

Forest Draft Policy
May 11, 2009

It seems to me that rather than setting a sampling error requirement, with all the difficulty and complication that it entails, it would be better to pay carbon credits on the lower limit of the confidence interval that results from whatever sample is installed. You are assured that at least that volume is involved, no penalty comes from guessing variability incorrectly, the inventory person has more flexibility and more control over their expenses, and everyone is better off.

The idea that "you get paid for the minimum you prove is there", rather than an average with sampling errors around it would be an advantage to everyone. If someone really wants a maximum payment they have to pay more for their inventory, and that would be their choice. Standards are always difficult to set, particularly in the early stages of a process, and this would protect everyone involved as well as keeping the process simple. Sampling costs and complications are often pumped up too high because of risk and anxiety at all levels, and this would certainly decrease it for everyone.

I would suggest that you use the $t=1$ or 68% level for the confidence interval (or better yet, the $t=0.7$ or 50% confidence level), which is more realistic and more interpretable as well.

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