



CAR Forest Project Protocol Proposed Guidelines for Aggregation-Public Comment

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To Whom It May Concern:

This series of comments describes a number of questions, concerns and thoughts that AgRefresh has developed in response to CAR's proposed guidelines for aggregation under the Forest Carbon Protocol. We appreciate this opportunity to submit comments on these guidelines, and the statistically rigorous and well thought out approach that CAR has taken. In general, we fully support the development of an aggregation methodology, as we expect it will allow more projects, particularly smaller ones, the opportunity to benefit from the financial incentives available by working with CAR to conserve, protect, and improve management of forest lands. Other existing project types such as livestock anaerobic digestion projects and expected future project types (agricultural carbon sequestration, and nitrous oxide reductions) could also benefit substantially from a similar aggregation methodology. We continue to appreciate CAR's focus on environmental integrity balanced with an efficient process to register projects and bring offsets to market. Our comments follow:

- 1) To what degree can we look to this proposed aggregation methodology as a framework for how CAR will approach aggregation for other project types?
- 2) Pg. 6 states, "Aggregators must maintain a Reserve account to which CRTs can be transferred from the accounts of participating forest owners, and from which CRTs can be transacted." From the Tuesday 5.18 webinar, we understand that the landowner will remain as the legal entity responsible for forest management, reversals and any other obligations or liabilities. Additionally, simply because the CRTs will be transacted from the Aggregator's account does not mean that the Aggregator will need to take ownership of the CRTs from the landowner. Explicit clarification of these points written into the guidelines would be helpful for a clear and consistent interpretation.
- 3) The purpose of these project aggregation guidelines is to reduce the fixed compliance costs (verification, monitoring, project development, and transaction) for each project in order to make it economically viable for smaller projects to participate in the Climate Action Reserve. We encourage CAR to release the results of their economic analysis and modeling that was conducted regarding these aggregation guidelines. This will provide us with greater clarity about CAR's reasoning, the decision-making process, and on the impact of the guidelines on the economic viability of projects.
- 4) If the 5,000 acre limit is applied to the total acreage enrolled by the forest owner, it seems that this will hinder the stated goal of enabling projects below the 5,000 acre viability threshold to participate. For example, a forest owner would be unable to place 2 parcels of 3,000 acres each into aggregates. Therefore, even though both of these projects are below the 5,000 acre threshold that CAR has determined to be economically viable, they would be ineligible to take advantage of the aggregation protocol. Over time many landowners may acquire additional land which may need to be aggregated in order to be economically feasible, however, if they already have a total of 5,000 acres committed to existing aggregates, they would be stuck. It seems likely that organizations such as land trusts, will quickly exceed the 5,000 acres limit, and will continue to acquire additional parcels over time, but each parcel would not be viable as a stand-alone project. As carbon markets develop in the U.S., and more landowners learn about the Reserve and how to participate, we want to encourage people to acquire additional lands that they can place into projects. The 5,000 acres limit from any one landowner to use the aggregation protocol, will dis-incentivize those with the resources to acquire several smaller projects and increase the total number of smaller projects over time.

- 5) While the requirement that no single project can exceed 50% of the total combined acreage in the aggregate is important to maintain the statistical significance of the forest sampling, this results in an aggregate needing a minimum of three projects. CAR should develop an adjustment so that aggregates can be formed from two projects.
- 6) Regarding eligible project types on page 3: It seems that allowing all three forest project types to be enrolled under a single aggregate would provide greater flexibility to landowners/project developers/aggregators. In addition, requiring projects to be from the same geographic region would not allow the flexibility to landowners/project developers/aggregators that is needed to make this a successful program. In order to create an aggregate, there would need to be a critical mass of projects from that region, which could prove to be a significant hurdle to the use of these guidelines. This requirement will limit the flexibility of the methodology, without providing any substantial benefit.
- 7) We believe that there should not be a limit on the number of landowners allowed to participate in an aggregate.
- 8) Regarding *Joining and Leaving an Aggregate*, pg. 5 states, "Copies of any contract(s) between Forest Owner and Aggregator" will be required as part of an "Aggregate Entry" form. As this information is likely to contain financial and other potentially confidential terms of an agreement, we ask why this is necessary, and how it will impact the project or aggregate, given the other information that can be included in the form? It may be more appropriate for the Aggregate Entry form to include a certification statement specifically clarifying the information that CAR needs to know. At the very least, any contracts should not be made public.
- 9) Also regarding *Joining and Leaving an Aggregate*: By the very nature of developing these projects that are designed to last at least 100 years, several different parties are entering into a very long-term relationship. We recognize the need to maintain the overall targeted standard error of the aggregate, but requiring projects to continue to participate in the aggregate unless there have been a sufficient number of new entrants to maintain the overall targeted standard error seems impractical. In a dynamic and rapidly changing marketplace and economy, this requirement will effectively create a mechanism through which landowners may be locked into the aggregate. Obviously, the permanence of the projects and reductions needs to be insured, but locking landowners into the aggregate seems like it may substantially prevent participation from projects that would otherwise be involved. As an alternative, given that projects are responsible for their own reversals; if a landowner decides to leave, perhaps the verification schedule and targeted sample error should be changed accordingly.