Agenda

- Background
- Presentation of proposed changes
- Next steps
- Audience questions
Climate Action Reserve

- Non-profit created by state legislation in 2001
  - Promote the reduction of greenhouse gas emissions by pioneering credible market-based policies and solutions
- Serve compliance and voluntary carbon markets
  - Manage 18 offset project protocols
  - Offset Project Registry and Early Action Offset Program for State of California
  - Issued over 90M offset credits
Forest Project Protocol (FPP) Background

- Originally drafted in 2005
- Protocol has undergone several revisions, the most recent of which (v3.3) was adopted November 15, 2012
- FPP v3.2 laid the groundwork for the California Compliance Offset Protocol – US Forest Projects
- 75 projects listed and 60 projects registered
  - Issued over 30M combined forest CRTs and ROCs
PROPOSED CHANGES
FPP v4.0 Highlights

• Restructured Forest Project Aggregation guidance
• Updated location eligibility
• Clarity added to regulatory compliance, sustainable harvesting, and natural forest management language
• Exclusion of de-minimis reforestation SSRs (RF-3, RF-4, RF-5)
• Removal of “option 2” for modeling financial constraints
FPP v4.0 Highlights

• New timeframe for verifying unavoidable reversals
• Clarification for annual reporting deadlines
• Added measurement guidance for verifiers
• Added definition of commercial harvesting
• Added guidance for temporarily excluding plots
• Included option for use of Standardized Inventory Methodology and CARIT
FPP v4.0 Major Changes

• Updated permanence section
• Expanded guidance for even aged management requirements
• Updated guidance for identifying project area
• Addition of project configurations and limitations criteria as a replacement for Logical Management Units
• New methodology for modeling public lands IFM baselines
• Updated leakage accounting
• Updated stopping rules and minimum number of passing plots for sequential sampling
• Updated Assessment Area Data File
Updated Permanence Section

• Section 3.5 (Permanence) now includes guidance for terminating the project on a portion of the project area
  – Avoidable Reversal analysis
  – Project Operator must compensate for any reversals
  – Early termination compensation rate applies
Even Aged Management Update

- Previous guidance limited even-aged management to 40 acres
- New rule allows for variable harvest sizes based on the post-harvest retention levels
  - No retention still limited to 40 acres
  - Retention must be demonstrated across the harvest unit

<table>
<thead>
<tr>
<th>Harvest Retention (Square Feet Basal Area/Acre of All Species)</th>
<th>Maximum Size of Harvest Block (Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>&gt;= 10 &lt; 20</td>
<td>60</td>
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<tr>
<td>&gt;= 20 &lt; 30</td>
<td>80</td>
</tr>
<tr>
<td>&gt;= 30 &lt; 40</td>
<td>90</td>
</tr>
<tr>
<td>&gt;= 40 &lt; 50</td>
<td>100</td>
</tr>
<tr>
<td>&gt;= 50</td>
<td>Unlimited</td>
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</tbody>
</table>
Project Area Identification

- GIS acreage should be favored over county parcel acreage
  - Higher level of accuracy based on deeds and surveys
  - GIS acreage should be compared to assessor’s parcel (AP) acres
    - If within 5%, GIS acres can be accepted
    - If there is more than a 5% difference, the error should be identified and either the GIS acres should be corrected or the project should work with the county assessor to correct disputed AP acres
### Project Configuration Criteria

- Logical Management Unit previously used to address the concern of “cherry-picking”
  - Not clearly defined and difficult to implement

- New project configuration criteria requires all the forest owner’s landholdings in a 3rd order watershed or greater or the entire ownership – whichever is smaller – be included in the Project Area
  - Clear definition makes this easier to verify
IFM Baseline Methodology for Public Lands

• Change from historical trendline

• New method provides clearer guidance:
  – Project tree list (consisting of the most dominant species only), grown forward in 5 year intervals until the assessment area rotation age is reached
    • CO₂e calculated for each tree list
  – CO₂e should be scaled as applicable for any legal constraints, with harvested wood products included
  – The average CO₂e across all tree lists will be the final baseline
Secondary Effects and Accounting for Leakage

- Previous calculations included a standardized 20% deduction for leakage if project harvesting decreased.
- Same deduction is kept for a decrease in harvesting, but in cases where project activity focuses on forest preservation, an 80% deduction will be applied.
Updated Sequential Sampling Guidelines

• Previous guidance required a variable number of successive passing plots

• Now requires 6 successive passing plots, or the first passing plot after a minimum of 12 plots have been measured
  – DBH and height measurements may reach stopping rule before the overall sequential sampling exercise ends

• Guidance provided for determining in/out trees
Updated Assessment Area Data File

- Updated values
- Removal of site class
- Addition of Hawaii

<table>
<thead>
<tr>
<th>Supersection</th>
<th>Assessment Area</th>
<th>Native Species</th>
<th>Common Practice - Above Ground Carbon Mean (Metric Tonnes CO2-equivalent)</th>
<th>Composition of Native Species</th>
<th>Rotation Length</th>
<th>Value of Harvest</th>
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</thead>
<tbody>
<tr>
<td>Hawaii</td>
<td>Hawaii Xerophytic forests</td>
<td>Ohi’a lehua, koa, naio, kolea lau nui, mamane</td>
<td>41</td>
<td>80%</td>
<td>Medium</td>
<td>Medium</td>
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<tr>
<td></td>
<td>Hawaii Mesophytic forests</td>
<td>Ohi’a lehua, hapu’u, koa, olapalapa, pritchardia palm, naio, mamane, kolea lau nui, a’awa</td>
<td>58</td>
<td>75%</td>
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<td>Medium</td>
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<tr>
<td></td>
<td>Hawaii Lowland tropical rainforest</td>
<td>Ohi’a lehua, hapu’u, koa, olapalapa, pritchardia palm, a’awa</td>
<td>119</td>
<td>80%</td>
<td>Medium</td>
<td>Medium</td>
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<tr>
<td></td>
<td>Hawaii Montane rainforest and cloud forest</td>
<td>Ohi’a lehua, hapu’u, koa, olapalapa, ka’ala melicope, kolea lau nui, kopiko ‘ula, a’awa, naio, olomea, pritchardia palm</td>
<td>115</td>
<td>75%</td>
<td>Medium</td>
<td>Medium</td>
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</table>

NEXT STEPS
Next Steps

• Public comments due May 19th – 6:00pm PST
• Protocol slated for board consideration on June 28th
• Standardized Inventory Methodology will be available on the website soon
  – CARIT will also be published online after some additional testing
QUESTIONS?
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