



MICHIGAN CHAPTER

Sierra Club opposition to House Bill 6067

May 25th, 2022

To: Chairman Joe Bellino and Members of Committee

RE: HB 6067 – “Carbon Credits”

On behalf of our 150,000 members and supporters in Michigan, we are writing today in opposition to House Bill 6067.

This bill creates a regulatory structure that allows corporations to continue emitting the carbon dioxide emissions fueling climate change while touting offsets that deliver far fewer benefits than advertised. The fastest way to cut carbon footprints is to cut carbon emissions, and the climate crisis demands that we do so now. Carbon credit markets are dependent on offsets, which do not address the local impacts of polluting facilities in communities facing environmental injustices, especially when it comes to cumulative impacts. Furthermore, weak rules in carbon markets ensure that we are merely allowing the state to garner payments for continuing the same forest management practices we’ve used for decades.

The criteria for the projects are concerning. The bill states: *“The sale does not prevent or restrict continued land management as outlined by the department’s land management plans or strategies.”* To have any credibility, carbon credit projects must be based on realistic scenarios for emission reductions and climate positive outcomes. The Michigan DNR, under its current pilot program with DTE in the Pigeon River Country State Forest, has stated harvests and management would not be adversely affected.

We should not incentivize carbon credits for industries if the DNR has no plans to meaningfully change timber harvesting practices, or ramp reforestation. Land management plans must be different in order for a carbon credit scheme to be viable and deliver meaningful benefits.

Forest carbon credits only work if the landowner harvests significantly fewer trees, protects more, and reforests more than they have in the past, leaving the carbon in the forest. Carbon projects must deliver climate friendly practices that wouldn’t have occurred in the absence of carbon payments. If we are not changing harvest levels and management, we are not offsetting carbon. The carbon captured by trees while they are growing before a harvest is not an otherwise unplanned sequestration, and does not deliver any meaningful cut to greenhouse gas emissions.

Michigan’s utility companies should not be allowed to participate in any carbon credit program. Right now, under the DNR’s Pigeon River Country State Forest carbon credits project, DTE has purchased all of the carbon credits generated through the project.

DTE is planning to sell these claims of emission reductions to its climate-conscious customers who voluntarily pay the utility extra to neutralize the climate impacts from their usage of fracked gas. This allows a company to charge its customers for a practice that the customer feels are providing a benefit, but in reality, the landowner is not changing anything and the customer is paying for something that is not truly reducing carbon. DTE makes a profit off the surcharge for the program, continues to emit dangerous greenhouse gas emissions, and is allowed to continue business as usual. This allows DTE, or any other utility who wants to participate in the


carbon credits market, to drag their feet on meaningful emission reductions, while they continue polluting in communities, specifically low income and communities of color who are already bearing the biggest burdens from pollution. The carbon credit program allows DTE to purchase the illusion that they are decarbonizing their gas operations, while customers who truly care about climate change foot the bill.

Carbon credit markets should be reserved for the sectors of our economy that will be hardest to electrify, like heavy industries, not utility companies. As it stands now, the State of Michigan is getting paid to do something that it is already doing, and in turn allowing corporate polluters to continue polluting without any sort of regulatory teeth for emission reductions or climate benefit.

Equity also matters and needs to be addressed if this legislation is to move forward. Devoting carbon credit revenues to only the Forest Development Fund is not an equitable solution. Since many of these credits will come from polluting industries, revenue from this program should go towards clean energy and energy efficiency, mitigation and adaptation of climate impacts, and transition assistance and investments in heavily impacted frontline communities. Equity and environmental outcomes must go hand in hand. We must see restrictions on who can participate in carbon credit programs, and requirements for measurable emission reductions from participating entities. This program does not eliminate the risk of localized emission increases of co-pollutants in the areas in which these businesses operate. As it stands, highly impacted frontline communities will not benefit from the conventional pollution reductions associated with a carbon credits program. This issue should be addressed by mandating emission reductions, with an emphasis on the polluting sources that harm the health and environment of frontline communities.

Until we see such changes, the Sierra Club will remain opposed to carbon credit markets in Michigan, and thus remain opposed to House Bill 6067. We look forward to working with the legislature, the DNR, and other stakeholders to ensure we are as effective as possible.

Sincerely,



Tim Minotas
Deputy Legislative and Political Director
Sierra Club Michigan Chapter