

Comments - Forest Project Aggregation Proposal

Environmental Services, Inc. (ESI) provides comments regarding the Climate Action Reserve's (CAR) proposed *Forest Project Aggregation Protocol* from two perspectives: that of an approved verifier for Forestry Protocol-based projects, and as a technical service provider assisting landowners and project proponents in the development of projects.

Project Eligibility – Aggregation Across Project Types: While it is in the best interest of landowners to make the requirements for aggregation as flexible as possible, ESI believes that allowing projects using multiple methodologies under the same protocol will greatly increase the complexity of verifications. While it is undeniably possible that specific aggregations using multiple project types might be able to overcome this issue based on specific circumstances, ESI believes that it is in the best interest of verifiers, and CAR, to limit aggregations to addressing only one project type. It is critical to note that if CAR limits aggregations to including projects under only one protocol, that they do not eliminate other portions of the same ownership from being included under a separate aggregate. There are likely landowners which have opportunities for two, or even three, successful project types within the same landholding, and should be allowed to develop projects capturing all opportunities.

Project Eligibility – Aggregation Across Assessment Areas: ESI believes that aggregation across Assessment Areas should be allowed, since this will allow for greater flexibility for landowners, including creating broader competition among aggregators to attract projects. While this will increase the complexity of verification, it is expected that this can be sufficiently addressed through clear documentation, and will not be overly burdensome given the potential gain. It is also anticipated that broadly-varying project locations will be self-excluding from projects as a result of the requirement for initial field verification of all projects, since travel costs will be significantly higher for widely-dispersed projects. It is critical to note that this would require the waiving of the similar requirement for stand-alone projects found in Section 4 (page 18) of version 3.1. Retaining this requirement for stand-alone projects while waiving it for aggregations would create an unintended incentive for single projects to seek unnecessary aggregation.

Limitations on Aggregate Size: Since private land ownership in many parts of the United States tends to be small (40-250 acres), ESI believes that it is the best interests of landowners that no cap on the number of participants in an aggregation be established. It is likely that the aggregators will self-limit the number of participants at a certain point of complexity.

Limitations on the Exiting of a Project from an Aggregate: It appears that there is a conflict between the section of *Joining and Leaving an Aggregate* describing the limitations on a landowner's ability to leave an aggregate associated with statistical confidence (page 5) and the *Inventory Standards for Participating Projects* (page 6) – the *Joining and Leaving an Aggregate* section refers to a minimum targeted standard error (TSE) of 15% for the **aggregate**, whereas the *Inventory Standards for Participating Projects* seems to indicate that the TSE for the aggregate remains 5% regardless of number of participants (however, the project-level TSE can vary depending on number of participants). Assuming that the guidance provided in the *Inventory Standards for Participating Projects* is valid, ESI believes that it is not the place of CAR to require a landowner to remain within a contractual agreement with an aggregator; instead, CAR should hold the aggregator responsible for maintaining the required statistical confidence,

hold the landowner responsible for the severability of their contract (PIA) with CAR, and allow the aggregator and landowner to address severability of their contract, through the terms of their contract.

Statistical Requirements – Project/Aggregation: ESI believes that the statistical requirements described are appropriate – preserving minimum statistical requirements on the project level, while reducing the burden on landowners to the extent possible.

Monitoring and Verification: ESI believes that the requirement to visit all properties within a 12-year cycle is problematic, since it functionally excludes the random verification opportunity – all projects should be subject to the potential for verification in every verification cycle. ESI also believes that a mandate of onsite-verification of 50% of the projects by year six is overly burdensome to the landowner/aggregator, and could be significantly reduced without sacrificing validity. ESI suggests that the requirement be restated that all properties must be onsite-verified by year 30, and that 25% of projects be verified every six years (sampling with replacement). This will reduce verification costs since it will reduce the frequency of onsite-verification, still allow for the identification of any projects found out of compliance early in the 100-year base PIA contract term, and retain the potential for any project to be onsite-verified during any verification cycle.



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