

Forest Offset Protocol Technical Working Group

Meeting #2 – August 6th 2024

Agenda

- Meeting overview
- Topic #1 – Eligibility of previously listed projects in compliance markets
- Topic #2 – Definition of Forest Owner
- Topic #3 – Standard of Negligence in Offset Project Reversal
- Topics for next meeting
- Public comment period

Zoom tips and tricks



Panelists please keep yourself muted unless you're speaking.



Attendees use the Raise Hand feature during public comment period.



Please rename yourself with your affiliation: Click on 'Participants,' hover over your name Click 'More' then 'Rename.'



For panelists please keep your video on as bandwidth allows.

Reminder: Role of this Working Group

- This working group is not tasked with making consensus recommendations changes to Ecology rule or adopted protocols
- Ecology will consider multiple sources and perspectives, including the input collected through this working group, when deciding how to proceed with changes to this protocol
- Input provided by working group members, even if unanimous, should not be considered an indicator of the changes Ecology may or may not make

Disclosure of relevant financial interest or professional engagements

- At the start of each meeting Ecology will ask working group participants to disclose any financial interests or professional engagements related to the considered protocol revisions being discussed
- Disclosure of a relevant financial interest **does not preclude** participation in the discussion

Examples of financial interests relevant to today's discussion

- Intention or consideration of development of a forest offset project in Washington's market (or employment at an organization with the intention or consideration of development of a forest offset project in this market)
- Ownership, involvement, or other interest in an offset project that has been listed in a voluntary or compliance market but has never received offset credits
- Any other financial interests that may be perceived as pertinent to this discussion

Disclosure of relevant financial interest or professional engagement

- As a reminder, meetings are open to the public and recorded so please do not share any confidential information
- A financial interest **does not preclude** full participation in this or any technical working group meeting

Disclosure comment period



Please use the raise hand feature to share a relevant disclosure

Structure of meeting

- Ecology will briefly present topic
- Ecology will ask for any additional context, considerations, or clarification related to the topic and pose discussion questions to working group members
- Ecology will wrap up each topic with a poll of working group members using Zoom's Whiteboard feature

Topic #1: Eligibility of listed projects

- **U.S Forest Protocol 2015, 3.1(b)(4)**
 - (4) Take place on land that was part of a previously ~~listed~~ **registered** compliance offset forest project, unless the previous forest project was terminated due to an unintentional reversal or is an early action offset project transitioning to this protocol according to the provisions of the Regulation and this protocol.

Topic #1: Treatment of voluntary projects

- **U.S Forest Protocol 2015, 3.1(a)(5)**
- If project lands were included in a carbon offset project in a voluntary offset program [...]
 - (A) Demonstrate that it has met all legal and contractual requirements to allow it to terminate its project relationship with the voluntary offset program and be listed using this compliance offset protocol;
 - (B) Demonstrate that all credits issued or to be issued under the voluntary offset program have been actualized prior to the compliance project start date; and
 - (C) Determine a baseline per the requirements of the protocol that incorporates the management practices, constraints and resulting forest conditions, at the time the offset project transitions to the Compliance Offset Protocol, as a result of participating in the voluntary offset program.

Topic #1: Eligibility of listed projects

- Source: CARB Offset Taskforce Report
 - Consensus recommendation from 2021 Taskforce, forestry subgroup
- Rationale:
 - There are various reasons why a project may be listed but never register or receive offset credits:
 - Missed deadlines, desire for project reconfiguration, ownership change, natural disturbance
 - As long as no credits were issued a prior listing may not need to prohibit enrollment in a different market

Topic #1: Impacted projects

- There are a few compliance forest offset projects on ACR and CAR's registry that been listed for several years but received no credits

Topic #1: Treatment in comparable protocols

Treatment in comparable protocols	
CAR US Forest V 5.1	Uses “registered” rather than “listed” - allows project transfer in some situations
ACR IFM 2.0 (ACR General Standard)	Uses “registered” rather than “listed”, requires cancellation prior to registration
Quebec A/F 2022	“No previously issued credits for activities under another GHG emissions offset program”

Topic #1: Questions – context and impact

- What additional context or considerations related to this topic should Ecology be aware of?
- Are there alternatives to this change should Ecology consider?
- Does this change present a risk of double counting?
- Does this change have a meaningful impact on developers or landowners?

Topic #1: Questions – programmatic goals

- Does this change positively or negative impact any of Ecology's programmatic goals for this rulemaking?
 - *Improve project feasibility for smaller landowners*
 - *Increase viability of less used project types and less used land types*
 - *Remove unnecessary or unintended barriers or exclusions to project development*
 - *Improve applicability of the protocol to forests in Washington state*
 - *Increase methodological rigor*

Topic #1: Poll

Topic #2: Definition of Forest Owner

- **U.S Forest Protocol 2015, 1.2 & WAC 173-446-010**

“Forest Owner” means the owner of any interest in the real (as opposed to personal) property involved in a forest offset project, ~~excluding government agency third-party beneficiaries of conservation easements.~~” specifically meaning fee title or real property interest in the trees, timber or carbon.

Generally, a Forest Owner is the owner in fee of the real property involved in a forest offset project. In some cases, one entity may be the owner in fee while another entity may have **an ownership or management** ~~an~~ interest in the trees or the timber on the property, in which case all entities or individuals with **such ownership or management** interests in the real property are collectively considered the Forest Owners, however, a single Forest Owner must be identified as the Offset Project Operator

The holders of easements that do not have management or ownership control over the timber or the land will not be deemed to be Forest Owners.

Topic #2: Definition of forest owner

- **WAC 173-446-570(3)(c)**
- If an intentional reversal occurs from a forest offset project, and ecology offset credits have been issued to the offset project, the current or most recent (in the case of an offset project after the final crediting period) **forest owner(s)** must submit to ecology for placement in the retirement account a number of valid ecology offset credits or other approved compliance instruments within six months of notification by ecology. The **forest owner(s)** must turn in the number of such valid compliance instruments equal to the number of metric tons CO₂e reversed for all reporting periods.”

Topic #2: Forest owner liability

- **US Forest Protocol 2015 3.5.3**
- If a forest project is terminated for any reason except an unintentional reversal, the **forest owner(s)** must replace any Ecology offset credits that have previously been issued based on the requirements in the Regulation [...]

Topic #2: Other implications of Forest Owner definition

- In addition to invalidation liability, "Forest Owner" is used throughout the protocol
 - Logical Management Units (LMUs) are defined as all land that the forest owner(s) and its affiliates own in fee or hold timber rights on within the same assessment areas.
 - Minimum baseline level calculations use the weighted average carbon stocks for all forest owner(s) landholdings within the same LMU

Topic #2: Definition of forest owner – source and rationale

- Source: CARB Offset Taskforce Report
 - Consensus recommendation from 2021 Taskforce, forestry subgroup
- Rationale:
 - Assign project liability to parties who have direct title to or control of the property, germane to offset project permanence
 - Limit parties exposed to intentional reversal risk or early termination
 - Parties that assume risk under current definition could include:
 - Non-government agency third-party beneficiaries of a conservation easement
 - Government agencies, tribes or non-profits that directly hold a conservation easement
 - Holders of access easements along roads or trails that cross the property
 - Tenants and licensees of the property
 - Water rights holders

Topic #2: Treatment in comparable protocols

Treatment in comparable protocols	
CAR US Forest V 5.1	A Forest Owner is an individual or a corporation or other legally constituted entity, city, county, state agency, or a combination thereof that has legal control of any amount of forest carbon within the Project Area . Control of forest carbon means the Forest Owner has the legal authority to effect changes to forest carbon quantities, e.g., through timber rights or other forest management or land-use rights. Control of forest carbon occurs, for purposes of satisfying this protocol, through fee ownership and/or deeded encumbrances, such as conservation easements.
ACR IFM 2.0 (ACR General Standard)	Not explicitly defined, project proponent carries reversal/early termination risk
Quebec A/F 2022	Risk carried by project promoter

Topic #2: Definition of forest owner – context and impact

- What additional considerations or context related to this topic should Ecology be aware of?
- Are there alternatives to this change that Ecology should consider?
- Does this change more accurately allocate liability to the responsible parties in the event of an intentional reversal? Why or why not?

Topic #2: Definition of forest owner – programmatic goals

- Does this change positively or negative impact any of Ecology's programmatic goals for this rulemaking?
 - *Improve project feasibility for smaller landowners*
 - *Increase viability of less used project types and less used land types*
 - *Remove unnecessary or unintended barriers or exclusions to project development*
 - *Improve applicability of the protocol to forests in Washington state*
 - *Increase methodological rigor*

Topic #2: Poll

Topic #3: Standard of negligence in Forestry reversals

- WAC 173-446-010
- "Intentional reversal" means any reversal [...] which is caused by a forest owner's negligence, gross negligence, or ~~willful intent~~ **intentional misconduct**, including harvesting, development, and harm to the area within the offset project boundary, or caused by approved growth models overestimating carbon stocks. [...] **The mere act of permitting third party access to the Project Area will not be deemed to be gross negligence or misconduct on the part of the Forest Owner.**

Topic #3: Treatment of reversals

- Intentional reversals must be compensated by forest owner(s)
- Unintentional reversals are compensated from shared buffer pool

Topic #3: Standard of negligence in Forestry reversals

- Source: CARB Offset Taskforce Report
 - Consensus recommendation from 2021 Taskforce, forestry subgroup
- Rationale:
 - More accurately assigns liability based on actual wrongdoing by a specific party
 - Removes incentive to close off third party access

Topic #3: Standard of negligence in Forestry reversals

Treatment in comparable protocols	
CAR US Forest V. 5.1	An Avoidable Reversal is any reversal that is due to the Project Operator's negligence, gross negligence, or willful intent, including harvesting, development, and harm to the Project Area
ACR IFM 2.0	Governed by individually established risk mitigation agreements
Quebec A/F 2022	Unknown/undefined

Topic #3: Standard of negligence - context and impact

- What additional considerations or context related to this topic should Ecology be aware of?
- Are the situations where permitting third party access to a project area *should* be considered gross negligence or misconduct?
- Given that this change would be intended to classify some reversals that would otherwise be intentional as unintentional, should a corresponding increase to buffer pool contributions be included with this change?
- Does this change have a meaningful impact on developer or landowner risk?

Topic #3: Standard of negligence – programmatic goals

- Does this change positively or negative impact any of Ecology's programmatic goals for this rulemaking?
 - *Improve project feasibility for smaller landowners*
 - *Increase viability of less used project types and less used land types*
 - *Remove unnecessary or unintended barriers or exclusions to project development*
 - *Improve applicability of the protocol to forests in Washington state*
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Topic #3: Poll



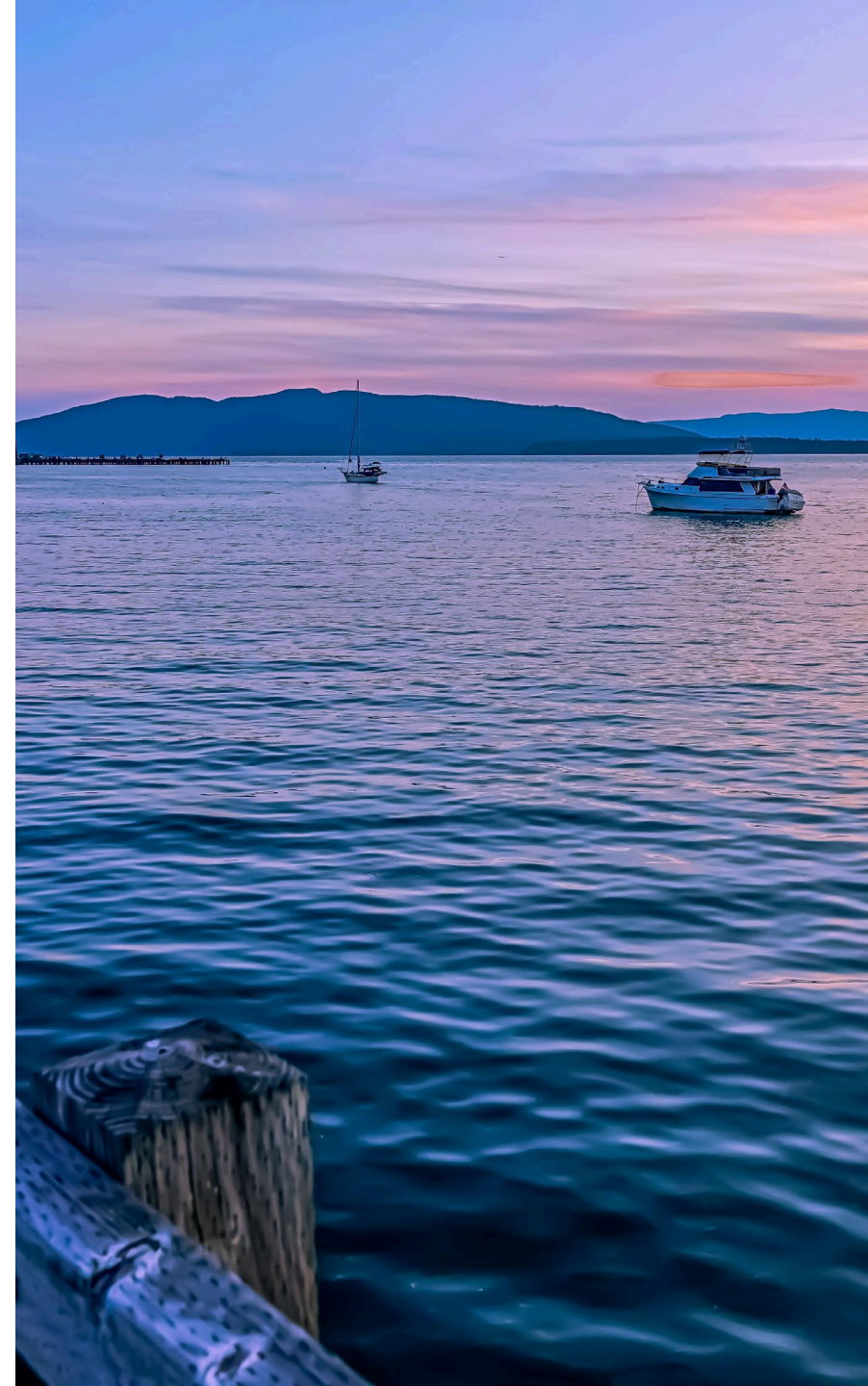
Next steps

- Meeting #3 is 9/3/2024 at 9 am (PT)
- Topics for Meeting #3
 - Alternative accounting approach for certain types of reversals
 - Buffer pool contribution structure

Public Comment Opportunity

Guidelines for providing public comment

- Up to two minutes per person
- Host will unmute you and begin timer
- Please keep the comments related to forestry or offset projects
- Ecology will not respond to comments in this meeting
- To submit written comments, use our [digital comment platform](#)
- Please use “raise hand” button to indicate that you wish to provide a comment



Thank you!

Contact:

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