

SB 3013

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
WILLIAM J. AILA, JR.
Chairperson

Before the Senate Committees on
ENERGY AND ENVIRONMENT
&
WATER, LAND, AND HOUSING

Tuesday, February 7, 2012
2:45 PM
State Capitol, Conference Room 225

In consideration of
SENATE BILL 3013
RELATING TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES

Senate Bill 3013 establishes a carbon credits program in the Department of Land and Natural Resources (Department) and requires the Department to adopt rules for the sale and transfer of carbon credits among public and private agencies to ensure land conservation and reduced carbon emission standards. The Department supports the intent of promoting programs that reduce carbon emissions and protect our environment in Hawaii, but suggests a more narrowly defined carbon credit program focused on forests and watersheds as the best fit and first step for this program here in Hawaii.

The Department suggests this initiative be structured for the State to take a supportive role rather than a regulatory role in the sale of carbon credits, and augment information and values of existing voluntary and regulated carbon markets rather than create a new Hawaii regulated market. The proposed bill is useful in laying out a state policy to encourage and empower both public and private entities in Hawaii to sell Hawaii forest carbon to generate revenue coming into the state and increase protection and management of Hawaii's forests and watersheds. There are a variety of market opportunities available for both voluntary and regulated carbon markets, including conversion to green energy, reforestation or the installation of greenhouse gas reducing technology. The Department would defer to these markets to certify, verify and document the requirements for carbon credits trading under their specific programs. Any limitations or restrictions on methodology, time, or total number of credits or trades that the State of Hawaii would establish could interfere with or complicate a landowner's ability to participate in an established regulatory or voluntary carbon credit program.

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CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

The Department has the distinct ability to certify the value added ecosystem services that investing in carbon in Hawaii forests would provide, such as increased water production, endangered species protection, and invasive species control; activities that add to the prestige value of investing in Hawaii's forests. This type of value added certification would require additional staff and resources, which could be supported through an application fee. Similar certification of best practices for other carbon emission reduction programs might be more appropriately developed and administered by the Department of Business, Economic Development and Tourism or Department of Taxation.

The Department would be happy to work with the committee to revise this proposal to be in line with this direction of a supportive rather than a regulatory role and encourage public and private entities to sell carbon credits in the state and support forest protection and restoration on both public and private lands.



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COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair
Senator J. Kalani English, Vice Chair

COMMITTEE ON WATER, LAND, AND HOUSING

Senator Donovan M. Dela Cruz, Chair
Senator Malama Solomon, Vice Chair

DATE: Tuesday, February 07, 2012
TIME: 2:45 p.m.
PLACE: Conference Room 225
BILL: **SB 3013 Carbon Trading**

OPPOSE

Aloha Chairs Gabbard and Dela Cruz, Vice Chairs English and Solomon and Members of the Committee:

My name is Henry Curtis and I am the Executive Director of Life of the Land, Hawai`i's own energy, environmental and community action group advocating for the people and `aina for four decades. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Carbon trading is like saying that the speed limit is 55 mph on the H-1, but you can pay someone to go slower, and then use that savings to justify your faster speed. To catch a speeder who fails to actually pay a driver to go slower, cops would have to monitor and keep records of all of those who drive slower.

Each record would have to record the changing relative speed. For example, a person was going 30 in a 35 mph zone for 5 minutes but then gradually slowed down to 18 in a 25 mph zone, then texted the information to another driver, who accelerates quickly to 120 mph and then drops rapidly to 55 mph and then gets pulled over by HPD. The car

driver responds: I just wanted to brief thrill and besides, the our combined speed averaged below the speed limit when analyzed over the past hour.

Of course, an international carbon trading scheme is quite different. There are multination corporations who massively release greenhouse gases and who will hire dozen of lawyers to see how that can justify their wanton behavior.

On April 3, 2008 I made a formal presentation "Cultural Impact Analysis of Carbon Offsets" to the Hawaii Greenhouse Gas Emission Reduction Task Force. Carbon trading can be used to justify the loss of cultural habitat.

SB 3013 states that "The harsh reality of global warming has put Hawaii in a dangerous position that has grown dependent on fossil fuels. Our dependence on fossil fuels has exposed residents and businesses alike to the likelihood of a volatile cost of living as oil prices fluctuate in the future."

And yet Hawai'i has no law in place that says we should decrease our use of climate change inducing energy fuels.

Hawai'i's definition of "renewable energy" makes no mention of "climate change," "global warming," "greenhouse gas," or even "impacts" of any kind, be they financial, environmental, social or cultural.

SB 3013 states that "Now is the time for our State to take bold action to squarely address Hawaii's climate crisis and plan for and address the inevitable effects of climate change. It will require long-term commitment and dedication from Hawaii's people to dramatically shift our present course toward a more energy independent and sustainable society."

But merely moving towards independence does not imply a climate friendly independence. Indonesia and Brazil are focusing on agricultural independence. Those two nations are number 3 and 4 in the world behind China and the U.S. in yearly greenhouse gas emissions.

SB 3013: "The legislature finds that the State needs to develop a program that would incentivize businesses to adopt and practice environmentally friendly measures that would result in reducing carbon emissions that businesses release into our environment."

This merely allows those who are contributing to climate change to pay for that right to continue that practice.

SB 3013: "One such mechanism that has gained success in Europe after the Kyoto Protocol has been the certification and selling of carbon credits."

TESTIMONY ON BEHALF OF **S.B. 3013** – RELATING TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES

February 7, 2012

(COMMENTS) Thank you for the opportunity to testify. Unfortunately I will not be able to testify in person at this hearing. My name is Michael Buck, former Hawaii State Forester / Wildlife Director and current Sustainable Forests Representative for the National Association of State Foresters. I have spent a lot of my professional career dealing with this subject area, both in Hawaii and nationally, and applaud the intent of this measure as well as the sponsors who have introduced.

I do believe the current version of the bill is much too broad, crossing over multiple governmental and regulatory jurisdictions that will make its implementation problematic at best. I urge the authors to consider amending the bill to focus this measure on a specific niche of climate change mitigation, sustainable forests, that Hawaii and the DLNR not only have a competitive advantage but the knowledge and skills to provide confidence in investments in this area.

Forests can be a potentially significant factor in the mitigation of climate change in that one low-cost way to reduce levels of CO₂ in the atmosphere is by planting or preserving trees, which absorb the gas through their normal growth process. Major studies conducted by prestigious scientific, technical and conservation organizations support forest management activities as an important strategy for climate change mitigation. Carbon offsets are not a substitute for direct emission reductions, but they offer comparable environmental benefits, usually at less cost. In this manner, the protection of existing and creation of new forests can create CO₂ offsets, which could be offered to buyers that want to buy carbon credits to offset their CO₂ emissions. Unlike other alternatives, sustainable forests has social and economic side effects that are mostly beneficial, ranging from maintenance of biodiversity and endangered habitats to providing sources of sustainable harvested forest products and quality employment for forest communities.

There are many opportunities for forest management activities that mitigate climate change in Hawaii including watershed management, native forest restoration, wildlife protection, and reforestation. There is not a lack of existing and potential forests in Hawaii, in both public and private ownership --- what is lacking are the funds to manage those land sustainably. There are few carbon offset forest management opportunities in the United States that have the environmental benefits of restoring America's tropical forests, providing habitats for endangered species, while offering rapid forest growth rates for greenhouse gas mitigation. These projects cannot only benefit potential investors, but the citizens of Hawaii. DLNR and its willing partners (e.g. Watershed Partnerships) have already dedicated thousands of acres of forests to these types of projects and have the technical skills to support, and supervise all aspects of the project, while accounting for the carbon sequestration and documented the environmental benefits to project participants and investors.

I would urge that authors of the bill to look at [House Bill 2200](#) by the 2001 Oregon State Legislature. This measure recognizes that markets for forestry carbon offsets provide an incentive for forest landowners to manage for the full suite of environmental, social and economic values. I would be happy to work with Committee staff to draft language that would be appropriate for Hawaii.

Thank you for the opportunity to submit testimony.