

### University of Idaho

College of Natural Resources

# CONSIDERATIONS IN MODELING HARVESTED WOOD PRODUCT MITIGATION STRATEGIES

**Greg Latta** 

Associate Research Professor, Department of Natural Resources and Society, University of Idaho

> Presented at the: Western Forest Economists Meeting May 16, 2025



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# CONSIDERATIONS IN MODELING HARVESTED WOOD PRODUCT

# **MITIGATION STRATEGIES**

#### Greg Latta<sup>1</sup> and Chat GPT<sup>2</sup>

<sup>1</sup> Associate Research Professor, Department of Natural Resources and Society, University of Idaho <sup>2</sup> The Internet

> Presented at the: Western Forest Economists Meeting May 16, 2025



# **HWP MITIGATION CONSIDERATIONS**

- Understanding Harvested Wood Products
  - You first have to know what you are looking at
- Carbon Storage in Harvested Wood Products
- And how it is modeled
- Strategies for Maximizing Carbon Benefits
  - This is the actual modeling part
- Challenges and Considerations
- And the part where we reflect on the modeling
- Conclusion



# UNDERSTANDING HARVESTED WOOD PRODUCTS

 Harvested wood products encompass a wide range of wood-based materials, including lumber, plywood, paper, and furniture, that are derived from harvested trees.

 Unlike standing forests, which continue to sequester carbon for a finite period, HWPs retain carbon for longer durations, thereby extending the carbon storage lifespan and mitigating transforme not emissions.



# CARBON 101 TERMINOLOGY

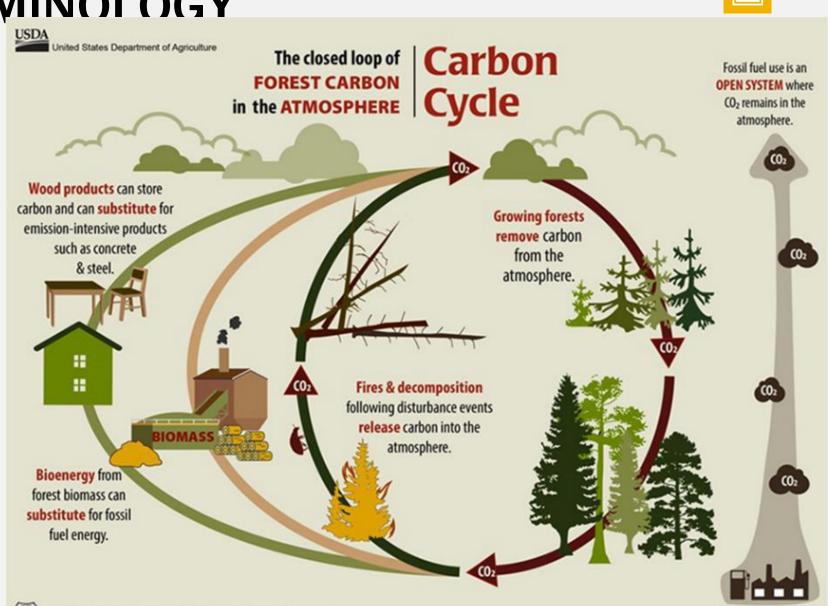
 2 Important Terms

# 1. Carbon Stocks –

the amount of carbon in a pool (*or account*). The pictures in the figure to the right

## 2. Carbon Flux – or

difference in carbon stocks over a specified time period (or stock change). The





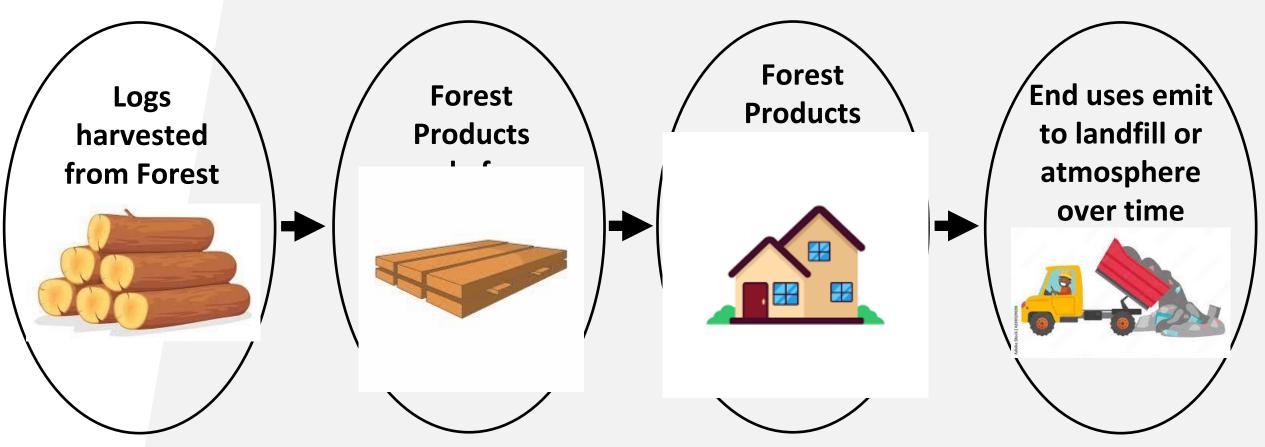
# **CARBON STORAGE IN HARVESTED WOOD PRODUCTS**

• The carbon stored in harvested wood products originates from atmospheric carbon dioxide absorbed by trees during photosynthesis.

• When harvested, this carbon is captured within wood-based products, where it can remain stored for years, decades, or even centuries, depending on the product's lifespan and disposal practices.



## ACCOUNTING FOR CARBON IN HWP Pretty much everybody uses the same sort of approach



Skog, K.E. 2008. Sequestration of carbon in harvested wood products for the United States. *Forest Products Journal*. 58(6):56-72



# CARBON 101 TERMINOLOGY

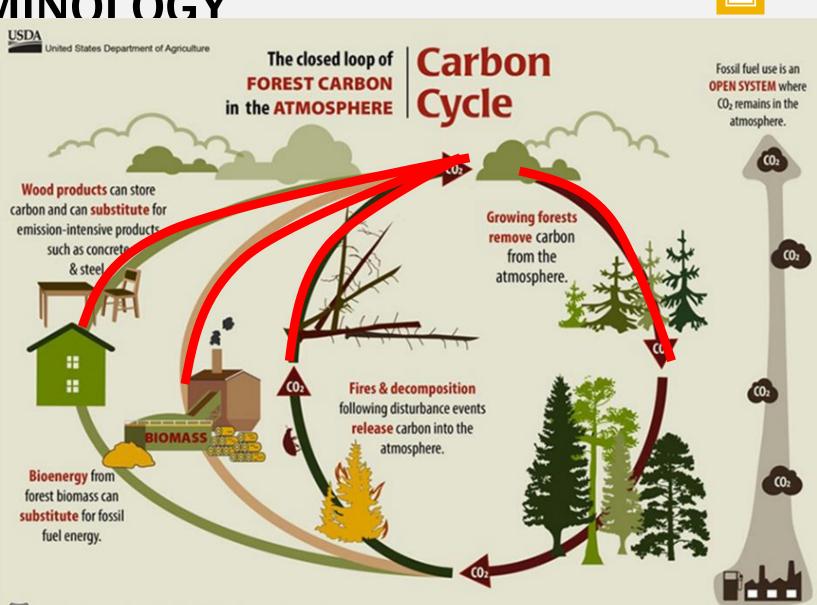
2 Important Terms

1. Carbon Stocks - the

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### 2. Carbon Flux – or

difference in carbon stocks over a specified time period (or stock change). Stocks asrows in the stock change between terrestrial pools and the atmosphere)

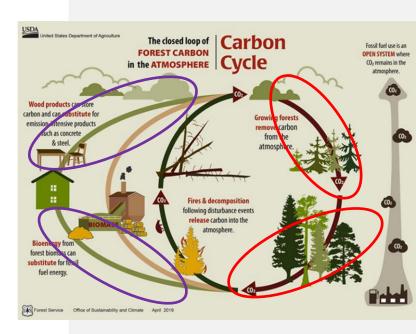




### WHAT DO THESE FLUXES (STOCK CHANGES I KNOW) LOOK LIKE?

Table 6-8: Net CO<sub>2</sub> Flux from Forest Ecosystem Pools in Forest Land Remaining Forest Land and Harvested Wood Pools (MMT CO<sub>2</sub> Eq.)

Carbon Pool	1990	·	2005	2017	2018	2019	2020	2021
Forest Ecosystem	(697.7)		(608.2)	(610.4)	(610.5)	(559.8)	(610.8)	(592.5)
Aboveground								
Biomass	(499.1)		(443.8)	(425.9)	(428.0)	(410.8)	(419.0)	(409.1)
Belowground								
Biomass	(101.8)		(89.8)	(84.5)	(85.1)	(81.6)	(83.1)	(81.1)
Dead Wood	(100.8)		(97.9)	(100.0)	(102.7)	(98.2)	(102.3)	(101.1)
Litter	0.9		22.5	(2.0)	1.6	30.4	(1.9)	1.9
Soil (Mineral)	3.2		0.5	(0.1)	0.6	0.7	<b>(</b> 5.4)	(4.0)
Soil (Organic)	(0.8)		(0.4)	1.4	2.3	<mark>(1.1)</mark>	0.1	0.1
Drained Organic								
Soilª	0.8		0.8	0.8	0.8	0.8	0.8	0.8
Harvested Wood	(123.8)		(106.0)	(100.3)	(94.0)	(89.6)	(96.6)	(102.8)
Products in Use	(54.8)		(42.6)	(34.9)	(28.9)	(25.1)	(32.0)	(37.8)
SWDS	(69.0)		(63.4)	(65.3)	(65.1)	(64.5)	(64.6)	(65.1)
Total Net Flux	(821.4)		(714.2)	(710.7)	(704.4)	(649.3)	(707.4)	(695.4)



<sup>a</sup> These estimates include C stock changes from drained organic soils from both Forest Land Remaining Forest Land and Land Converted to Forest Land. See the section below on CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O Emissions from Drained Organic Soils for the methodology used to estimate the CO<sub>2</sub> emissions from drained organic soils. Also, Table 6-20 and 6-21 for non-CO<sub>2</sub> emissions from drainage of organic soils from both Forest Land Remaining Forest Land and Land Converted to Forest Land.

Notes: Forest ecosystem C stock changes do not include forest stocks in U.S. Territories because managed

# WHAT DO THESE FLUXES

#### (STOCK CHANGES I KNOW)

# LOOK LIKE?

						-	
Carbon Pool	1990	2005	2017	2018	2019	2020	2021
Forest Ecosystem	(697.7)	(608.2)	(610.4)	(610.5)	(559.8)	(610.8)	(592.5)
Aboveground							
Biomass	(499.1)	(443.8)	(425.9)	(428.0)	(410.8)	(419.0)	(409.1)
Belowground							
Biomass	(101.8)	(89.8)	(84.5)	(85.1)	(81.6)	(83.1)	<mark>(</mark> 81.1)
Dead Wood	(100.8)	(97.9)	(100.0)	(102.7)	(98.2)	(102.3)	(101.1)
Litter	0.9	22.5	(2.0)	1.6	30.4	(1.9)	1.9
Soil (Mineral)	3.2	0.5	(0.1)	0.6	0.7	(5.4)	(4.0)
Soil (Organic)	(0.8)	(0.4)	1.4	2.3	(1.1)	0.1	0.1
Drained Organic							
Soilª	0.8	0.8	0.8	0.8	0.8	0.8	0.8
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Total Net Flu <sup>a</sup>These estima</sup> and Homested Mood Deals (NMAT CO, Fr.)

Land and Lan and Harvested Wood Pools (MMT CO<sub>2</sub> Eq.)

Land and Lan Table 6-8: Net CO<sub>2</sub> Flux from Forest Ecosystem Pools in Forest L and Harvested Wood Pools (MMT CO<sub>2</sub> Eq.) Notes: Forest ( Carbon Pool 2005 2015 1990 2016 2017 2018 2019 Forest Ecosystem (663.8)(555.5) (582.7) (629.5) (564.0) (599.8) (583.3) (395.1) Aboveground Biomass (456.4) (401.3) (414.2)(421.3)(402.4)(394.0)(103.7) (92.0) Belowground Biomass (92.6) (95.0) (89.2) (90.9) (89.2) Dead Wood (97.3) (93.5) (98.7) (105.1)(97.1) (99.3) (101.7)(8.1)32.2 30.5 (3.2) 0.2 (2.3)(0.5) Litter Call / Mai (7.0) 10.01 .... ( . . . . 10.41

Organic Soils 6-20 and 6-21

Total Net Flux	(787.6)	(661.5)	(671.4)	(721.9)	(659.7)	(698.6)	(691.8)
SWDS	(69.0)	(63.4)	(64.1)	(64.6)	(65.5)	(67.2)	(69.3)
Products in Use	(54.8)	(42.6)	(24.6)	(27.8)	(30.3)	(31.5)	(39.2)
Harvested Wood	(123.8)	(106.0)	(88.7)	(92.4)	(95.7)	(98.8)	(108.5)
Drained Organic Soil <sup>a</sup>	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Soil (Organic)	(0.6)	(0.2)	(1.1)	1.2	2.1	1.2	1.2
Soll (Mineral)	1.5	(1.5)	(7.3)	(6.8)	14.3	(4.5)	(2.4)

Notes: Forest ecosystem C stock changes do not include forest stocks in U.S. Territories because managed forest land for U.S. Territories is not currently included in Section 6 Representation of the U.S. Land Base. The forest ecosystem C stock changes do not include Hawaii because there is not sufficient NFI data to support inclusion at this time. However, managed forest land area for Hawaii is included in Section 6 Representation of the U.S. Land Base so there are small differences in the forest land area estimates in this Section and Section 6. See Annex 3.13, Table A-214 for annual differences between the forest area

Carbon Pool	1990	2005	2018	2019	2020	2021	2022
Forest Ecosystem	(851.0)	(770.0)	(779.6)	(726.2)	(765.2)	(749.5)	(694.3)
Aboveground Biomass	(600.9)	(550.8)	(536.7)	(516.3)	(522.8)	(513.0)	(491.7)
<b>Belowground Biomass</b>	(116.8)	<mark>(107.5)</mark>	(105.4)	(102.3)	(102.2)	(100.9)	(96.9)
Dead Wood	(132.0)	(131.2)	(138.0)	(133.4)	(136.2)	(135.3)	(131.4)
Litter	(2.4)	20.5	(1.5)	26.5	(3.4)	(0.1)	26.4
Soil (Mineral)	2.0	(0.8)	1.3	(1.3)	(1.3)	(0.9)	(1.2)
Soil (Organic)	(1.6)	(1.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Drained Organic Soil <sup>a</sup>	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Harvested Wood	(123.8)	(106.0)	(93.9)	(86.9)	(96.8)	(94.7)	(92.8)
Products in Use	(54.8)	(42.6)	(28.8)	(22.6)	(32.3)	(30.4)	(28.8)
SWDS	(69.0)	(63.4)	(65.1)	(64.3)	(64.5)	(64.3)	(63.9)
Total Net Flux	(974.8)	(876.0)	(873.5)	(813.2)	(862.0)	(844.2)	(787.0)

#### Table 6-8: Net CO<sub>2</sub> Flux from Forest Ecosystem Pools in Forest Land Remaining Forest Land and Harvested Wood Pools (MMT CO<sub>2</sub> Eq.)





# **STRATEGIES FOR MAXIMIZING CARBON BENEFITS**

- Longer Product Lifespans: Designing and constructing durable wood products with longer lifespans can maximize carbon storage over time. High-quality wood products, such as engineered wood and solid wood furniture, can withstand multiple uses and generations, thereby prolonging carbon sequestration.
- 2. Recycling and Reuse: Promoting recycling and reuse of wood-based materials can further extend their carbon storage lifespan. By salvaging wood from demolished structures or repurposing discarded furniture, carbon stored in HWPs can be preserved and reincorporated into new products, reducing the need for virgin materials and mitigating emissions from disposal.
- **3.Bioenergy and Biomaterials**: Harnessing wood residues and byproducts for bioenergy production or the manufacturing of biomaterials offers additional opportunities to enhance carbon storage. Utilizing woody biomass for renewable energy generation displaces fossil fuel emissions, while substituting carbon-intensive materials with sustainable wood-based alternatives reduces overall carbon footprints.

# THE MODELING PART



 Longer Product Lifespans: Designing and constructing durable wood products with longer lifespans can maximize carbon storage over time. High-quality wood products, such as engineered wood and solid wood furniture, can withstand multiple uses and generations, thereby prolonging carbon sequestration.

2. Recycling and Reuse: Promoting recycling and reuse of wood-based materials can further extend their carbon storage lifespan. By salvaging wood from demolished structures or repurposing discarded furniture, carbon stored in HWPs can be preserved and reincorporated into new products, reducing the need for virgin materials and mitigating emissions from disposal.

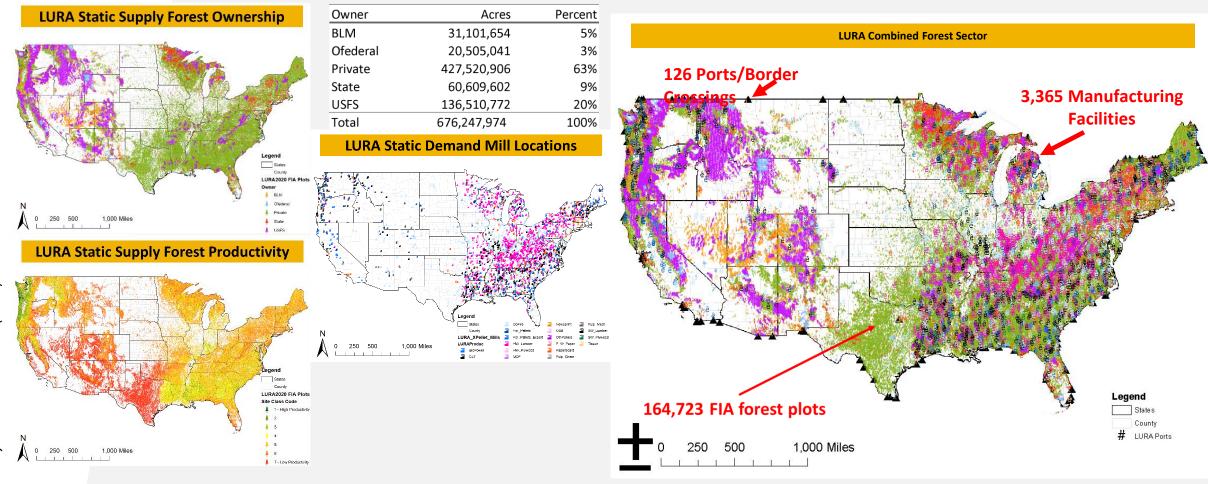
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# LURA MODEL BACKGROUND



#### Balance supply and demand with price sensitive demand

- 1. Which has a forest land base representation (164k plots)
- 2. And a forest products market representation (3.4k mills)





# LURA MODEL BACKGROUND - DYNAMIC SUPPLY

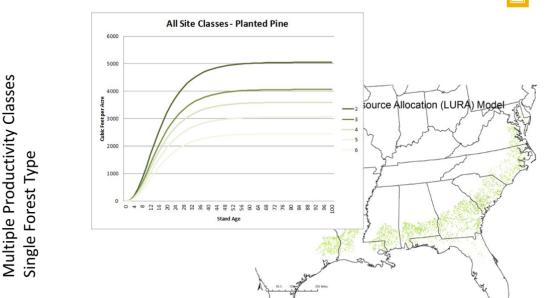
**Outer Coastal Plain Mixed Province** 

Province

aurentian Mixed Forest

# Balance supply and demand with price sensitive demand

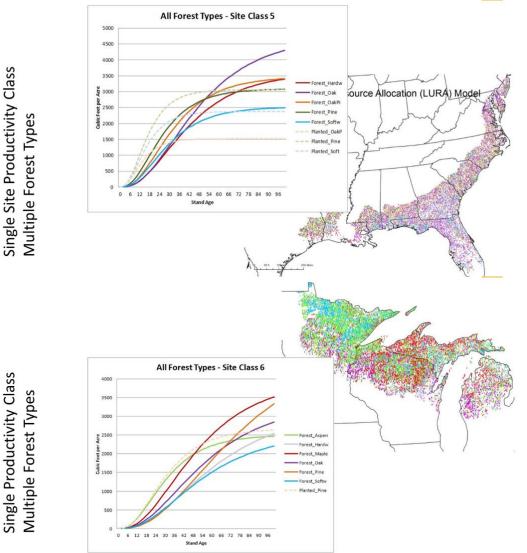
- 1. You need to move the resource through time
- 2. LURA uses yields specific to ecoregion, forest type and site productivity class



#### MOVING THE FOREST RESOURCE THROUGH TIME

**Outer Coastal Plain Mixed Provinc** 

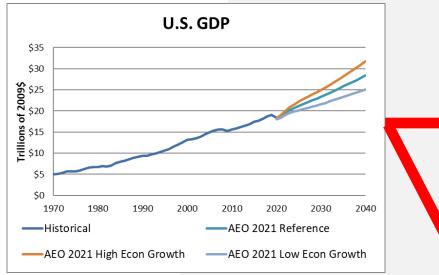
#### MOVING THE FOREST RESOURCE THROUGH TIME

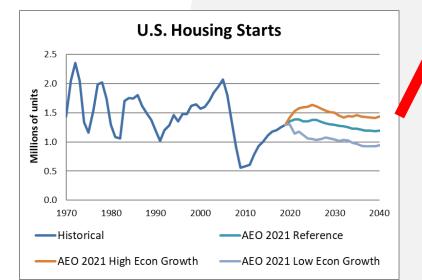


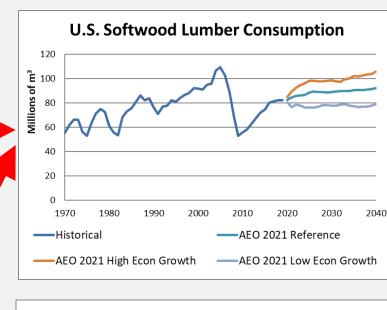


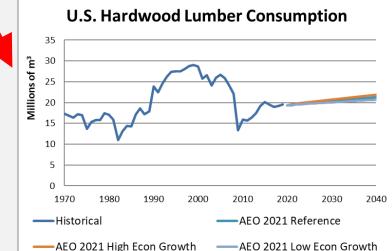
# LURA MODEL BACKGROUND - DYNAMIC DEMAND

#### 2) And move demand through time

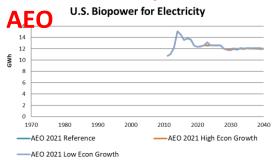




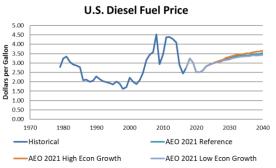




#### **Taken directly from**



#### Taken directly from AEO (not really demand, but affects demand)



Annual Energy Outlook 2021 with projections to 2050

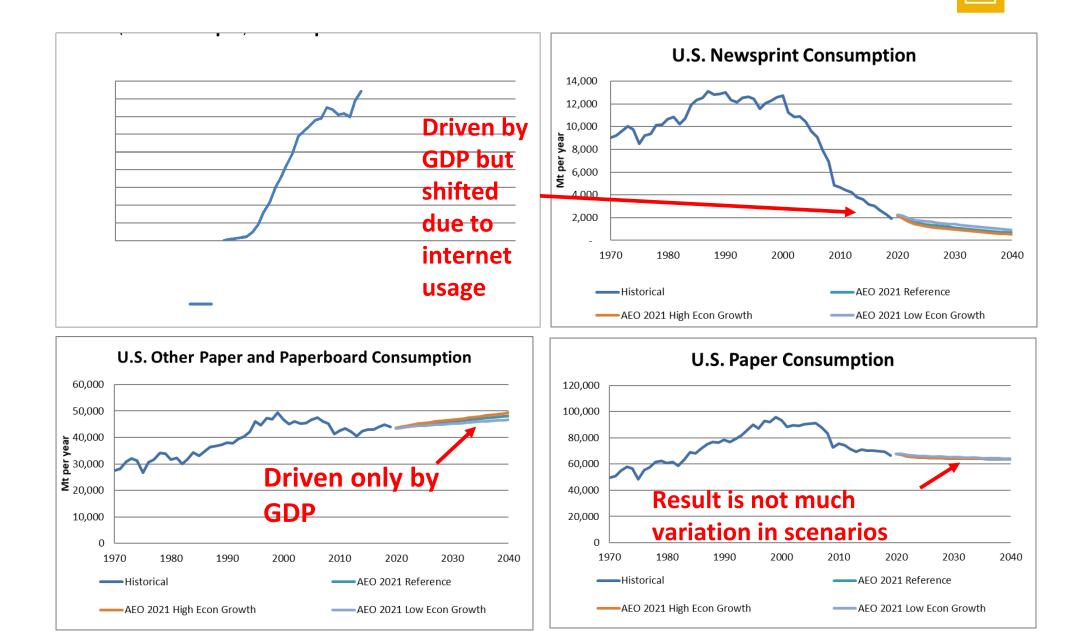


# **MOVING FOREST PRODUCTS THROUGH TIME**

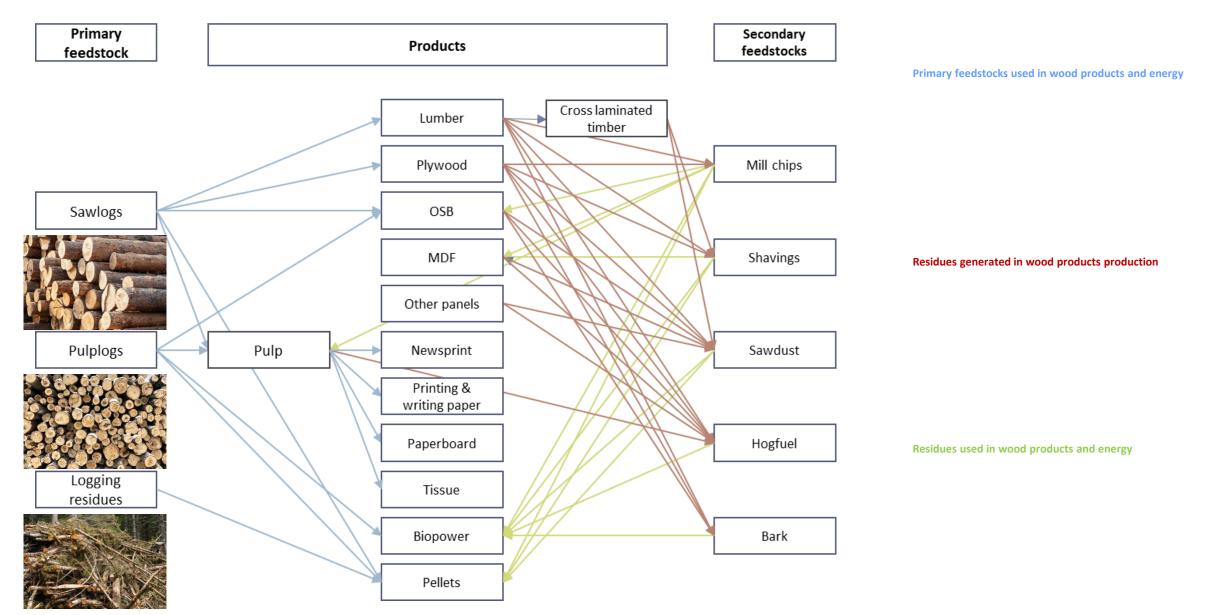


Journal of Forestry 114(4): 433-440.

demand for paper products.

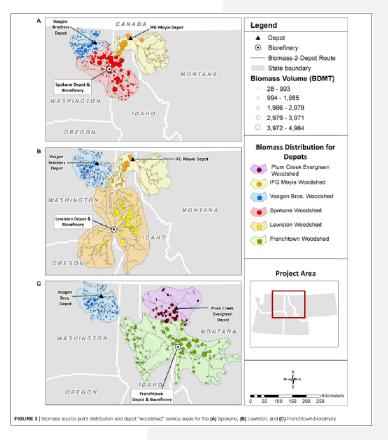


# LURA CASCADING WOOD FLOW

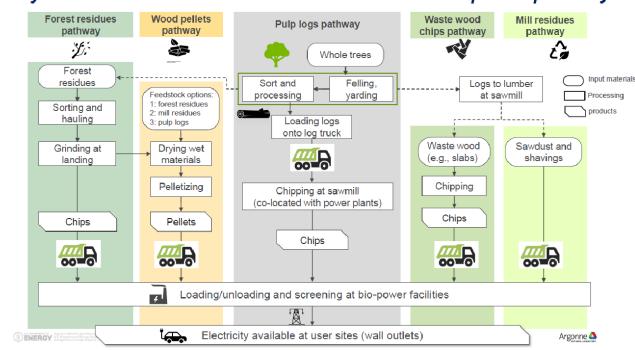


# **BIOENERGY APPLICATIONS** - CHOOSING SITES

Logging residue supply for biorefinery siting



Martinkus, N., G. Latta, S.A.M Rijkhoff, D. Mueller, S. Hoard, D. Sasatani, F. Pierobon, and M. Wolcott. 2019. A Multi-Criteria Decision Support Tool for Biorefinery Siting: Using Economic, Environmental, and Social metrics for a Refined Siting Analysis. *Biomass and Bioenergy*. 128(2019):105330  Argonne National Laboratory GREET model Biopower Module



Xu, H., G. Latta, U. Lee, J. Lewandrowski and M. Wang. 2021. Regionalized Life Cycle Greenhouse Gas Emissions of Forest Biomass Use for Electricity Generation in the United States. Environmental Science & Technology. https://doi.org/10.1021/acs.est.1c04301

#### System boundaries for forest residue-derived biopower pathways

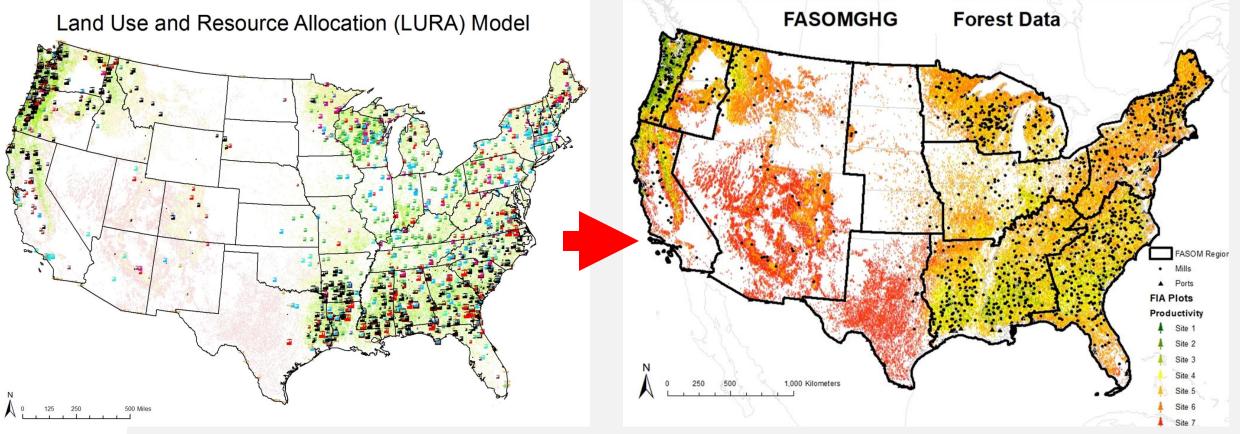


# **STRATEGIES FOR MAXIMIZING CARBON BENEFITS**

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- **3.Bioenergy and Biomaterials**: Harnessing wood residues and byproducts for bioenergy production or the manufacturing of biomaterials offers additional opportunities to enhance carbon storage. Utilizing woody biomass for renewable energy generation displaces fossil fuel emissions, while substituting carbon-intensive materials with sustainable wood-based alternatives reduces overall carbon footprints.
- **4.Forest Management Practices**: Implementing sustainable forest management practices that prioritize carbon sequestration and wood utilization can amplify the carbon benefits of harvested wood products. Responsible harvesting techniques, afforestation efforts, and reforestation initiatives contribute to maintaining and enhancing forest carbon stocks, ensuring a continuous supply of wood resources for

# **LURA - FASOMGHG INTEGRATION**

- Ι
- LURA data was used to generate weighted averages for FASOMGHG Forest Supply and Demand replacing the existing FASOM forest model and moving the starting time period to 2015



# **FASOM-GHG**

(THE FOREST AND AGRICULTURE SECTOR OPTIMIZATION MODEL WITH GREENHOUSE GASES)

### Long history modeling carbon markets and forestry

### For policy analysis

EPA analysis of **S 843** (Clean Air Planning Act of 2003), **S 280** (Climate Stewardship and Innovation Act of 2007), **S 1766** (Low Carbon Economy Act of 2007), and **S 2191** (Lieberman-Warner Climate Security Act of 2007), **HR 2454** (American Clean Energy and Security Act of 2009), **S 1733** (Clean Energy Jobs and American Power Act)

#### And journal articles

- Adams, R., Adams, D., Callaway, J., Chang, C., and McCarl. B.: **1993**, 'Sequestering Carbon on Agricultural Land: Social Cost and Impacts on Timber Markets', *Contemporary Policy Issues* XI (1), 76–87.
- Adams, D., Alig, R., McCarl, B., Callaway, J., and Winnett. S.: **1999**, 'Minimum Cost Strategies for Sequestering Carbon in Forests', *Land Economics 75 (3), 360–374*.
- R Alig, G. Latta, D. Adams, and B. McCarl. **2010**. Mitigating Greenhouse Gases: The Importance of Land Base Interactions Among Forests, Agriculture, and Residential Development in the Face of Changes in Bioenergy and Carbon Prices. *Forest Policy and Economics* 12(1): 67-75.
- Latta, G., D. Adams, R. Alig and E. White. **2011**. Simulated effects of mandatory versus voluntary participation in private forest carbon offset markets in the United States. Journal of Forest Economics 17(2): 127-141.
- Wade, C.M., J.S. Baker, J.P.H. Jones, K.G. Austin, Y. Cai, A.B. de Hernandez, G.S. Latta, S.B. Ohrel, S. Ragnauth, J. Creason and B. McCarl.
  2022. Projecting the Impact of Socioeconomic and Policy Factors on Greenhouse Gas Emissions and Carbon Sequestration in US Forestry and Agriculture. Journal of Forest Economics: Vol. 37: 127–161.

# A LITTLE HWP MODELING EXPERIMENT



# Using the forest side of FASOM (the Forest and Agriculture Sector Optimization Model with Greenhouse Gases)

# **Scenarios**

# **1.** Is HWP a mitigation strategy in and of itself

Only pay for HWP stock changes

# 2. What happens when you bring the rest of the US Forest Sector in

Pay for all forest sector stock changes

## **3.** What about a regional HWP-only strategy

Pay for only Lake States HWP stock changes

# A LITTLE HWP MODELING EXPERIMENT



# Using the forest side of FASOM (the Forest and Agriculture Sector Optimization Model

with Greenhouse Gases

### • Apply C prices to specific C fluxes (yes, I know it is a stock change)

This will drive the additional mitigation



# Using the forest side of FASOM (the Forest and Agriculture Sector Optimization Model

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# **Scenarios**

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# **1** IS HWP A MITIGATION STRATEGY IN AND OF ITSELF?

 $CO_2$ 

#### **Marginal Abatement Cost Curve** (MACC)

Steps:

- 1. Run the Carbon Price Scenarios through 2090 in 5-year time periods
- 2. Calculate additional sequestration in each time period
- Discount the additional carbon using 4% 3. (similar to Murray et al (2004))
- 4. Calculate the annual annuity value that would equal the sum of the first 50 years of discounted additional carbon

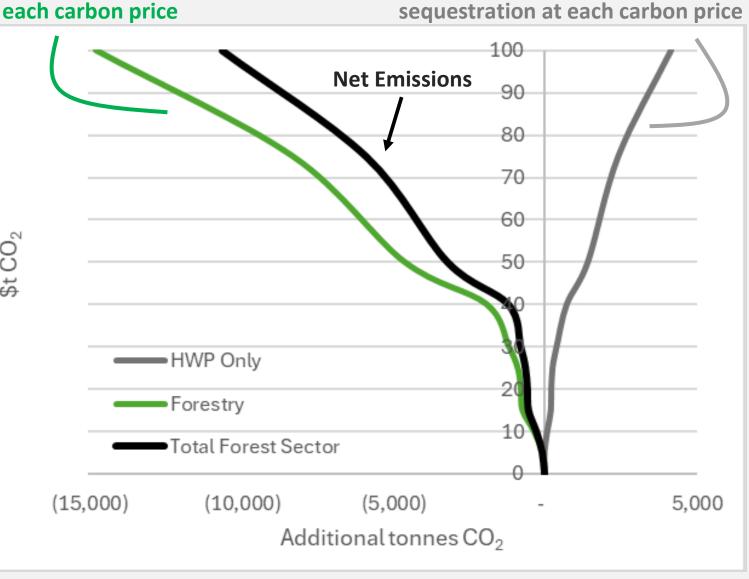
 $V_0 = \frac{a \cdot [(1+i)^t - 1]}{i \cdot (1+i)^t}$ 

 $V_0$  is the sum of the discounted additional carbon over the first 40 years *i* is the discount rate (here 4%)

t is the time period over which the annuity is calculated (here 40 years) *a* is the annuity value (or a single value that could be applied annually for 40 year and give us the discounted sum of additional sequestration - it basically makes it so we have one value for each carbon price)

Forestry – additional emissions at

**HWP Benefits – addition** 

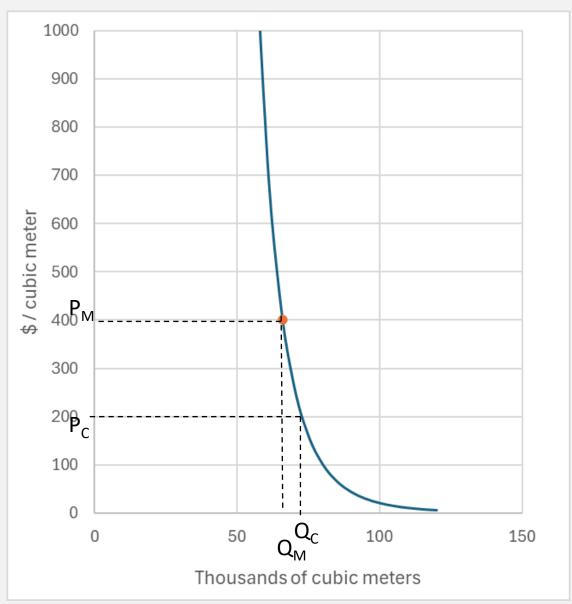


Murray, B.C., B.A. McCarl, and H. Lee. 2004. Estimating Leakage from Forest Carbon Sequestration Programs. Land Economics 80(1):109-124.

# **1** IS HWP A MITIGATION STRATEGY IN AND OF ITSELF?

This would be what the softwood lumber demand *(note: this is a long-lived harvested wood product)* looks like. It is:

- Defined by an exogenous point (the P<sub>M</sub> and Q<sub>M</sub>) and an elasticity
- It is inelastic  $e_d = -0.14$
- So a small change in Q leads to big change in P



The demand curve limits the amount of mitigation





# Using the forest side of FASOM (the Forest and Agriculture Sector Optimization Model

with Greenhouse Gases)

# **Scenarios**

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Only pay for HWP stock changes

## 2. What happens when you bring the rest of the US Forest Sector in

Pay for all forest sector stock changes

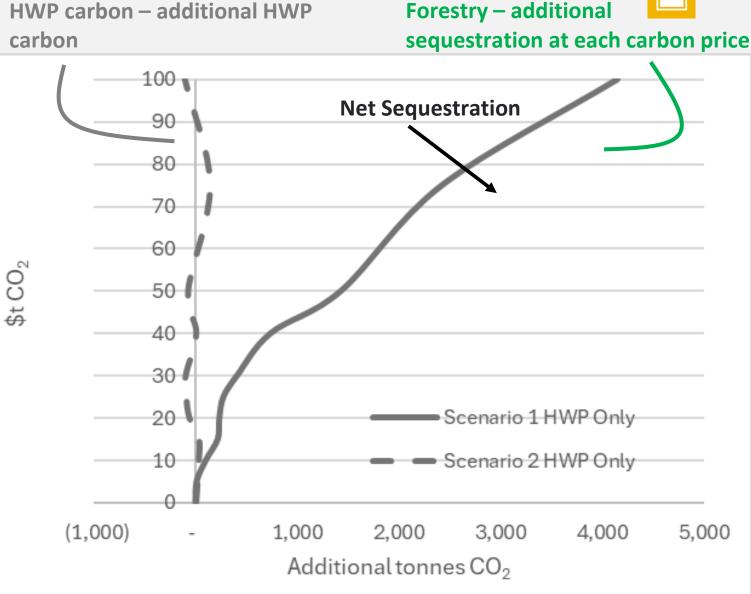
# **3.** What about a regional HWP-only strategy

Pay for only Lake States HWP stock changes

### **WHAT HAPPENS WHEN YOU BRING THE REST OF THE US FOREST SECTOR IN?**

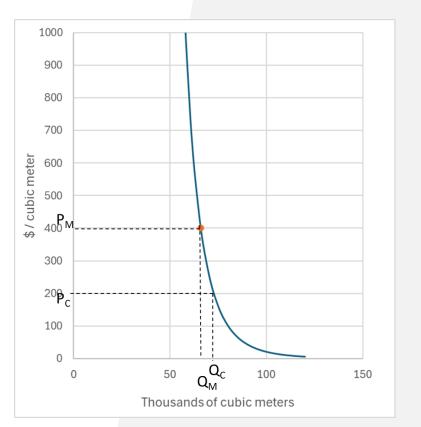
Ι

When we bring the forestry carbon into the payment scheme it dominates the mitigation



# **1** IS HWP A MITIGATION STRATEGY IN AND OF ITSELF?

with HWP production in commodities that tend to be inelastic which drops price which in turn disincentivizes more production



### with forestry:

- An increase in forest growth does not have to lead to a reduction in product prices
- So you can do as much as you would want\*
- And it can actually lead to an increase in production later on





# Using the forest side of FASOM (the Forest and Agriculture Sector Optimization Model

with Greenhouse Gases)

# **Scenarios**

# **1.** Is HWP a mitigation strategy in and of itself

Only pay for HWP stock changes

## 2. What happens when you bring the rest of the US Forest Sector in

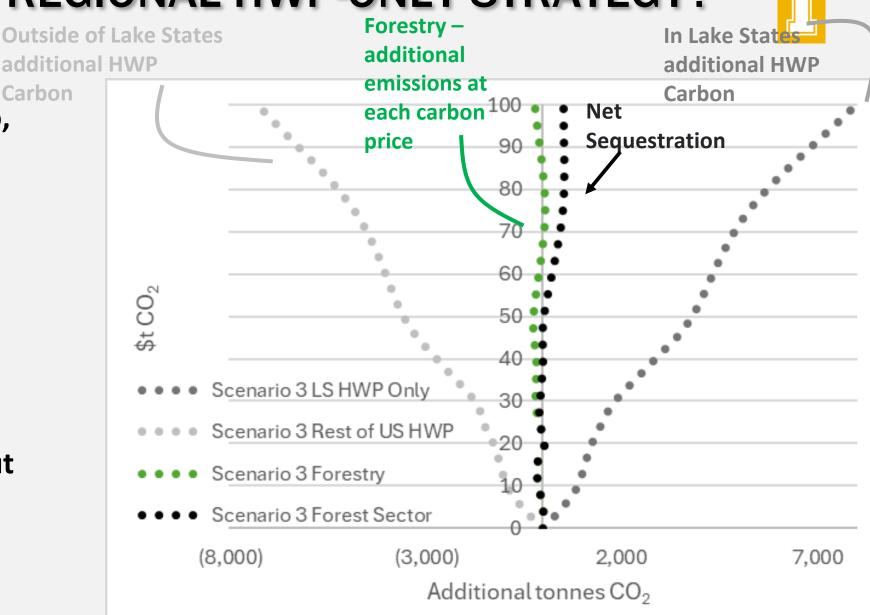
Pay for all forest sector stock changes

# **3.** What about a regional HWP-only strategy

Pay for only Lake States HWP stock changes

# **3 WHAT ABOUT A REGIONAL HWP-ONLY STRATEGY?**

- In this particular scenario, the long-lived wood product of choice is Oriented Strandboard (OSB)
- And we actually see an increase in paperboard production - but using market pulp produced out of region
- Other regions might be different



# **CHALLENGES AND CONSIDERATIONS**



# **1. Market Demand and Consumer Preferences**: Shifting market demand and consumer preferences towards wood-based products requires education, awareness, and incentives to incentivize

sustainable choices and practices.

2. Lifecycle Assessments: Conducting comprehensive lifecycle assessments to evaluate the carbon implications of different wood products and disposal pathways is essential for informing decision-making and optimizing carbon benefits.

**3.Policy and Regulation**: Developing supportive policies and regulations that recognize the carbon benefits of harvested wood products and incentivize sustainable forest management and wood utilization practices is crucial for scaling up adoption and investment.

# I'LL WRITE MY OWN CONCLUSION



This was a very basic/simple evaluation of HWP mitigation strategies.

- Harvested Wood Products are not a strategy in and of themselves
  - You need to look at the forestry effects as well

## Including market effects / elasticities is important

- Markets have a dampening effect on scale not present in forestry mitigation
- Regional policies targeting a shift to longer lived wood products (with no change in demand) may result in 100% leakage
- Because I'm in academia: More work is needed
- Elasticities are old and in need of updating
- As we expand mass timber and biofuels/biomaterials we should be careful in our accounting

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