# US Forest Technical Working Group Topics to Discuss

The following are a preliminary list of considered revisions to the adopted US Forest protocol. In working group meetings Ecology will present background on each topic include (as applicable) source of the proposed revision, treatment in comparable protocols, project-level examples, and relevant related research

# Eligibility

## Previously listed projects

* Ecology should consider a change in Section 3.1(b)(4) of U.S. Forest Protocol stating that eligible projects must not take place on land that was part of previously registered compliance offset projects, rather than previously *listed* projects.
* The current language in the Protocol prevents land that was submitted for listing as part of a compliance offset project from ever being enrolled in a future project.
* There may be many reasons why a project may have been listed initially, but then did not progress through all of the subsequent steps such as missing a deadline, or changes in ownership or project boundaries
* So long as no credits were issued, re-listing does not present a risk of double counting
* *Source:* CARB Offset Taskforce Report (p.58)

## Definition of Forest Owner

* Ecology should consider a change in the US Forest protocol definitions section to an remove exclusion of government agency third party beneficiaries of conservation easements and clarify that the “owner” must have an owner or management interest in the land.
* The current definition broadly defines offset project owner and makes third parties liable for including reversals, over which they have no control as they are not party to the property’s fee ownership or management nor that of the offset project.
* This existing broad liability may limit viability of project development for some landowners and also discourages proponents for allowing access to the enrolled site
* *Source:* CARB Offset Taskforce Report (p. 60)

# Reversals

## Standard of Negligence

* Ecology should consider changes to definition of intentional reversals in US Forest Protocol to clarify a standard for “intentional” that intends to more accurately allocate liability and clarifies that permitting 3rd party access to a project area does not constitute gross negligence.
* This change would more accurately allocate, but not reduce, liability based on actual wrongdoing by a specific party rather than considering potential
* The existing definition discourages allowing public access to the project area
* *Source:* CARB Offset Taskforce Report (p. 63)

## Alternative Accounting for Certain Types Reversal

* Ecology should consider adding “Computational Reversal”, “Technical Reversal”, and “Planned reversal” as separate categories, distinct from intentional reversals.
* These reversals must still be compensated, but with more flexibility.
  + Additional changes to remove requirement that standing live tree carbon stocks cannot fall below 20% of the project’s initiation, and that projects cannot experience a decrease in standing live tree carbon stocks over 10 consecutive years are recommended in the taskforce report, along with requiring verification of unintentional reversal within 3 years of discovery rather than 23 months, to more accurately account for tree mortality
* These changes allow for dynamic management of forests over time
* Ecology should also consider a longer monitoring cycle, rather than annual monitoring to allow for natural regeneration and greater flexibility in forest management
* *Source:* CARB Offset Taskforce Report (p.65), Working Group member input

## Buffer Pool Insurance

* Ecology should consider allowing the use of private insurance policies or bonds to meet the regulatory buffer pool requirements for forest offset credits
* Although availability of these insurance policies appears currently quite limited, this change could theoretically diversify project risk and allow for more targeted incentives for proactive forest management
* *Source:* CARB Offset Taskforce Report (p.79)

## Buffer Pool contribution flexibility

* Ecology should consider allowing any Ecology certified offsets to be usable as a buffer pool contribution, not just the forestry offsets that are automatically contributed
  + This approach has been adopted in ACR’s Standard 8.0
* *Source:* Working Group member input

## Buffer Pool contribution structure

* Ecology should consider revisions to the Protocol’s buffer pool contribution structure, noting that CARB is conducting research on this topic that may be applicable to Washington’s decision-making
* Ecology should consider clarifying that the itemized risks on which contributions are calculated do not restrict the use of contributed credits in the event of any unintentional reversal, and emphasize that buffer pools are a tool to compensate for natural disturbances
* Ecology should consider adopting the revisions to itemized risk contribution levels in CAR’s 5.1 protocol
* Ecology should consider alternative approaches to buffer pool contributions – such as CAR’s Mexico protocol which requires a much larger initial contribution to the buffer pool that is returned to forest owners over time
* Ecology should consider a tonne-year accounting approach for buffer pool withdrawals
* Ecology should consider additional ways to encourage forest resilience activities through buffer pool contributions, such as adjusting contributions based on stand density index
* *Source:* Working Group member input

## Salvage harvesting

* Ecology should consider revisions or clarifications to the treatment of salvage harvesting in quantifying forest loss after an unintentional reversal
* *Source:* Working Group member input

# Crediting Quantifications

## Leakage deductions

* Ecology should consider revisions to the leakage deductions in the Protocol
* Literature published since the protocol was last updated indicates leak rates estimates may differ from those in the existing Protocol
* Leakage rates may further differ between avoided carbon emissions and carbon removals
* *Source:* Working Group member input

## Temporal credit issuance

* Ecology should consider alternative approaches to crediting in a way that would moderate the quantity of credits issued to IFM projects in the initial reporting period
* Ecology should consider Verra’s long-term average definition and approach established in VCS Standard 4.7
  + Through this approach projects may not be issued credits above the project’s long-term average, which is the net GHG avoided or removed emissions today (avoided or removed emissions minus project emissions) divided by length of the project crediting period
  + This is one approach to spread credit issuance more evenly over the life of the project
* Ecology may also consider reducing crediting period length from 25 years to 10 years, in line with other protocols
* *Source:* Working Group member input

# Baselines – revision to existing baseline approach

## Common Practice Baseline FIA Updates

* Ecology should review and consider adopting changes to the existing baseline determination process, including common practice determination. Specifically:
  + Update the common practice values since it has been over 5 years since the last update, and institute a process to regularly update the common practice values on a pre-determined cycle (i.e. every 5 years) to ensure they reflect recent changes in common practice and nature-based carbon stock changes.
  + Delink the process of updating the common practice values from the protocol update process to ensure efficiency and predictability.
  + Use a single weighted average common practice value for each assessment area rather than low and high site values for some of the assessment areas and a single combined value for others.
  + Require projects that are below common practice to determine a High Stocking Reference (HSR) over the preceding 10-year period or since acquisition of the project area, if acquisition by a non-affiliated forest owner occurred within the last 10 years.

*Source:* CARB Offset Taskforce Report (p.70)

## Logical Management Units and Assessment Areas

* Ecology should consider revisions to the calculation and definitions of logical management units and Assessment Areas in the Protocol
* Logical management units are intended to reflect comparable lands owned by the forest owner within the geographic region and prevent cherry picking of enrolled lands
* *Source:* Working Group member input

## Reforestation Baseline

* Ecology should consider streamlining the process to establish a project baseline for reforestation projects. Ecology could evaluate and consider creating a look-up table that provides baseline values by supersection and assessment area based on FIA data, like the IFM common practice table.
  + The project proponent would have an option to use the look-up table or to use the existing process contained in the Compliance Offset Protocol U.S. Forest Projects.
  + It takes about a decade after tree planting for trees to grow large enough inventory. This means that a reforestation project baseline will not be verified for a decade or more after the project start date.
  + This creates significant risk to landowners because until a baseline is created and verified, it is difficult to estimate how many credits will be created by a project activity.
  + By establishing a look-up baseline table for reforestation projects, project uncertainty is reduced, and landowners can list projects having a more reasonable estimate of a project’s potential credit issuance and therefore return on the considerable combined investment of reforestation and offset project development.

*Source:* CARB Offset Taskforce Report (p. 90)

## Non-Federal Public Lands Baseline

* Ecology shouldconsider *s*implifying the method for estimating baseline onsite carbon stocks for an improved forest management project on lands owned or controlled by non-federal public agencies.
* This could be achieved by adopted the CAR Protocol 5.1 Estimating Baseline Onsite Carbon Stocks – Public Lands approach.

*Source:* CARB Offset Taskforce Report (p. 91)

# Baselines – alternative approaches

## Alternative approaches to use of appraisal value to calculate avoided conversion baselines

* Ecology should consider alternative approaches to the use of real estate appraisal to construct the project baseline for avoided conversion projects
* *Source:* Working Group member input

## Dynamic Baselines

* Ecology should review and consider adoption of an alternative dynamic baseline approach that uses a dynamic baseline which is responsive to exogenous factors (e.g. policy changes, timber markets, and climate change) over time
* Verra’s methodology for the FFCP and the recently released ACR IFM 2.1 baselines may be relevant examples to consider
* This would represent a wholesale alternative to the existing common practice approach and would require a significant restructuring of the protocol

*Source:* CARB Offset Taskforce Report (p.94)

## IFM Baseline Methodology adopted in Climate Action Reserve U.S. Forest Protocol 5.1

* Ecology should consider the CAR Forestry 5.1 approach to baselines for small landowners
* Projects must pass a screening test to show that they could easily common practice baselines values. If they pass this screening then they may estimate the baseline as 6% above their initial baseline, rather than have to establish a baseline by modeling legal and financial constraints to the project over 100 years
* This approach is intended to be conservative, based on the Climate Action Reserve’s analysis of existing projects in California’s Compliance Market, and is optional for eligible projects

*Source:* CAR US Forest Projects 5.1

# Conservation Easements

## Qualified Conservation Easement Time period

* Ecology shouldallow QCEs to be established no later than the date of first offset issuance, rather than the initial reporting period to take into account time, complexity, and phases implementation of some conservation easements.
* Ecology may also consider allowing for QCE’s to be granted in phases over 5 years, subject to a binding commitment to do so.
* The current Protocol requires that the grant of an easement associated with an offset project be made prior to the verification of a new project which presents a significant risk to a participating Forest Owner if they record the easement in reliance on the potential carbon project and then for some reason the project does not receive an issuance of offset credits
* This recommendation calls for a small shift in the deadline for the grant of the Easement so that the project can first succeed in being verified, allowing for the Easement grant to then be made at the time of request for issuance of offset credits.

*Source:* CARB Offset Taskforce Report (p. 71)

## Allow for multiple conservation easements to cover a single project area

* Ecology could allow avoided conversion projects to use multiple conservation easements to cover a single Project Area, where recordation of a conservation easement is used to signal the project start date.
* The conservation easements must still have one fee owner or must be transferred to a single public entity. This change is intended to accommodate projects that may have conservation easements established over multiple phases or are comprised of multiple parcels with different owners who will transfer ownership to a single public entity.
* This intended to allow for avoided conversion projects at the same site to aggregate, where previously multiple separate projects would be required.

*Source:* CARB Offset Taskforce Report (p.71)

# Verification Accommodations

## Reduce verification frequency and intensity from projects with few or no new offset accruals

* Ecology should reduce verification frequency for small offset issuances from every 6 years to up to 12 years for projects generating less than 10,000 (or 4,000 – in line with CAR 5.1 protocol) or fewer credits in a reporting period or until 120,000 credits have accumulated. Projects may also opt for desk verification in the intervening years between site visits
* Streamlining and reducing verification costs without sacrificing offset integrity would reduce a substantial barrier to entry and encourage greater participation in the offset program from a wider variety of forest landowners
* For projects that must merely maintain the carbon they have committed to sequester in their forest for 100 years, there are lower-cost monitoring methods available, such as the use of aerial imagery and remotely sensed data to demonstrate that obligated forest carbon is being maintained and no reversals have occurred

*Source:* CARB Offset Taskforce Report (p. 74)/CAR US Forest Projects 5.1

## Project Monitoring without Credit Issuance

* Ecology should allow forest projects not seeking additional credits to have previously submitted monitoring reports verified as a desk review, rather than a site visit, as long as canopy cover has not declined more than 5%
* Ecology should also consider a programmatic approach to monitoring, where the state conducts its own monitoring and requires verification only when a triggering event is identified
* Reducing the need site visits for projects that have reached their intended carbon stocking level reduces long term monitoring costs, while the 5% canopy threshold seeks to ensure that any significant site changes are captured, and site visits occur as appropriate

*Source:* CAR US Forest Protocol 5.1

# Forest Management Requirements and Restrictions

## Even Aged Harvest Size and sustainable harvesting language

* Ecology should consider revising even-aged harvest unit requirements.
* The CAR Forest Protocol 5.1 uses a tiered approach that restricts harvest block size based on harvest intensity.
* The American Carbon Registry IFM on Non-Federal U.S. Forestlands protocol does not include a specific even-aged restriction, instead requiring certification with FSC, SFI, or ATFS.
* Douglas fir, the predominate merchantable timber in Washington is most commonly harvested using even-aged management because the trees need full sunlight to grow and thus often do not regrow well in selective cuts. This requirement may not be well suited for forests in Washington State.
* Ecology should also consider revisions to sustainable harvesting language in the protocol and allow multiple approaches to meet states criteria

*Source:* Public Comment/CAR Forest Protocol 5.1/Working Group member input

## Safe Harbor Agreements

* Ecology should consider revisions to the baseline requirements regarding Safe Harbor Agreements.
* The U.S. Forest Protocol states that baselines for IFM projects be set above what is required by Safe Harbor Agreements that have been in place for more than one year prior to the offset commencement date. These agreements are common in Washington state, particularly west of the cascades.
* Ecology may consider limiting or removing these agreements as a component of the IFM project baseline, as they can be freely entered into and exited, and including these agreements in the baseline calculation creates a disincentive for forest owners to enter into these agreements if they intend to or may consider developing an IFM project in the future.
* Because these agreements can be freely entered into and exited, this existing protocol requirement creates an incentive for forest owners to exit any Safe Harbor Agreements prior to developing the offset project, and then re-enter into the agreements one the project has been developed. This has no real impact on the management of the forest.

*Source:* Publiccomment

## Project Boundary Changes

* Ecology should consider allow changes to project boundaries, such as removal or addition of land to a carbon project area, or project merging.
* In the case of a removal, this would result in an intentional reversal. Additional stipulations are recommended such that removals may not constitute more than 25% of a registered project area, and a full site verification would be required for all changes to project boundaries.
* This change would operationalize guidance that CARB has provided on this protocol, in some instances, and allows more flexibility for land owners while ensuring integrity of issued credits

*Source:* CARB Offset Taskforce Report (p. 76)

# Inventorying and sampling

## Project Aggregation

* Ecology should consider approaches alternative approach to project inventory and verification requirements that would facilitate aggregation of small land parcels into single aggregated projects
* The Climate Action Reserve’s Guidelines for Aggregating Forest Projects provides a framework for facilitating aggregation that may be considered
  + These guidelines adjust estimated inventory sampling error based on the number of aggregated parcels in a project and require annual auditing by verifiers on a sample of annual monitoring reports submitted by each forest owner in the aggregate.
  + Site verification are conducted on a schedule such that at least 50% of projects in the aggregate have undergone site verification within the past 6 years
* *Source:* Working Group member input

## Revise Inventory Sampling Design Standards

* Ecology should remove the requirement in Compliance Offset Protocol Section 6(e) that states “modifications to inventory methodologies must achieve an equal or greater accuracy relative to the original sampling design”
* The requirement may be unnecessary and places an undue burden on projects, especially smaller ones because the protocol already includes a confidence deduction calculation that penalizes projects that do not achieve a certain level of accuracy
* Thus, requiring that any new inventory achieves an iteratively higher and higher level of accuracy every time a methodology is updated is unnecessary and may place an undue burden on projects, especially smaller ones

*Source:* CARB Offset Taskforce Report (p. 80)

## Sequential Sampling in Verification

* Ecology could review and evaluate the technical appropriateness and project economics of sequential sampling under the protocol
* In addition Ecology should determine if one or more alternative statistical methods should be approved to verify if project stocks reported by the project operator are in agreement with verification body stock estimates and, if needed, sufficient accuracy of the measurement data exists

*Source:* CARB Offset Taskforce Report (p. 87)

# Requests for processes from Ecology that do not require rulemaking

* Ecology should make public any guidance it issues to project proponents
* Ecology should create a system to allow proponent to view and track their project’s review process within Ecology
* Ecology should provide guidance on how new inventorying and sampling methods may be approved
* Ecology should develop programmatic standardized tools for forest inventories and/or baseline quantification

# Topics removed from list

## Net present value baseline approach

* ACR’s IFM NPV approach has new been superceded by a dynamic baseline approach in their 2.1 protocol, released July 24, and is better considered as a component of the dynamic baseline topic

Use of CAR’s CARIT Tool

* This tool is no longer being updated due to changes in underlying USFS FVS data sources