



May 11, 2009

Gary Gero, President  
Climate Action Reserve  
523 W. Sixth Street, Suite 428  
Los Angeles, CA 90014

Re: Comments on Final Draft Forest Project Protocol Version 3.0

Dear Mr. Gero:

The Natural Resources Defense Council appreciates the opportunity to provide the following comments on the final draft of CAR's Forest Project Protocol version 3.0.

We appreciate the enormous effort that the working group and CAR staff have expended on developing the final draft protocol and congratulate them on completing this draft. The development and adoption of accounting protocols that will allow crediting of emission reductions from forest projects is an essential part of our overall climate change response. This draft protocol represents a significant contribution to that goal.

However, we believe that the draft protocol still needs a number of substantial changes. Many of these changes reflect the need for a thorough review of the draft to ensure that terms are used consistently, references are accurate, and the text is clear and concise. Rather than offer a line-by-line edit, we have assumed that Reserve staff will complete this task prior to presentation to the Reserve Board.

We also believe that a relatively small number of substantive changes are needed to ensure that the credited reductions under this protocol are accurate, fully additional, permanent, and do not result in unintended environmental harm. The following comments contain the proposed substantive changes to the draft protocol which we believe are necessary to achieve this goal.

We look forward to working with CAR staff and other stakeholders to complete, adopt, and implement this protocol as soon as possible.

Sincerely,

Peter Miller, Senior Scientist

- Forest project eligibility criteria (sec. 3.2)
  - The project start date for avoided conversion projects should be the earliest projected date on which conversion could plausibly have occurred in the absence of the project commitment
  - Allowing projects to claim a start date of 2001 exceeds what is reasonable in order to claim additionality.
  - Allowing projects to be initiated following termination creates an incentive to ignore the risk of reversal (or even to promote it).
- Native species and natural forest management (Sec. 3.5)
  - The requirement that projects must comply with a certification program and/or management plan that requires long-term sustainable harvest levels provides little to no assurance of environmental protection.
  - The uneven aged management and canopy retention requirements should apply to entities larger than 1,000 acres, rather than less than 1,000 acres. Larger entities can have larger projects where the issues of forest structure are more important. And the maximum size project for a small entity is only 1,000 acres so the risk of very large scale habitat impacts is lower.
  - The protocol needs to identify how the requirement that all projects must “manage the distribution of habitat/age classes and structural elements to support functional habitat for endemic plant and wildlife species” will be assessed.
  - Evaluation worksheet (Table 3.1)
    - The requirement that a project must demonstrate achievement of a particular goal over a 100-year project life would require no action for decades. The timeframe for achieving each goal should be changed to e.g. 20 years.
    - Similarly, the required demonstration for some goals that “the project is making progress toward this goal” should be changed to require achieving each goal in no more than e.g. 20 years.
    - The native species composition requirement should be revised to require species composition reflecting a particular native forest type rather than a fixed requirement of 80% of any single species for all forest types.
    - The exemption “to the extent seed is available” should be deleted from the composition of native species requirement for reforestation.
    - The structural elements criterion is very clear. But the result of not passing this criteria and the associated footnote are anything but. Projects that don’t pass this criterion should be ineligible.
  - Promotion of On-Site Standing Live Forest Carbon Stocks (Sec. 3.5.2)
    - The promotion of standing live forest carbon stocks does not promote environmental integrity. The criteria should be expanded to include all forest carbon pools.

- The exceptions to this requirement are so broad as to make it moot. Either the exceptions should be constrained or the requirement deleted.
  - It is very unlikely that a project could show an increase in total carbon stocks if there is a decrease in the standing live pool.
  - The forest projects in the two figures are examples of projects that would clearly require the use of excess buffer pool credits and therefore should not be eligible for participation.
- Accounting for Primary Effects (Sec. 5.1)
  - Optional pools should be made mandatory if the project includes activities that can be reasonably anticipated to substantially decrease the optional pool.
    - Salvage logging should require measurement of lying dead wood.
    - Raking should require measurement of litter.
    - Deep ripping should require measurement of soil and litter.
  - Existing trees should be tracked along with new trees in reforestation projects. (Table 5.1)
- Accounting for Secondary Effects (Sec. 5.2)
  - Mobile combustion emissions should be required for forest management projects
- Reforestation Projects (Sec. 6.1)
  - The possibility of GHG emissions from fertilizer use applies equally to all project types. Broadcast fertilizer use should not be an allowed practice for all project types.
  - The protocol needs to provide guidance as to how a project developer would select the values for the “Determination of Eligible Reforestation Projects” analysis, particularly the stumpage value.
  - The rotation age assumption for the “Determination of Eligible Reforestation Projects” analysis should be required in the PIA. Otherwise proponents will simply assume a long rotation age in order to be found eligible.
- Improved Forest Management Projects (Sec. 6.2)
  - The description of how assessment areas are to be defined is incomplete and unworkable and needs to be rewritten so as to be clear and unambiguous.
    - A reduction in the size of the assessment area does not necessarily mean an increase in the uncertainty in the estimate of the mean. Very small assessment areas could have much smaller confidence intervals (i.e. higher confidence) than large assessment areas.
    - CAR should have a clear understanding of the scope of the effort needed to specify assessment areas, i.e. the approx. number of areas and the time and resources that will be required.
  - The description of the baseline determination is not comprehensible and needs to be rewritten so that it is clear and unambiguous
  - The proposal to use common practice as a control only for those projects that begin above common practice discriminates against good

actors and creates an incentive to harvest stocks before enrolling. Common practice should be a required control for all projects after a fixed time period, e.g. 20 years.

- Improved forest management baseline for public lands
  - Federal lands and state lands under broad ecological management mandates should not be eligible
- Ensuring Permanence of Credited Emissions Reductions (Sec. 7.)
  - This section needs to specify how withdrawals from the buffer pool (both project specific and collective) will be made up.
  - The provision that would allow for the specification of a new baseline following a reversal needs to be deleted or moved to the section on baseline determination and clearly specified.
- Glossary of Terms (Sec. 10)
  - The definitions need to be reviewed and revised for accuracy and clarity. The following definitions are particularly problematic.
    - De minimis
    - Equity share
    - Forest management
    - Historically dominant economic activity
    - Lying dead biomass
    - Non-forest use
    - Primary effects
- Estimate carbon in wood products (Sec. A.4)
  - The references all need to be checked for accuracy
  - The calculation of losses from mill inefficiencies needs to include all losses of material. This section needs to identify what factor to use where the Reserve does not provide an appropriate factor.
  - Storage in wood products should include a factor to account for net energy use in wood product manufacturing
  - CAR needs to have a clear understanding of the level of time and effort that will be required to provide wood product classes for each assessment from mill surveys within each survey area.
  - The 100-year average storage factors for each product type do not match the source data and need to be checked for accuracy.
  - The landfill storage calculation should be deleted.
  - Sum Carbon Pools (Table A.5.4)
    - Needs to delete or clarify provision that required pools can be excluded “unless justified.”
- Determination of Buffer Pool Contribution for Forest Projects
  - If bankruptcy can lead to dissolution of agreements then the financial risk contribution needs to be much greater than 1%.
  - The risk of illegal harvesting should be deleted since this only applies to the United States where it is assumed to be negligible.
  - The social risk section needs to be substantially revised since it is composed of management risks and/or factors that don’t pose a risk to permanence of reductions.

## NRDC Comments on Final Draft Forest Project Protocol Version 3.0

- The natural disturbance risks need to be linked to factors that are more relevant to the specified risk than rotation length.
- The confidence level risk contribution needs to be reviewed and rewritten so that it makes statistical sense and is workable.