

# Discussion Group on **Regulatory Framework**

Facilitated (co-chaired) by  
Matthew Rivers

# Agreements

- Unrestricted demand will trash the world forests because resources are finite (although dynamic).
- Regulatory frameworks are inconsistent across geographies.
- Suggestion: Use of sort simple pragmatic decision support system recognizing the legal position would advance the dialogue.

# Challenges

- **2050 1.5°C versus precautionary principle.**
- “Legality” alone is not sufficient for good SFM in certain geographies.
- How to engage SBP/FSC without legitimizing but to the common good.
- Unilateral rules/regulation are highly inefficient (e.g. there are barriers to trade).
- Regarding traditional: The legalization path is bumpy do to an array of barriers: costly and complicated paperwork; middle men and law enforcement officials probable losers within a formal supply chain; land tenure is key to exercise the right to legally produce wood for energy and its seldom the case across the global south; ...

# Contested Assumptions

- Increased demand will drive US south deforestation due to unregulated wood production.
  - US south forests are not being effectively regulated.
  - EnViva is a major player in driving US south depletion of old growth hardwood forests.
- In the absence of an internationally framework, industry's self regulation would be enough.
- Are internationally agreed caps on the demand or supply side a feasible option? (e.g. Canada)
- Due to the lack of an enforced regulatory framework, charcoal and fuelwood production inevitably drive forest degradation across the global south.

## ***Under what conditions is industrial wood energy sustainable***

- Burning whole trees – is the whole tree a waste product in some circumstances? Large trees or small trees?
- Are we considering long term, 2030, 2050?
- Is wood energy part of a move to a whole renewable system?

**We all agreed that YES we can have conditions under which wood energy is sustainable.**

- Most important criteria have been under discussion in northern Europe:
  - LCA determinations to ensure net carbon benefits
  - Biodiversity
  - SFM – as verified by certification or similar
  - Cascading benefits
- Many criteria are a political compromise and often don't reflect sustainability reality.
- Broader level principles – what are higher level conditions?
- Credible sustainability framework

## ***Under what conditions is industrial wood energy sustainable***

- Scale – the scale of biomass energy mix contribution needs to be considered.
- The challenge of sustainability becomes harder as the scale of use increases
- Where there is a target or regulated demand such as a RET then it makes sustainability measures easier to enforce
- RE targets could set 'beyond' sustainable demands – so a 'sustainability ceilings' should be based on the SFM capacity
- We must balance what the SFM production limits are – recognizing the economic dynamics of the system
- Develop forest practices to support biomass production
- Mobilisation of capability to capitalize on available sustainable biomass – pine bark beetle and forest fire salvage
- Upper boundaries set by political means at present, not sustainability or evidenced based approaches
- Timeframes – long term energy mix management
- Multifunctional role of forests to contribute to a low carbon economy – across all sectors – chemical, steel, construction
- Indirect wood use change is complex
- More biomass from 'unusable' wood is possible
- Pulp wood – location specific demand
- Industrial use vs domestic use – high sustainability criteria vs none.
- What should be addressed?
- SFM is taken as a given, but we need to be more specific about the types of wood product used



## ***Under what conditions is industrial wood energy sustainable***

- Logs or pulp biomass should not be incentivised, biomass policies should encourage ‘side streams’
- Response from forest growers will depend on market signals
- Prescribe dimensions and characteristics of wood to be used – there is a continuum of sustainability – okay to not okay and a grey area in the middle
- Traffic light – green, yellow, red. To reflect the continuum
- Is there a market? In the absence of a higher value use – biomass to energy can be a viable option
- Where does woody biomass fit in the overall biomass mix?
- **Governance – i) secure tenure and ii) fair market access as a condition of sustainability for small**
- There is a distinction between sustainability of biomass vs SFM
- **Applying only sustainability criteria for biomass (industrial) and not across all the forest products creates leakage effects**
- Regulating cascading benefits is fraught with risk
- Focus wood resources that are end of life, sidestreams.
- The market can create some distortions – Japanese demand could spike demand side dynamics
- What questions remain to be asked to take the question?

## ***Under what conditions is industrial wood energy sustainable***

- Subsidies and regulation – harmonisation of subsidies between energy and forest products sector