce overall GHG concentrations through biogenic carbon storage, renewable, low carbon energy production, and the generation of emission offsets that provide greater flexibility to other industries. NAFO looks forward to the upcoming opportunities to share its expertise and capabilities with EPA and other decision makers to achieve a full array of GHG mitigation benefits.

### **Summary**

NAFO observes that, in the Tailoring Rule, EPA has appropriately proposed a methodology that excludes biogenic emissions from EPA regulation of stationary sources under the PSD and Title V programs of the Clean Air Act ("CAA"). NAFO urges EPA to maintain this sound decision and policy in the final Rule. In Part I, NAFO explains why it is proper to exclude such emissions and respectfully suggests that EPA clarify this exclusion further in the final Rule.

Part II explains why the CAA does not authorize EPA to regulate private forests as stationary sources under the CAA. It also describes why efforts to manage forests responsibly to achieve and enhance biogenic carbon capture and storage opportunities should be voluntary and collaborative.

Finally, Part III reinforces NAFO's strong commitment to work collaboratively with the government to fashion climate change solutions.

#### **I. EPA IN THE FINAL TAILORING RULE SHOULD CONFIRM ITS PROPOSED METHODOLOGY THAT WOULD EXCLUDE BIOGENIC EMISSIONS FROM TRIGGERING PREVENTION OF SIGNIFICANT DETERIORATION PERMITTING REQUIREMENTS.**

NAFO is well aware that EPA is embarking upon a complex regulatory regime that for the first time would authorize the Agency to regulate greenhouse gases from certain sources of those emissions. Specifically, while EPA has proposed to directly regulate greenhouse gases from cars and light duty trucks, at the same time EPA has taken the position that such regulation will trigger Title V and Prevention of Significant Deterioration ("PSD") permitting requirements for greenhouse gases at millions of stationary sources around the country. 74 Fed. Reg. at 55294. NAFO recognizes that numerous commenters on these rules dispute EPA's conclusion that the regulation of greenhouse gases from cars under Section 202 of the Clean Air Act necessarily will trigger PSD permitting requirements for such sources. However, NAFO in these comments focuses on reinforcing a particular conclusion that at a minimum is implicit, if not explicit, in EPA's proposed Tailoring Rule: that biogenic emissions under no circumstances trigger PSD permitting requirements for sources of such emissions. In other words, NAFO respectfully urges EPA, should it decide to proceed with a final Tailoring Rule, to reaffirm and reinforce its position that any overall regulation of greenhouse gases from mobile and/or stationary sources does not inadvertently sweep in combustion of biomass fuels.

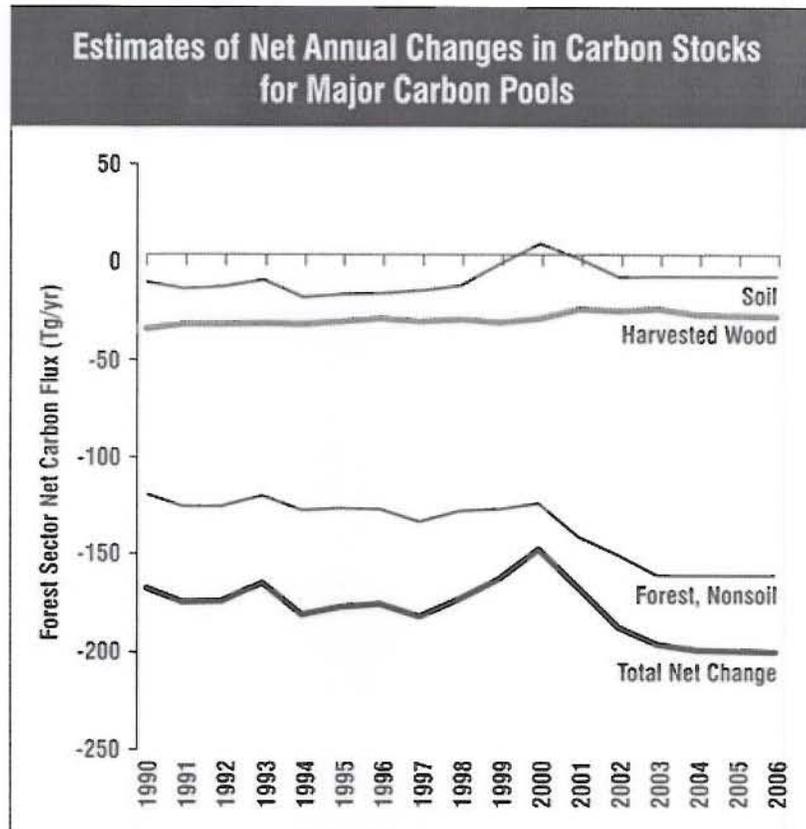
A. EPA Should Not Regulate Greenhouse Gases From Combustion of Biomass Fuels Because Production and Combustion of These Fuels Causes No Net Emissions of Greenhouse Gas.

There is near-universal recognition that greenhouse gases emitted in combustion of fuels derived from biomass should be excluded from greenhouse gas regulations because production and combustion of such fuels does not increase atmospheric carbon dioxide levels. Simply stated, the carbon emitted in the combustion of biomass comes from carbon dioxide that was originally sequestered from the air by the biomass feedstock, thus resulting in a carbon neutral cycle.

As EPA is aware, growing plants absorb significant amounts of carbon dioxide from the atmosphere. Forests, in particular, sequester massive amounts of carbon dioxide. The process of sequestration and storage is a natural by-product of tree growth. Through the process of photosynthesis, trees take up carbon dioxide from the air and in the presence of light, water, and nutrients, release oxygen and manufacture carbohydrates that are used for metabolism and growth of above and below ground organs. All plant materials are ultimately derived from this carbon dioxide, which is drawn from the atmosphere.

When plant biomass materials, such as biofuels made from forest biomass, are burned, the carbon dioxide emitted contains the same carbon that was sequestered by the plant feedstocks. Thus, the combustion of biofuels does not result in net carbon dioxide emissions. All carbon dioxide emitted is a product of carbon dioxide absorbed, making the carbon dioxide released back to the atmosphere a net zero with respect to the natural carbon cycle.

In this manner, biofuels from forest biomass are fundamentally different from conventional fuels. Once coal, natural gas, or oil is extracted and combusted, it cannot be replaced. In contrast, the sustainable forest management practiced by the United States Forest Products Industry ensures that there is no temporal imbalance between biogenic CO<sub>2</sub> emissions and CO<sub>2</sub> sequestration and thus no effect on the atmospheric GHG inventory. Indeed, as the following EPA chart indicates, carbon stocks in United States forests have been, and continue to, increase. EPA acknowledged that "total carbon sequestration in the U.S. in 2006 removed approximately 13 percent of total U.S. emissions," and the graph indicates that forest biomass accounts for the bulk of that sequestration. Thus, the biofuel industry is truly carbon dioxide neutral.



EPA Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2006.<sup>1</sup> As EPA approaches greenhouse gas regulation for various sources of emissions, the Agency should take care not to undercut the growth and appropriate management of these forests with ill-considered stationary source regulations that adversely impact private forests.

The concept of biomass carbon dioxide neutrality is widely recognized internationally. The Intergovernmental Panel on Climate Change guidance and United Nations Framework Convention on Climate Change reporting protocols both recognize the carbon neutrality of biomass. Similarly, the European Union (“EU”) directive on carbon trading specifies “Biomass is considered as CO<sub>2</sub>-neutral.” EU guidelines for the monitoring and reporting of greenhouse gas emissions, Annex I, 4.2.2.1.6, available at [http://inni.pacinst.org/inni/climate\\_change/EUGuidelinesGHGJan2004.pdf](http://inni.pacinst.org/inni/climate_change/EUGuidelinesGHGJan2004.pdf).

Biomass CO<sub>2</sub> neutrality has also been the foundation of American policy. The American Clean Energy and Security Act of 2009 (“ACESA”), passed by the House of Representatives on June 26, 2009 would exclude certain biomass carbon dioxide from the cap. See ACESA § 722(b); see also *id.* at § 700(41). And biomass has been explicitly exempted by agency actions as well. EPA’s recently promulgated Mandatory GHG Reporting Rule uses an expansive definition of biomass and does not include biogenic CO<sub>2</sub> in its reporting threshold. Similarly, the Department of Energy’s (DOE’s)

<sup>1</sup> Available at USEPA #430-R-08-005, <http://www.epa.gov/climatechange/emissions/usgginventory.html>.

Voluntary Reporting of Greenhouse Gases Program, authorized by Section 1605(b) of the Energy Policy Act of 1992, provides for exclusion of combustion of biomass fuels. See DOE, *Technical Guidelines: Voluntary Reporting of Greenhouse Gases (1605(b)) Program* at 77 (“Reporters that operate vehicles using pure biofuels within their entity should not add the carbon dioxide emissions from those fuels to their inventory of mobile source emissions because such emissions are considered biogenic and the recycling of the carbon is not credited elsewhere.”).

Thus, a strong consensus exists that treating combustion of biomass as carbon neutral is scientifically sound, and EPA’s actions and policies support that consensus. Any alternative policy conclusion would have extremely negative consequences on the ability of forests to mitigate the nation’s overall carbon footprint. It also would negatively impact the ability of industry and commercial, institutional and government entities to invest in projects that will benefit the environment and the climate. An alternative conclusion would remove one of the strongest incentives for production of low greenhouse gas lifecycle biofuels. Without this incentive, stakeholders such as NAFO’s members could find it harder to maintain their forest stock for greenhouse gas reducing purposes. Given the massive potential of America’s forests to play a positive role in climate change efforts, this would be an unfortunate consequence.

B. EPA’s Proposed Tailoring Rule Correctly Provides That Biogenic Emissions Are Excluded.

Thankfully, EPA appears to have understood the danger of sweeping emissions from combustion of biomass into its PSD permitting program. Under EPA’s proposed methodology for the Tailoring Rule, such emissions would be excluded from triggering or requiring a PSD permit.

The Part 51 rule language EPA proposed in the Tailoring Rule makes PSD applicability turn on whether a source “emits, or has the potential to emit, at least 25,000 tpy CO<sub>2</sub>e of greenhouse gases, as defined under paragraph (b)(58) of this section.” 74 Fed. Reg. at 55351. Paragraph (b)(58) reads:

(b)(58) Carbon dioxide equivalent, or CO<sub>2</sub>e, means a metric used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP). The CO<sub>2</sub>e for a gas is determined by multiplying the mass of the gas by the associated GWP. The applicable GWPs and *guidance on how to calculate a source’s GHG emissions in tpy CO<sub>2</sub>e can be found in EPA’s “Inventory of U.S. Greenhouse Gas Emissions and Sinks,”* which is updated annually under existing commitment under the United Nations Framework Convention on Climate Change (UNFCCC).

*Id.* (emphasis added). Other relevant PSD threshold language in the Tailoring Rule, as well as the Title V proposed language, also base carbon dioxide equivalent calculation on EPA’s “Inventory of U.S. Greenhouse Gas Emissions and Sinks.” *Id.* at 55352, 55361. Thus, under the Tailoring Rule, all carbon dioxide equivalent calculations turn upon the guidance in that document.

In turn, EPA's Inventory of U.S. Greenhouse Gas Emissions and Sinks excludes emissions from "combustion of biomass and biomass-based fuels." EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-1997 at Energy 3-1-3-2, *available at* [http://www.epa.gov/climatechange/emissions/downloads09/GHG2007entire\\_report-508.pdf](http://www.epa.gov/climatechange/emissions/downloads09/GHG2007entire_report-508.pdf). EPA elaborates:

Carbon dioxide emissions from these activities . . . are not included in national emissions totals because biomass fuels are of biogenic origin. It is assumed that the C released during the consumption of biomass is recycled as U.S. forests and crops regenerate, causing no net addition of CO<sub>2</sub> to the atmosphere.

*Id.* Later in the same document, EPA specifically applied this reasoning to wood biomass:

The combustion of biomass fuels such as wood, charcoal, and wood waste and biomass-based fuels such as ethanol from corn and woody crops generates CO<sub>2</sub>. However, in the long run the CO<sub>2</sub> emitted from biomass consumption does not increase atmospheric CO<sub>2</sub> concentrations, assuming that the biogenic C emitted is offset by the uptake of CO<sub>2</sub> that results from the growth of new biomass. As a result, CO<sub>2</sub> emissions from biomass combustion have been estimated separately from fossil fuel-based emissions and are not included in the U.S. totals.

*Id.* at Energy 3-59.

Consequently, EPA's proposed Tailoring Rule would exclude emissions from combustion of biomass fuels.<sup>2</sup> This is wise policy and correct science. And EPA has long standing, unquestioned authority, and appropriate discretion to calculate greenhouse gas emissions in this manner—it has been doing so for years in its Inventory of U.S. Greenhouse Gas Emissions and Sinks. Indeed, any shift from this policy would be both unwise, and reverse settled agency policy.

C. Given The Serious Adverse Consequences That Would Follow From Regulating GHGs Under EPA's PSD Program, EPA Should Make It More Explicit That Biogenic Emissions Are Excluded

As noted, treating combustion of biofuels similar to combustion of fossil fuels would have serious negative consequences. It would deal a major setback to efforts to develop lower greenhouse gas lifecycle biofuels, such as those being pursued by NAFO's members. And it could hinder efforts to enlist America's forests in addressing climate change, by undercutting incentives to maintain those forests for greenhouse gas reducing purposes. Consequently, even though NAFO views the Tailoring Rule as

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<sup>2</sup> This exclusion is very similar to EPA's longstanding exclusion of certain volatile organic compounds from the otherwise applicable statutory definition. 40 C.F.R. § 51.100(s).

legally exempting combustion of biofuels, it respectfully requests EPA make this conclusion more prominent in the final Rule.

We urge EPA to explain in the preamble to its final rule the widespread consensus and consistent agency practice that dictate exclusion of combustion of biofuels from the PSD and Title V thresholds and from the PSD significant emission rate. In addition, the exclusion should be explicit in the regulatory text itself. Not only would this constitute good regulatory practice by making plain the consequences of the agency's rule, it would also head off possible legal battles that could follow if groups opposed to biofuels challenged the exemption for biofuels. Removing this litigation risk would benefit the agency and all stakeholders by increasing regulatory certainty. And it would allow forest owners to pursue carbon fixing activities, secure in the knowledge that biofuels will not be treated inconsistent with the sound science and strong policy recognizing the carbon neutrality of combustion of such biofuels.

II. ALTHOUGH RESPONSIBLY MANAGED FORESTS PROVIDE OPPORTUNITIES TO REALIZE GHG REDUCTIONS, EPA LACKS AUTHORITY TO REGULATE THE FORESTRY SECTOR AS A STATIONARY SOURCE UNDER THE CLEAN AIR ACT.

As EPA continues to embark on a comprehensive regime for addressing greenhouse gases under the Clean Air Act, NAFO respectfully takes this opportunity to reinforce its strongly held views that responsibly managed forests have a significant role in mitigating GHG levels, and NAFO and its members look forward to a collaborative effort with EPA to utilize these forests to address climate change. At the same time, efforts to utilize and accommodate the advantages of carbon sequestration that forests provide must be voluntary and not force the forestry or the forest management sector to be regulated under the CAA. In particular, NAFO does not believe EPA can, nor should, impose mandatory regulations on forests, or treat them as stationary sources under the CAA. While responsibly managed private forests can play their part in bringing solutions to the nation's climate change challenges, it is important at the outset that EPA recognize the distinct nature of forests, which function as natural carbon sinks, and differentiate them from the stationary sources subject to CAA regulation.

In general, PSD and Title V permitting requirements apply to "major stationary sources." 42 U.S.C. §§ 7479(1), 7602(j), 7661(2). "Major stationary source," in turn, is defined to include "any stationary facility or source of air pollutants which directly emits, or has the potential to emit" a specified quantity of a pollutant. *Id.* Forests cannot be "major stationary sources." No forest meets the description of a "facility." Forests were not regarded by Congress as sources of pollutants. Congress never intended the Clean Air Act's stationary source provisions to go beyond industrial or similar discrete pollution sources. Encompassing the forestry sector into a regulatory scheme designed for structures, facilities, and installations operated by industrial, commercial, or municipal entities is impractical and would not be an effective way of using forests to achieve GHG reductions.<sup>3</sup> Similarly, the statute's focus on "construction," *id.* at § 7475(a), is another

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<sup>3</sup> The legislative history of the Clean Air Act further affirms that CAA regulation of forest management practices was never intended by Congress. The law was directed at automobiles and industrial sources of traditional air pollutants, such as soot and smog. See, e.g., 116 Cong. Rec. H 19,212 (1970) ("The most dramatic evidence of air pollution is always to be found in dirty smokestacks in factories, belching smoke across populated communities ... 80 percent of the

example of how CAA regulation is not directed at the forestry sector. While this term is commonly applied to the building or renovation of industrial facilities, it is completely foreign to forest management practices.

Further, the regulation of forest management practices does not comport with the Clean Air Act's stated goals for stationary sources, which are clearly aimed at reducing industrial source emissions through evolving pollution control technologies while minimizing economic harm. Each of these goals is discussed throughout the Clean Air Act's legislative history.<sup>4</sup> None of these goals, or the methods enacted to achieve these goals, applies to the forestry sector.

The CAA definition of "stationary source" was developed in the context of the New Source Performance Standards program, 42 U.S.C. § 7411, which requires the EPA Administrator to promulgate standards of performance applicable to designated categories of newly constructed stationary sources. *Id.* § 7411(b). EPA promulgated the original list of designated sources in 1971.<sup>5</sup> The Administrator may add new source categories to this list upon an endangerment finding. The statutory definitions show that regulation of the forestry sector is incompatible with the New Source Performance Standard (NSPS).<sup>6</sup>

First, Congress intended the NSPS to create uniform pollution control standards to prevent industry from fleeing States with stringent pollution control laws to those with less regulation.<sup>7</sup> This uniformity of pollution controls, triggered whenever an older plant makes any modification, was also crafted to prevent competitive imbalances between new plants and existing plants.<sup>8</sup> This legislative history makes clear that Congress targeted industrial sources of pollution. Forests are not subject to pollution control

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poisons in our air come right out of the automobile exhaust pipe.") (statement of Rep. Van Deerlin).

<sup>4</sup> See, e.g., H. Rep. No. 95-294 at 184-86 (1977).

<sup>5</sup> List of Categories of Stationary Sources, 36 Fed. Reg. 5931 (Mar. 31, 1971).

<sup>6</sup> See, e.g., *Caminetti v. United States*, 242 U.S. 470, 485-86 (1917) ("Statutory words are uniformly presumed ... to be used in their ordinary and usual sense, and with the meaning commonly attributed to them.").

<sup>7</sup> See *id.* at 184 (uniform standards "avoid favoring some areas of the country over others with respect to new sources"); H. Rep. No. 91-1146 at 3 (1970) ("The promulgation of Federal emission standards for new sources ... will preclude efforts on the part of States to compete with each other in trying to attract new plants and facilities without assuring adequate control of extra-hazardous or large-scale emissions therefrom."); 116 Cong. Rec. S 32,902 (Sept. 21, 1970) (statement of Sen. Muskie) ("Those areas which have levels of air quality which are better than the national standards should not find their air quality degraded by the construction of new sources. There should be no 'shopping around' for open sites."); 116 Cong. Rec. H 19,218 (June 10, 1970) (Statement of Rep. Vanik) ("A steel mill, operating anywhere in Ohio, or in the Nation, should be required to make the same kind of effort to control the pollution emission of an oxygen steel furnace ... If we would insist on uniform approaches for pollution control of this industry – wherever the plants are located – the competitive benefits of a dirty plant would be eliminated. A steel plant in Youngstown, Massilon, or Middletown would have to make the same effort to control pollution as a plant in Cleveland. There would be no profit in pollution.").

<sup>8</sup> See, e.g., 116 Cong. Rec. H 19,212 (1970) ("MR. ECKHART: Therefore, it would appear to me that for instance, an old steel plant which altered its production in a particular unit or operation, even though that unit was an old unit, would be controlled just as its competitor, a new steel plant, would be controlled, where new equipment plus new sources of emission occur? MR. STAGGERS: That is correct.").

standards as they are not an air pollution emission source. Further, forests exist where conditions support planting or growing forests—a forest owner cannot practicably move their forest lands to another state with more lenient regulation. And the notion that a “new” forest could be economically disadvantaged through regulation when compared to “existing” forests is inapplicable.

Second, the NSPS was structured to promote long-term economic growth by allowing the continued development of industrial hubs. “If each large new pollution source were required to use best practicable control technology, then more new sources could locate in a given area. This in turn would permit more jobs, more production, and greater possibilities for long-term economic growth....”<sup>9</sup> Again, applying Congress’ goals for the NSPS to forest management practices reaches an irrational result. Although privately owned forests are economically productive and provide jobs, they are not capable of being consolidated into dense areas the way industrial facilities often locate in and around major urban economic centers.

Third, the NSPS requires new industrial facilities to install the required control technologies at the time of construction, which “will plainly be less costly than requiring retrofit when pollution ceilings are reached.”<sup>10</sup> Forests, of course, do not have to install any pollution controls and will never have to retrofit with new technologies whenever EPA lowers attainment levels. The NSPS goal of saving money by avoiding retrofit technologies makes no sense when applied to the forest sector.

Fourth, the use and development of the best control technologies allow stationary sources to burn higher sulfur fuels, preventing an over-reliance on low-sulfur coal, low-sulfur fuel oil and natural gas.<sup>11</sup> Obviously, this goal of the NSPS has no application to forests as they are not industrial fuel-burning emission sources.

Fifth, the NSPS was intended to create incentives for the development of new pollution control technologies.<sup>12</sup> Again, this goal has no applicability to forests.<sup>13</sup>

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<sup>9</sup> H. Rep. No. 95-294, at 184-85 (1977).

<sup>10</sup> *Id.* at 185. See also H. Rep. No. 91-1146, at 16 (1970) (“The overriding purpose of this section [NSPS] would be to prevent new air pollution problems, and toward that end, maximum feasible control of new sources at the time of their construction is seen by the committee as the most effective and, in the long run, the least expensive approach.”).

<sup>11</sup> H. Rep. No. 95-294, at 186 (1977).

<sup>12</sup> See *id.*; H. Rep. No. 91-1146 at 17 (1970) (“Industrial firms would be required to increase efforts to insure that new plants and equipment perform in accordance with the promises and commitments made by plant designers and equipment builders. New-source standards would thus provide maximum incentives to expand technology to insure adequate margins of safety.”).

<sup>13</sup> The legislative history is replete with references to industrial pollution sources. See, e.g., 116 Cong. Rec. S\_\_\_\_, 91 Cong. Senate Debates 1970 32900, 32918 (1970) (“This provision requires that new sources, that is, the industry plants, be certified by the Secretary before they begin operation, to insure they will meet the performance standards....”) (Statement of Sen. Cooper); 116 Cong. Rec. H\_\_\_\_, 91 Cong. House Debates 1970 19200, 19218 (1970) (“HEW could establish uniform pollution control standards for the chemical, oil refining, foundries, food processing, and cement-making industry, and other industries ....”) (Statement of Rep. Vanik); *Bills to Amend the Clean Air Act: Hearing Before the Subcomm. on Public Health and Welfare of the H. Comm. on Interstate and Foreign Commerce*, 91st Cong. House hearings 171, 281 (1970) (Statement of Robert H. Finch, Sec’y, Dep’t of Health, Education and Welfare) (“In the years ahead, however, many potentially significant new stationary sources of air pollution will come into

Congress never planned for the treatment of forests as stationary sources of pollution. Indeed, in 38 years of developing regulations, EPA has never sought to regulate forest practices under the CAA, indicating a consistent interpretation from the outset that the CAA does not govern forests.

Having made the point that the CAA never was intended nor could be implemented to regulate forests, NAFO looks forward to working collaboratively with EPA to develop solutions that contribute in a real and verifiable manner to reduce the nation's GHG contributions. Responsible forest management provides a key opportunity to substantially reduce fossil-fuel based GHG emissions between now and 2030. There are alternative means for EPA to work with forests owners, other government agencies, and other interested stakeholders to mutually develop strong voluntary programs to encourage forest management techniques aimed at reducing GHGs. EPA has a demonstrated history of success in voluntary programs such as Climate Partners and EnergyStar. NAFO looks forward to working jointly with the EPA, DOE, USDA, and interested stakeholders to develop market-based incentives to encourage the use of responsible forest management to address climate change.

III. NAFO AND ITS MEMBERS BRING CRITICAL EXPERTISE TOWARD HELPING REGULATORS AND LAWMAKERS PROMOTE RESPONSIBLY MANAGED WORKING FORESTS TO ADDRESS GLOBAL CLIMATE CHANGE.

Finally, NAFO believes that the federal government has a unique opportunity to build upon current efforts and develop a GHG program that incorporates the benefits of what private forests can accomplish in this area. NAFO's members manage more than 74 million acres of private forest lands in the United States. We do so with forest management practices, state-based best management practices, state forestry regulations, and standards that ensure we renew forests that have been harvested and protect ecosystem values. We are able to maintain this important land base due to the economic value of harvested forest products. Protecting the ability to continue generating economic value from these forests will also enable their continued contribution to reducing GHG levels. This includes encouraging the development of new products, such as cellulosic biofuels, that will be needed in a low carbon economy.

With members in all regions of the country working with numerous and diverse forests and the production of harvested forest products, NAFO is uniquely equipped to help regulators and lawmakers develop approaches that recognize the benefits of effective, economical forest management to reduce GHG emissions. As the EPA and other federal agencies work to reduce GHG emissions in the United States, they should consider opportunities to recognize all sources of potential GHG reductions. Taking full advantage of those sources can best achieve our environmental goals without unnecessarily burdening the United States economy.

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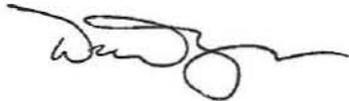
being – to meet growing demands for electric power, manufactured goods, and other necessities and amenities of modern life. Large stationary sources, such as electric generating plants, iron and steel mills, and petroleum refineries, cement plants, et cetera, often have adverse effects on air quality over broad geographic areas."). The drafters of the NSPS viewed forests as casualties of air pollution, not *causes* of air pollution. See, e.g., Vanik at 19217 ("in addition to causing disease and death, air pollution cuts crop production, destroys trees, and is estimated to cost the economy \$30 billion annually. The type of damage that can be done is well illustrated by the U.S. Forest Service estimate that 1.3 million trees in the San Bernadino National Forest will die in the next 5 years because of smog on the freeways.").

Private forest owners have a long history of working with the federal government to create workable solutions for a variety of environmental issues, through regulatory and voluntary programs. For example, Oregon landowners instituted voluntary measures under the umbrella of The Oregon Plan for Salmon that have achieved significant improvements in salmon habitat on private lands. In the South, the forest industry helped begin the Louisiana Black Bear Conservation Initiative, a long-term, broad-based coalition with the mission of promoting the restoration of the Louisiana black bear (an endangered species) in its historical range through education, research, and habitat management. These are several of many instances where public-private partnerships have produced desirable, mutually beneficial outcomes.

Climate change solutions present policy, technical, and economic challenges. We remain optimistic, however, of the critical role that private forests can play in developing effective climate change solutions. The nation can best resolve these challenges by bringing key stakeholders together to develop solutions collaboratively. NAFO and its members clearly have the requisite policy, technical, and economic expertise to bring to the table. We are ready and willing to do all we can in this effort.

Thank you for this opportunity to provide our views at this critical time in considering the first GHG controls on stationary sources. We look forward to further discussion with EPA and other decision makers. Please feel free to contact me at 202-367-1163 to discuss opportunities for NAFO to play its role in developing climate change solutions.

Sincerely,

A handwritten signature in black ink, appearing to read 'David P. Tenny', with a stylized flourish extending to the right.

David P. Tenny  
President and Chief Executive Officer



# Renewable Energy from America's Forests: Achieving Our Nation's Economic, Environmental and Energy Goals

## Forests provide a reliable source of renewable and domestic energy.

The forest products industry is the leading producer and user of renewable biomass energy and produces more energy from biomass than all the energy produced from solar, wind, and geothermal sources combined.<sup>1</sup>

The 28.5 million megawatt hours of electricity the industry produces annually is enough to power almost three million homes.<sup>2</sup>

## America's forests and the forest products industry help reduce our nation's carbon footprint.

America's forests serve as the most significant natural sink of greenhouse gases, capturing and storing 15% of annual U.S. greenhouse gas emissions through photosynthesis and storing it in the forest and in wood products.<sup>3</sup>

Increasingly, responsibly managed forests provide clean, renewable energy that serves as a substitute for fossil fuels. According to the U.S. Department of Energy, using forest materials to make biofuels that replace gasoline can reduce greenhouse gas emissions by as much as 86% compared to gasoline.<sup>4</sup>

## The EPA concluded that renewable energy from forest materials does not increase carbon dioxide in the atmosphere.

The EPA concluded that there is "scientific consensus . . . that the carbon dioxide emitted from burning biomass will not increase CO<sub>2</sub> in the air if it is done on a sustainable basis."<sup>5</sup> This position is supported by the IPCC, the Energy Information Administration, the World Resources Institute and other credible scientific bodies.

Trees are part of the natural carbon cycle. As they grow, they absorb carbon dioxide. When renewable forest biomass is burned for energy, it releases the captured carbon dioxide back into the atmosphere. However, trees are replanted, renewing the biomass and reabsorbing the carbon dioxide and repeating the cycle. Simply put — biomass combustion does not increase carbon in the atmosphere when the overall biomass stock is renewed.



The U.S. is continually renewing its biomass supply:

- The U.S. grows more trees than it harvests. The standing inventory (volume of growing trees) in U.S. forests has grown by 49% between 1953 -2007.<sup>6</sup>
- The EPA reports that carbon storage in U.S. forests continues to increase – sequestering more than 800 million metric tons of carbon dioxide equivalents annually.<sup>3</sup>



## National Alliance of Forest Owners Current Members

NAFO was incorporated in the first quarter of 2008 as a 501(c)(6) not-for-profit organizations based in Washington, DC. It is an organization of private forest owners committed to promoting federal policies that protect the economic and environmental values of privately-owned forests at the national level. NAFO now represents over 75 million acres in 47 states.

Alabama Forestry Association (Montgomery, Alabama)	Michigan Forest Products Council (Lansing, Michigan)
Association of Consulting Foresters (Alexandria, Virginia)	Minnesota Forest Industries (Duluth, Minnesota)
California Forestry Association (Sacramento, California)	Mississippi Forestry Association (Jackson, Mississippi)
The Campbell Group (Portland, Oregon)	Molpus Woodlands Group (Jackson, Mississippi)
Deltic Timber Corporation (El Dorado, Arkansas)	National Woodland Owners Association (Vienna, Virginia)
Empire State Forest Products Association (Rensselaer, NY)	North Carolina Forestry Association (Raleigh, North Carolina)
Florida Forestry Association (Tallahassee, Florida)	Olympic Resource Management (Poulsbo, Washington)
Forest Capital Partners (Portland, Oregon)	Oregon Forest Industries Council (Salem, Oregon)
Forest Investment Associates (Atlanta, Georgia)	Pingree Associates (Bangor, Maine)
The Forestland Group, LLC (Chapel Hill, North Carolina)	Plum Creek Timber Company (Seattle, Washington)
Forest Landowners Association (Atlanta, Georgia)	Port Blakely Tree Farms, LP (Seattle, Washington)
Forest Resources Association (Rockville, Maryland)	Potlatch Corporation (Spokane, Washington)
Georgia Forestry Association (Forsyth, Georgia)	Rayonier Inc. (Jacksonville, Florida)
Giustina Resources (Eugene, Oregon)	Resource Management Service, LLC (Birmingham, Ala.)
Global Forest Partners, LP (West Lebanon, NH)	RMK Timberland Group (Atlanta, Georgia)
GMO Renewable Resources (Boston, Massachusetts)	Society of American Foresters (Bethesda, Maryland)
Green Diamond Resource Company (Seattle, Wash.)	South Carolina Forestry Association (Columbia, S. Carolina)
Hancock Natural Resource Group (Boston, Mass.)	Starker Forests, Inc. (Corvallis, Oregon)
Idaho Forest Group (Laclede, Idaho)	Stimson Lumber Company (Portland, Oregon)
Intermountain Forest Association (Coeur d'Alene, Idaho)	Tennessee Forestry Association (Nashville, Tennessee)
J.D. Irving, Limited (Saint John, New Brunswick)	Timberland Investment Resources, LLC (Atlanta, Georgia)
J.M. Longyear, LLC (Marquette, Michigan)	Wagner Forest Management (Lyme, New Hampshire)
Lone Rock Timber Company (Roseburg, Oregon)	Washington Forest Protection Association (Olympia, Wash.)
Longview Timberlands LLC (Longview, Washington)	Wells Timberland REIT (Norcross, Georgia)
Louisiana Forestry Association (Alexandria, Louisiana)	The Westervelt Company (Tuscaloosa, Alabama)
The Lyme Timber Company (Hanover, New Hampshire)	Weyerhaeuser Company (Federal Way, Washington)
Maine Forest Products Council (Augusta, Maine)	

Information current as of March 1, 2010



## Renewable Energy Advocacy Position

NAFO supports the development of renewable energy to achieve domestic energy security and independence as a national priority. Renewable energy policy should recognize and treat working forests as an important part of our national renewable energy infrastructure. Such policies should:

**Promote Working Forests.** Renewable energy policies should fully utilize the potential contributions of private working forests and be aligned with the fundamental economics of private forest ownership.

**Promote New Markets.** Renewable energy policies should help establish new and emerging markets while promoting eventual market independence for all renewable energy sources. Such policies should provide targeted support for research and development, technology transfer and capital investment to benefit both energy production and the production and delivery of energy feedstocks.

**Include Definitions Providing Open Market Access.** Definitions of qualifying renewable energy feedstocks should provide a level playing field for market access across all feedstock sources and encompass the full range of wood biomass, including:

- Trees and other plants;
- Forest residuals (e.g., tops, branches, stumps, bark, etc); and
- Byproducts of manufacturing (e.g., sawdust, bark, chips, dissolved wood retrieved from the paper-making process, etc).

**Take Full Advantage of the Mitigation Benefits of Wood Biomass.** Wood biomass provides a feedstock option for renewable energy that can substitute for more carbon intensive energy sources such as fossil fuels. Renewable energy policies should recognize and take full advantage of these benefits.

**Accurately Apply Life Cycle Analysis.** Using analytical methods that are verifiable and meet common standards for accuracy and precision, life cycle analysis is an appropriate means of measuring net carbon impacts of renewable energy feedstocks.

**Appropriately Consider Land Use Effects.** Appropriate analysis of land use effects should address impacts consistently across feedstock types and include factors that are under the direct control of the landowner and that can be monitored and accurately measured. Analysis of indirect land use effects should also apply consistent and reliable methods for measuring impacts and be transparent with respect to accuracy and precision.

**Recognize and Support Established Methods for Demonstrating and Verifying Sustainability.** Forest owners use a variety of credible methods to demonstrate or verify sustainability based on ownership type and local conditions. Sustainability requirements in renewable energy policies should recognize and support established methods for demonstrating and verifying sustainability and be applied fairly and consistently across feedstock types and technologies.

Visit [www.nafoalliance.org/renewable](http://www.nafoalliance.org/renewable) for more information.



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## Private Working Forests

**A private working forest is a forest owned and responsibly managed over the long-term to provide value to both the forest owner and society.**

- *"...for the past 100 years, the amount of forestland in the United States has remained relatively stable, at around 755 million acres, thanks to improvements in markets for forest products and reforestation efforts."*
- *Private forests account for over 427 million acres owned by over 10 million private owners*

**Private working forests are intentionally managed for the long-term to provide continuous economic value – essential goods and services, good jobs, economic support to communities and the nation, and revenue to forest owners.**

- *The U.S. forest products industry accounts for approximately 6 percent of the total U.S. manufacturing GDP, placing it on par with the automotive and plastics industries*
- *U.S. forests support more than 2.9 million jobs and \$87 billion in payroll and generate \$263 billion in sales, \$115 billion towards the GDP, and \$4.4 billion in state income and severance taxes.*

**Private working forests are responsibly managed for the long-term to provide continuous environmental and social benefits to the nation while maintaining their value to the forest owner.**

- *The standing inventory (volume of growing stock) of hardwood and softwood tree species in U.S. forests has grown by 49 percent between 1953 and 2006.*
- *20% of US forestland is under some type of conservation program, which is almost twice the world average of 11%.*
- *Assessments of biodiversity on the nation's forests have found that the annual rate at which species are listed as threatened or endangered has declined fivefold.*

**Private working forests are an increasingly critical part of our natural resource infrastructure because they are fundamental to a strong economy, a clean and healthy environment and achieving our national objectives for addressing climate change and developing new domestic sources of low carbon renewable energy.**

- *The U.S. forest products industry is among the top 10 manufacturing employers in 48 states.*
- *More than half of the freshwater supply, 53 percent, originates on forestlands. Outside of the Western region of the U.S., state and private lands provide 89 percent or higher.*
- *Forests in the United States sequester over 800 million metric tons of carbon dioxide equivalents each year, offsetting about 15% of annual U.S. emissions from burning fossil fuels.*
- *The forest products industry generates approximately 80 percent of all renewable biomass energy, making it the nation's largest industrial renewable energy producer.*

Visit [www.nafoalliance.org/WorkingForests](http://www.nafoalliance.org/WorkingForests) for more information.



## Carbon Mitigation Benefits of Working Forests

**Working forests are fundamental to reducing overall greenhouse gas (GHG) concentrations in the atmosphere.**

- Trees absorb carbon dioxide from the air through photosynthesis and store it in the roots, stem, limbs and leaves of the tree as part of natural tree growth. This process, called carbon sequestration, occurs most rapidly in growing trees and slows down as trees age. Sequestered carbon is stored in the forest in trees, soil, and the wood debris on the forest floor and in long-lasting products made from harvested wood.
- Forests in the United States, 57% of which are privately owned, offset about 15% of annual U.S. emissions from burning fossil fuels. According to the EPA, this amount represents 86% of the carbon sequestered by all land uses.

**Working forests long have been recognized as a source of real and verifiable reductions in greenhouse gases and a cost-effective source of industrial GHG offsets.**

- The United Nations' 2007 Intergovernmental Panel on Climate Change ("IPCC") highlights forest management as a primary tool to reduce GHG emissions. The IPCC states that, "In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest stocks, while producing an annual sustained yield of timber, fiber or energy from the forest, will generate the greatest mitigation benefit."
- Similarly, the EPA has identified responsibly managed forests as one of five key "groups of strategies that could substantially reduce emissions between now and 2030."
- Using the sequestration and storage capabilities of responsibly managed working forests in an industrial emissions offset marketplace can reduce the overall cost of achieving mandatory emissions reduction targets. Thus, most established GHG trading regimes credit forestry activities.
- For example, trading platforms and registries that recognize forest management include California's Climate Action Registry ("CAR"), the Chicago Climate Exchange ("CCX") and the Voluntary Carbon Standard ("VCS"), while the Regional Greenhouse Gas Initiative ("RGGI") and the Western Climate Initiative ("WCI") both intend to consider forest management offsets in the very near future.

**Wood removed from working forests can provide a reliable source of secure, domestic low-carbon energy, including electricity, heat and transportation fuel.**

- The EPA has concluded that there is "'scientific consensus'... that the carbon dioxide emitted from burning biomass will not increase CO<sub>2</sub> in the air if it is done on a sustainable basis." This position is supported by the IPCC, the Energy Information Administration, the World Resources Institute and other credible scientific bodies.
- Wood sources of renewable transportation fuels significantly reduce GHGs. The Department of Energy determined that for every BTU of gasoline replaced by cellulosic ethanol, the total lifecycle GHG emissions that would have been produced from that BTU of gasoline would be reduced by 86 percent.

**Products like building materials, furniture and other consumer goods made of wood harvested from working forests are an important means of storing carbon over long periods.**

- The EPA estimates that the amount of carbon stored annually in forest products in the U.S. is equivalent to removing more than 100 million tons of CO<sub>2</sub> from the atmosphere every year.



- Research on private forestlands has shown that more intensively managed forests and the products they produce can sequester and store as much as 150% more tons of carbon per acre than less intensively managed forests.
- Independent studies show that wood products used in construction store more carbon and use less fossil fuels than other materials, like steel and concrete. Wood framing in a home produces 26% less net CO2 emissions than steel and 31% less than concrete.

Visit [www.nafoalliance.org/climate](http://www.nafoalliance.org/climate) for the latest information on climate change and working forests.



## Environment

***America's private forests are vital to our water supply and the health of wildlife habitat, but potential over-regulation could have the unintended consequence of driving good forest landowners out of the business of growing and maintaining forests. Not only would this have a negative impact on the U.S. economy, but on the environment as well - air and water quality, climate, wildlife habitat, and landscape would all suffer as a result.***

Private forest owners conduct operations that have potential impacts on water quantity and quality on a daily basis and are regulated at the Federal, state, and local levels. Properly planned and executed forest management, conducted in accordance with Best Management Practices, can maintain clean water in the streams, lakes, and rivers in and near forests.

The Federal Clean Water Act (CWA) of 1972 has the most significant direct influence on forest management activities. CWA programs impacting forestry include those involving Nonpoint Source Pollution, the Total Maximum Daily Load (TMDL) Program, Wetlands, and storm and waste water permitting requirements. Additionally, new interpretation of the 1899 Rivers and Harbors Act is impacting forestry, and states frequently develop new water regulations as they find need.

Some courts and regulators have extended the reach of CWA to the point where it may harm rather than help water quality. An expanded CWA could drive good forestland owners out of the business of growing forests, which will have a negative impact on the environment.

At the direction of the Federal Courts, the U.S. EPA is currently revisiting its 1976 designation of silviculture as a nonpoint source of pollution. Forestry should remain a nonpoint source. Additionally, the agency's TMDL Program now correctly classifies silvicultural activity as a nonpoint source of pollution with respect to impaired waters. Any reversal of current policies will expose forest management to overly burdensome permitting processes, which may discourage investment in our nation's private forests.

It is important that any new legislation addressing wetland regulations avoid the unintended consequence of eliminating certain critical proven and well-thought out exemptions for normal forestry operations in wetlands, such as temporary stream crossings and road building, drainage, and even sustainable harvesting.

In addition, in southern Louisiana a new, too-broad interpretation of the 1899 Rivers and Harbors Act to include silvicultural activities is having a negative impact on forestry in the region, and could, if it spreads to other regions of the country, discourage long-term, sustainable forest ownership and management.

Visit [www.nafoalliance.org/environment](http://www.nafoalliance.org/environment) for the latest information.