



Date: July 30, 2010

To: Mr. Derik Broekhoff
Vice President, Policy
Climate Action Registry
523 W. Sixth Street, Suite 428
Los Angeles, CA 90014

Re: Proposed Amendments Relative to Baseline Determination

Dear Mr. Broekhoff,

North Coast Resource Management (NCRM) welcomes the opportunity to comment on the proposed amendments relative to baseline determination¹ developed by the Climate Action Reserve (the “Reserve”) relative to Sections 6.2.1 and 6.2.1.1 of the Forest Project Protocol Version 3.1.

The proposed amendment to section 6.2.1 are designed to address the lowest common denominator of project developers. The potential to manipulate additionality under the protocol does exist; however, the proposed amended baseline calculation methodology needs further clarification and should be revised. At a minimum, the amendment should be modified so that project developers who include all or some high percentage of their entity timberlands in one or more CAR projects should not be subject to this amended baseline methodology. If an entity has more than one project, or if the project does not include all of the project developer’s timberlands in an assessment area, the project developer should be required to demonstrate that the chosen configuration does not create a situation where added additionality is created by the chosen configuration. If the project developer can demonstrate that the configuration of the project does not result in a “gaming” of the protocol, then no adjustments are necessary.

As the amended baseline methodology is currently described, there are potential reductions in additionality after the methodology is employed which are inconsistent with the Reserve’s goal of limiting “cherry picking” of project areas.

¹ Climate Action Reserve, *Proposed Amendments Relative to Baseline Determination, FPP Version 3.1* available at: <http://www.climateactionreserve.org/how/protocols/adopted/forest/baseline/>

The examples presented below indicate several limitations of the amended baseline methodology.

Example 1: Landowner owns 15,000 acres of timberland and wishes to submit one 10,000 acre project and one 5,000 acre project. Each project’s ICS is above common practice, and as such the landowner’s entire ownership’s ICS is above common practice.

Project 1		Project 2	
Acres	10,000	Acres	5,000
ICS	90	ICS	140
CP	60	CP	60
WCS	106.67	WCS	106.67
CPa	60	CPa	93.33

all values are Mg C per acre Above Ground (AG)

ICS = Initial AG Standing Live Carbon Stocks

CP = Common Practice

WCS = Average AG Standing Live Carbon Stocks for All Entity Landholdings within the Relevant Assessment Area

CPa = Entity-Adjusted Common Practice

This example shows that the amended baseline calculation methodology results in a reduction of additionality. In this example the potential to “game” the protocol by “cherry picking” project areas does not exist because both project areas are initially above common practice. A combined project absent the amended baseline calculation would net the same additionality as that generated by the two separate projects.

Example 2: Landowner owns 20,000 acres of timberland and wishes to submit two 10,000 acre projects. The ICS for both project areas is above the financial and legal baseline, such that the baseline of each project area (calculated per existing protocol) would be equal to each project area’s ICS respectively.

Project 1		Project 2	
Acres	10,000	Acres	10,000
ICS	45	ICS	55
CP	60	CP	60
WCS	50.00	WCS	50.00
CPa	50.00	CPa	55.00

all values are Mg C per acre Above Ground (AG)

ICS = Initial AG Standing Live Carbon Stocks

CP = Common Practice

WCS = Average AG Standing Live Carbon Stocks for ALL Entity Landholdings within the Relevant Assessment Area

CPa = Entity-Adjusted Common Practice

This example shows that the amended baseline calculation methodology results in a reduction of additionality because the project with ICS below WCS must use WCS as a baseline, but the project with ICS above WCS cannot go below its own ICS. If one project were proposed, the additionality would be the same as that of the combined separate projects utilizing the current baseline calculation methodology.

Example 3: Landowner owns 10,000 acres of timberland with ICS below common practice and submits a CAR project for the entire ownership which is registered and issued CRTs. Two years later the same landowner wishes to purchase an adjacent 5,000 ownership with ICS above common practice.

Example 3:

Project 1		Project 2	
Acres	10,000	Acres	5,000
ICS	45	ICS	140
CP	60	CP	60
WCS	45.00	WCS	76.67
CPa	45.00	CPa	123.33

all values are Mg C per acre Above Ground (AG)

- ICS = Initial AG Standing Live Carbon Stocks
- CP = Common Practice
- WCS = Average AG Standing Live Carbon Stocks for ALL Entity Landholdings within the Relevant Assessment Area
- CPa = Entity-Adjusted Common Practice

This example shows that the landowner would be forced to utilize a CPa of 123.33 Mg C for a CAR project on the 5,000 acre property. A second potential purchaser of the same 5,000 acre property with the same goal of submitting a CAR project, but who did not own any other timberlands would be entitled under the protocol to claim a CPa of 60 Mg C. In this case, the protocol has created a barrier to further participation for landowners with existing CAR projects, or for landowners with existing timberland who wish to purchase a property specifically for inclusion in a CAR project.

Timberlands purchased after an entity has entered into a project should not be subject to the amended baseline calculations as the entity could not have “gamed” additionality when the initial project was established, nor anticipated the impact of such a purchase.

Regardless of the potential for “cherry picking” of projects as a means of manipulating additionality in relation to common practice, the use of a “performance standard” based on regional average carbon stocks presents its own set of limitations. A regional average is more applicable to larger ownerships; however, the protocol does not limit the acreage of a property which may participate. Landowners who configure their ownerships in

several CAR projects due to operational considerations should not be penalized as if they were “gaming” the protocol.

Please consider modifications to the amended baseline calculations to consider the situations as I have described above.

Sincerely,

A handwritten signature in black ink, appearing to read 'James D. Clark', written in a cursive style.

James D. Clark
Registered Professional Forester #2528