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Forest Project Protocol Summary of Proposed Revisions

October 2019

In addition to minor editorial changes, the U.S. Forest Project Protocol (FPP) Version 5.0 incorporates the following significant changes from Version 4.0.

- **Separation of Reforestation projects** Reforestation projects have been moved out of the FPP. A standalone Reforestation Project Protocol may be made available at a later date, as the Reserve considers how to make this project type more financially viable.
- **Clarified the legal agreements necessary when multiple interested parties exist on a single project (Section 2.2)** The FPP was updated to clarify that a clear legal agreement is required in situations where multiple Forest Owners exist on a single project. It was further clarified that a fee owner that does not qualify as a Forest Owner may act as Project Operator if there is a legal agreement from the Forest Owner(s) granting them the right to do so.
- **Updated start date parameters (Section 3.2)** This section has been revised to reflect the option for multiple conservation easements to be recorded for Avoided Conversion projects. Additionally, this section expands the allowable window for submitting a new project from within 6 months of the project start date to 12 months, in recognition of the time commitment necessary to develop a Forest Project.
- **Provided clarification around the additionality of forest projects (Sections 3.3, 6.1)** These sections have been supplemented with a narrative describing the additionality of forest project baselines, as they relate to the 100-year minimum time commitment of projects. The purpose of this discussion is to provide additional context for the description of leakage in later sections of the protocol.
- **Clarified timing for Natural Forest Management requirements (Table 3.3)** This table has been revised to clarify the time frame in which Natural Forest Management requirements must be met.
- **Clarified watershed definition (Section 4.1)** This section has been revised to change the phrase “3rd order watershed” to “HUC 14-digit hydrological units” based on stakeholder feedback and a desire for greater specificity.
- **Added a default baseline methodology for private land IFM projects (Section 6.1.1)** This section has been added to provide an option for private land IFM projects to implement a conservative default baseline, rather than a modeled baseline as detailed in

Section 6.1.2. Conservative measures applied to the baseline were informed by an extensive analysis of existing IFM projects. Projects must meet certain criteria to be eligible to use the default baseline, as described in the protocol.

- **Corrected steps for estimating baseline onsite carbon stocks for private land IFM projects (Section 6.1.2)** FPP v4.0 incorporated updated Common Practice values which included standing dead carbon stocks for the first time. As a result, the steps for estimating baseline onsite carbon stocks were revised to include an “apples-to-apples” comparison of carbon pools. However, there were several steps detailed in this section that were not appropriately revised. This section has been modified to correct these steps.
- **Updated IFM leakage deduction (Section 6.1.6)** The Reserve has revised the leakage factor for IFM projects. In previous versions of the FPP, through FPP v3.3, this value was 20%. In FPP v4.0, it was revised to be represented as a sliding scale up to 80%. FPP V4.0 also did away with a separate accounting for market response to changes in wood products, instead combining it into the accounting for activity-shifting leakage. In the original public comment draft of FPP V5.0, a variable sliding scale was proposed, starting at 40%. Starting the sliding scale for leakage under FPPV5.0 at 40% reflected the combination of these leakage risks. In order to provide better clarity to leakage accounting, we are returning to accounting for activity-shifting leakage risk and market response risks separately. The protocol now implements a 20% standard leakage risk rate for activity-shifting leakage, the rate implemented in past versions of the Reserve’s FPP for improved forest management projects. The protocol also adds a separate market response accounting back into Equation 6.1. Furthermore, while no crediting is allowed for positive leakage when project harvests exceed baseline harvests on a cumulative basis, such positive leakage may now be carried forward to reduce combined leakage deductions (activity-shifting and market response) if actual harvested carbon amounts fall below baseline again.
- **Clarified the appropriate fair market value for Avoided Conversion Projects with multiple appraisals (Section 6.3, Step 2)** In line with the possibility for multiple conservation easements, it may be possible for a single project to have multiple appraisals. This section was revised to clarify that the appraisals must result in the same Conversion Risk Adjustment Factor in order to be considered as a single project.
- **Clarified Avoidable Reversal compensation requirements (Section 7.3.2)** The Reserve has included new language clarifying different situations that are classified as Avoidable Reversals, as well as confirming when site visits are required for each. We have also clarified that credits used to compensate for Avoidable Reversals will be cancelled, not retired.
- **Added Computational Reversal category (Section 7.3.3)** The Reserve has included a new category of reversal resulting from protocol-required calculations, like secondary effects and confidence deductions.
- **Updated site visit and desk review verification schedule (Section 8.3.2.1)** Guidance regarding the required timing of verifications has been consolidated into Table 8.1, for ease of reference. A new option has been added to reduce the required verification frequency for projects reporting under 4,000 CRTs/year. An additional reduced verification frequency is also proposed for projects seeking zero CRTs at the time of a

normally required verification (i.e., projects entering a “monitoring” phase).

- **Clarified sequential sampling stopping rules (Section 9.3.5.1)** FPP V4.0 included a number of updates to the sequential sampling stopping rules. In response to comments received during the public comment period of FPP V5.0, we have provided clarifying language to better explain how the different stopping rules work, and when they are applicable. Based on stakeholder feedback, we have also reintroduced variable passing plot requirements as a function of project size, similar to what was included in FPP V3.3.
- **Clarified reversal risk rating for tribal land (Appendix A)** Text has been added throughout Appendix A to clarify that tribal land (including land owned by Alaska Native Corporations and Hawaiian home lands) are treated the same as public lands in relation to the Buffer Pool contribution.
- **Updated the natural disturbance risk (Appendix A.4)** The wildfire risk has been combined with the disease and insect outbreak risk categories. This is to capture the fact that fuel treatments can serve to improve resiliency of forests against disease or insect outbreaks. Further explanation around the application of fuel treatment strategies has also been included.
- **Quantification guidance (Appendix B)** The quantification guidance (previously published as a standalone document) has now been incorporated into the protocol as Appendix B.