



CLIMATE
ACTION
RESERVE

**SUMMARY OF COMMENTS & RESPONSES
DRAFT FOREST PROJECT PROTOCOL VERSION 5.0**

Six sets of comments were received during the second public comment period for the Climate Action Reserve (Reserve) draft Forest Project Protocol Version 5.0. Staff from the Reserve provides responses to the comments below. The second public comment period for the draft protocol was from June 5, 2019 to July 12, 2019.

The comment letters can be viewed on the Reserve's website at <http://www.climateactionreserve.org/how/protocols/forest/revisions/>.

COMMENTS RECEIVED BY:

1. Bluesource
2. California Forest Carbon Coalition (CFCC)
3. Chugach Alaska Corporation, Ahtna, Inc., and Sealaska Corporation
4. Finite Carbon
5. GHG Engineering
6. The Climate Trust

General Comments

1. **COMMENT:** The CFCC appreciates the recently published narratives, both in the protocol and as separate documents, that provide useful context to the design and evolution of the protocol. This helps new and old users alike appreciate the long history of innovation and improvement that make these protocols both scientifically robust and accessible to diverse types of project proponents. **(CFCC)**

RESPONSE: We thank you for your comment and support of the Reserve's program.

2. **COMMENT:** We appreciate the Reserve's effort to reduce the cost burden for smaller landowners to participate in the program. The expense of development is one of the most significant impediments to long-term commitments by smaller landowners to improve management practices to maintain and increase carbon stocks. Moreover, the attention to addressing long-term expenses is critical to scaling participation by small landowners. The single greatest threat to the permanence of carbon projects is the expense associated with verifying permanence. The adoption of a standardized baseline methodology is a welcome step to addressing what can be extraordinary expenses. Likewise, reducing the frequency of verification for landowners receiving less than 4,000 CRTs/year and the ability to pursue a desk review instead of a site visit in the event the landowner does not request CRTs. While these improvements are all welcome changes, we believe there are still opportunities to address expenses related to inventories and site verifications. In the past 10 years, we have seen the costs of carbon inventories quintuple and the cost of verifications more than triple. We believe it would be beneficial for CAR to review the application of these current protocol requirements against a range of landowner profiles to continue to reduce expenses while maintaining the integrity of the resulting offsets. **(Finite Carbon)**

RESPONSE: We thank you for your comment and support of some of the changes made, like the introduction of the standardized baseline methodology and the changes to verification schedule requirements. The Reserve agrees that improvements should continue to be made to reduce inventory and verification costs. We will continue to evaluate ways in which verification can be made more efficient without sacrificing the integrity of the program. We welcome specific suggestions on this topic.

3. **COMMENT:** [A number of editorial suggestions were made throughout Section 1 and Subsection 1.1 of the protocol.] **(GHG Engineering)**

RESPONSE: We thank you for your comments, and will take these into consideration as we are finalizing the protocol.

3.8 Regulatory Compliance

4. **COMMENT:** Adjusting instances of material non-compliance to no longer include violations of laws not directly pertaining to the protection of carbon and associated environmental values is a significant improvement to the protocol. The previous version created unnecessary and unfair risks to projects from activities outside of the direct control of the project owner. **(The Climate Trust)**

RESPONSE: We thank you for your comment and support of the clarifications made regarding regulatory compliance.

4.2 Project Area Acreage

- 5. COMMENT:** Projects may be located in counties or towns that do not have GIS parcel data available. It is therefore not always possible to calculate the percentage of each parcel in a project area. For instance, projects that are located on multiple parcels but do not encompass the entirety of any parcel can only determine total GIS parcel acreage, total assessor parcel acreage, total GIS project acreage, and total assessor project acreage (calculated using GIS ratios), but cannot calculate exactly how many project acres are in each parcel without parcel shapefiles. The Climate Trust recommends that calculating the portion of each parcel in a project as a percentage be removed or estimated. **(The Climate Trust)**

RESPONSE: Thank you for pointing out the difficulty this requirement may raise in certain regions. We will revise this language as we finalize the protocol so that projects located in areas without spatially defined parcel data can meet the requirements of this section without undue burden.

6.1.6 Quantifying Secondary Effects

- 6. COMMENT:** Bluesource believes that several of the changes incorporated into the June 2019 draft of FPP version 5.0 mark meaningful improvements to the program. These include: The updated leakage calculation—The return to accounting for activity-shifting leakage risk and market response risks separately (with a 20% standard risk rate for activity shifting leakage) is a good decision, as a robust public process lead to the establishment of these leakage factors. **(Bluesource)**

RESPONSE: We thank you for your comment and support of the current leakage calculation.

- 7. COMMENT:** The CFCC is supportive of the return to previously used leakage risk and market response rates. In the absence of literature or other evidence that address the specific question –how voluntary, long-term, improved forest management projects affect market response and carbon leakage risk –the CFCC agrees that keeping the original quantification is the best course of action. Recently cited literature has been misrepresented, as pointed out in the initial public comment period. The most appropriate available literature, Murray, McCarl, & Lee, 2007, suggests a potential leakage rate of less than 20%. The CFCC supports efforts towards more robust quantification on this topic in the future. The CFCC supports the explicit addition of the ability to carry forward ‘positive’ leakage to future reporting periods. This common-sense provision will more fully capture the cumulative long-term net leakage. **(CFCC)**

RESPONSE: We thank you for your comment and support of the current leakage calculation.

- 8. COMMENT:** Finite supports the Reserve’s science-based approach to determining of leakage. We recognize there has been an unusual and recently discredited effort to manipulate the public perception surrounding leakage in order to unduly influence policy at both the Climate Action Reserve and the Air Resources Board. We applaud the

Reserve's commitment to using the best available science when making updates to its protocols. We likewise support further investigation into improving the best available research on leakage as the Reserve continues to update its protocols in the future. The integrity of all science, whether it relates to specific technical issues like leakage or climate change more broadly, requires institutions that maintain a steadfast commitment to scientific standards and transparency. **(Finite Carbon)**

RESPONSE: We thank you for your comment and support of the current leakage calculation.

9. **COMMENT:** The Climate Trust believes the approach to calculating secondary effects and recuperating credits previously lost to secondary effects as the forest reaches an optimal age for forest productivity is well-reasoned and encourages sound forest management.

Definitively capturing precise leakage values resulting from the implementation of carbon projects over a 100-year project timescale is inherently difficult if not impossible. Market and economic forces exert strong influences on timber harvest rates that can make estimating carbon project leakage very complex. As the protocol notes, many carbon projects will increase timber supply over the life of the project because the protocol encourages forests to be managed closer to optimal rotations for productivity. Continuing to use a standard 20% leakage factor, which was originally determined through a scientific and public review process is appropriate unless new peer-reviewed studies indicate otherwise. Leakage rates should continue to be viewed in light of the already conservative nature of the protocol and the pressing need to sequester atmospheric carbon in our forests. **(The Climate Trust)**

RESPONSE: We thank you for your comment and support of the current leakage calculation.

7.3.3 Computational Reversals

10. **COMMENT:** Bluesource believes that several of the changes incorporated into the June 2019 draft of FPP version 5.0 mark meaningful improvements to the program. These include: The addition of the computational reversal factor—This is a logical addition to the protocol, as calculation-based reversals (e.g. those triggered by secondary effects) should not require additional site verification activities. **(Bluesource)**

RESPONSE: We thank you for your comment and support of the additional of the computational reversal category.

8.3.2 Verification Cycle

11. **COMMENT:** Bluesource believes that several of the changes incorporated into the June 2019 draft of FPP version 5.0 mark meaningful improvements to the program. These include... The clarified site visit and desk review verification schedules—The streamlining of verification requirements for projects in the “monitoring” phase is a highly practical improvement to the protocol's MRV procedures. **(Bluesource)**

RESPONSE: We thank you for your comment and support of the new verification schedule options.

9.3.5 Verifying Carbon Inventories

12. COMMENT: Bluesource believes that several of the changes incorporated into the June 2019 draft of FPP version 5.0 mark meaningful improvements to the program. These include... The clarified sequential sampling stopping rules-The reintroduction of the variable passing plot requirements as a function of project size, better accounts for the wide variation in forest project footprints under the program. **(Bluesource)**

RESPONSE: We thank you for your comment and support of the new sequential sampling rules.

13. COMMENT: On the subject of sequential sampling, the CFCC agrees with the reinstatement of variable minimum consecutive passing plots, dependent on project size. This will remove significant burden of verification time and costs, especially on smaller landowners. **(CFCC)**

RESPONSE: We thank you for your comment and support of the sequential sampling rules.

Appendix A Determination of a Forest Project's Reversal Risk Rating

14. COMMENT: One particular provision which rightfully clarifies that tribal lands, including land owned by Alaska Native Corporations and Hawaiian homelands, are treated the same as public lands in terms of required contribution to the Buffer Pool is a welcome and overdue acknowledgement. This broader definition of "tribal lands" recognizes that ANC lands have land bank protections similar to that of public and tribal lands already acknowledged in previous protocols. Our land is held by ANCs for the benefit of tribal members and is protected against alienation. This fundamental protection against alienation is very similar to tribal land in this regard. **(Chugach, Ahtna, Sealaska)**

RESPONSE: We thank you for your comment and support of the updated reversal risk rating calculation. We agree that there are strong reasons to treat Alaska Native Corporations the same as public and tribal lands in relation to this aspect of the protocol.

15. COMMENT: We especially appreciate that the Climate Action Reserve has taken the time to carefully research the history and status of Alaska Native Corporations in order to clarify that these lands qualify as Tribal Lands under the definition of the protocol. This is evidence of the Reserve's care and diligence in the evolution of its voluntary protocols, as well as its willingness to engage in dialogue with its diverse stakeholders. **(Finite Carbon)**

RESPONSE: We thank you for your comment and support of the updated reversal risk rating calculation.