

Summary notes US Forest Technical Working Group #6

December 3, 2024



Topic 1 – Leakage deduction

Corrections, context, and clarifications related leakage

- The potential market size of the Cap-and-Invest forest offset program is limited; large scale market-based leakage may not be realistic
- The protocol requires sustainable harvest on other forest holdings within logical management unit
- Shifting of forest activity (e.g. increasing production) will be constrained by other market and regulatory factors
- Mills are highly concerned about impact of carbon projects on availability of fiber, indicating that project development can result in permanent and significant supply constraints
- Longer term rotations can result in more production from a site over time, not less, so a project's leakage may be positive at first and negative over time.
- Carbon sequestration can be increased without necessarily decreasing harvesting – reforestation and improved management can increase stored carbon without resulting in harvest leakage

Does the 20% default rate assumption (for IFM) projects adequately account for project leakage?

- Companies enrolled in CARB's program have spoken about the 20% leakage rate being insufficient
- Recent academic literature has found higher leakage rates in many cases, but methods and approaches to this research have varied and there is not a strong consensus
- Existing research often does not quantify leakage over a full 100 year time scale
- Baseline reflect steep initial avoidance of emissions, which would indicate that the initial leakage should also be steep

Should Ecology consider approaches to disincentivize activity-shifting leakage for IFM projects?

- Ecology should look at the structure and definition of logical management units. The protocol indicates that a landowner should enroll all holdings in a supersection in project, but often a subset of landholdings are enrolled.
- There are existing protocol requirements that proponents comply with sustainable harvest requirements for landowners that engage in even-aged management

Should Ecology consider an approach to leakage deductions that is project specific (based on project size, landowner type, or other factors)?

- A project-specific approach risks introducing additional costs, time, and complexity for project proponents

- The existing literature is likely not sufficient to justify significant stratification of project leakage by project attributes

Topic 2 – Forest Practice Requirements

Corrections, context, and clarifications related to forest practice requirements in the protocol

- Ecology needs to consider how changes to this protocol would interface with California's protocol in a linked market

Are the even-age management restrictions in the forest practice requirements in the protocol a significant barrier to project development?

- Yes; ACR's approach provides significantly greater flexibility. If the goal of the protocol is to increase carbon stored on the site, even-aged management requirements are extraneous
- Even-aged management restrictions are a policy decision more than a scientific one
- Initial protocol was developed for California and then applied to forests outside the state, the initial intent was not necessarily to apply these requirements to forests all across the US
- Washington's forest practice rules are substantial and have evolved overtime as science and conditions have changed

In addition to the even-age management restrictions, are there elements of the forest practice requirements in the protocol that pose a barrier for project development in Washington?

- Native species requirements in the protocol may pose a barrier to some activity, but not inappropriately
- Washington's Douglas fir dominant forests may struggle to meet the species composition requirements without special permission; a prohibition on exotic species may be more appropriate
- A better approach may be needed to grant exception to the diversity of native species requirements in the protocol, as existing requirements rely on receiving a specific exception from a state agency, which creates delay and cost for project proponents