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Summary notes US Forest Technical Working Group #4

Topic: Buffer pool contribution structure

What alternative approaches should Ecology consider to set buffer pool contribution limits?

- Fire risk calculation should be more rigorous. Fire risk should be higher in highly fire prone areas
- The buffer structure is relatively new, and accuracy cannot yet be fully understood. Salvage logging and reforestation can ameliorate the need to increased buffer pool contributions
- There is ample government provided spatial area to better identify highly fire prone areas
- There should be clarity around whether salvage harvesting counts to intentional or unintentional reversals
- With natural disturbance risk, have better government regulated surveillance data. Clarity around salvage harvest and do they account as intentional or unintentional reversal
- Changing risks due to climate change should be incorporated – risks should change with time
- Current literature shows concerning results to match fire risks and is affecting integrity of buffer pool and its ability to ensure permanence.
- In a linked market two divergent forest protocols could create adverse interactions if strong change in the buffer pool are not reflected in California buffer pool
- Ecology should study buffer pool adjustments and buffer pool risk regularly, on a predictable schedule
- Between state and within states there is a significant difference in fire risk
- A fire does not mean that the carbon in a forest is gone, buffer pool withdrawal calculation methodologies should also be considered as part of this change

Are there alternative approaches to quantifying reversals that Ecology should consider?

- Ecology should reconsider treatment and more clearly define the role of salvage logging in reversal calculations – including in scenarios where the reversal results in a project termination
- Projects only receive credits for the increase in forest carbon associated with the implementation of the project, but buffer pool withdrawals reflect any lost carbon on a site
- Ecology should consider a tonne-year account approach for buffer pool withdrawals
- Existing buffer pool withdrawal approach is conservative, but a withdrawal proportionate the issuance of credits may be more reasonable
- Forests in high fire risk areas should start out with a high buffer pool calculation that can be refunded over time based on performance of fire risk mitigation efforts

- Natural disturbance risk is better managed at a landscape level, and better defined at a program level. Requiring project owners to measure their own disturbance risk places a burden on small landowners

How can Ecology further incentivize forest resilience activities

- Offset project development may not be an appropriate tool to reduce fire risk – fire risk mitigation often reduces the amount of carbon in a forest
- Fire risk mitigation measures may be regional as well as project level
- Ecology needs to clearly define forest resilience activities – appropriate activities will differ widely across project areas
- Approaches to risk mitigation may also, but not always, be approaches to carbon reduction

What metrics, measures, or methods should Ecology consider to quantify forest resilience activities?

- Ecology should consider using stand density index as a resilience measure. The percent of maximum stand density is calibrated to the forest type, and species diversity could be used to stratify disease risk

Should Ecology consider the use of qualified insurance products in place of buffer pool contributions? How may this impact developer decision makings?

- Forests are generally uninsurable, and those same barriers face insurers of forest carbon offset projects
- The Reserve provided the option for insurance, but offset insurance is a really difficult challenge
- ACR's standard also allows the option of using an insurance mechanism in place of a buffer pool contribution
- Many insurers are working in the voluntary market which may be an easier market to enter than the compliance market
- Insurance policies would need to replace credits with as little temporal lag as possible to ensure to market is always capitalized
- In a linked market there could be an arbitrage opportunity for insurer to replace credits with a less expensive credits from a linked jurisdiction
- Management efforts need to change for forests to be insurable

Topic: Private IFM Baselines

What are the strengths and weaknesses of this approach to baseline setting

- Current protocol creates incentives for projects above common practice to enroll in the market, but not for projects below common practice
- There are some discrepancies in the super section data, which should be addressed with updated data
- Ecology should use the latest assessment area data file and adopt CAR 5.1 approach to site productivity
- Ecology should revise of how LMU's are calculated to ensure that landowner's other holdings are appropriately considered

- Upfront crediting should be reconsidered, credits could be issued based on difference from modeled baseline as wood products are calculated.
- There needs to be more of a rigorous assessment of feasibility of baseline scenario – including mill capacity and market for harvested species
- Costs of verification and development have made projects below common practice less feasible
- The intent of the protocol was to find comparable land holding to compare a project against, this could be stratified by landowner type and species types
- The avoided conversion crediting approach could be adopted for IFM projects
- The model baseline is a counterfactual baseline, so comparable properties can only go so far to construct the baseline
- To make the process easier, the protocol could establish a program wide framework for establishing project baselines that doesn't require as much developer calculation
- The baseline is static – it gets set for the project and does not change, even if legal requirements or management practices change, ACR and Verra are now pursuing dynamic baselines
- Offering a range of modeling methods for developers to choose from provide flexibility, but also creates an incentive for selecting the model that generates the lower modeled baseline