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March 25, 2011

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

**Re: Forest Protocol White Papers**

Dear Mr. Broekhoff,

L&C Carbon appreciates the opportunity to comment on the Climate Action Reserve (the “Reserve”) Forest Protocol White Papers, dated March 25, 2011. L&C Carbon is a forest carbon project development company established in partnership with CE2 Carbon Capital. Our company is focused on developing high-quality carbon credits from improved forest management, reforestation, and forest conservation projects. CE2 Carbon Capital finances and develops projects across North America that aim to reduce or mitigate greenhouse gas emissions. It is also a leading investor in carbon offsets and renewable energy credits generated by such projects.

We respectfully submit for your consideration the following comments on the Forest Protocol White Papers, specifically in response to the author’s request for further input:

- 1) We encourage the Reserve to maintain the existing monitoring requirements for soils (White paper #1), and lying dead wood (White paper #2) as they are in the existing FPP.
- 2) We support modifications of rotation and retention requirements and the ability to tailor prescriptions to specific forest types and regions (White paper #3).
- 3) We encourage the Reserve to consider the use of forest certification (FSC, ATFS, SFI) as proof of compliance with current FPP rules in lieu of natural forest management requirements (White paper #4).

A more detailed description of our comments are below.

**White Paper 1: Accounting for carbon in soils (by Ecoshift Consulting)**

We agree with the authors that *“monitoring techniques for soil carbon are imprecise, very expensive, and time consuming”*. We suggest a review of the following author statement that it will cost *“Hundreds of thousands of dollars per plot”* to measure soil carbon. We generally

agree that soil carbon measurements are imprecise and expensive, and will not result in detectable differences in stocks in most IFM projects over time. The addition of a requirement to measure soil will add significant expense to project monitoring, for negligible change detection in soil carbon stocks (in the majority of project cases). We encourage the Reserve to continue to treat soil carbon as an optional pool in the existing Forest Project Protocol.

### **White Paper 2: Carbon accounting and management of lying dead wood (The Forest Guild)**

We agree the paper correctly identifies the issues with lying dead wood sampling, the relatively minor stock it represents (in many forest ecosystems) and the accuracy challenges associated with adequate measurement. The authors mention the Reserve's current use of standing dead wood as a proxy for compliance with lying dead wood requirements. We are of the opinion that the current guidelines about dead wood are reasonable and require no modification.

The authors requested input on whether or not the retention goals for dead wood should be tailored to each Assessment Area. We believe that they should not as the current language in the FPP is sufficient. Lying dead wood is an important component of forest ecosystems, but we do not recommend any changes in the current FPP.

### **White Paper 3: Carbon dynamics associated with even-aged management (Ecological Development Fund)**

This paper discusses the carbon dynamics of even-aged management. The author requested input on the following topics:

- *“Should modifications to issues of rotation and retention be tailored to forest types and regions? “*
- *“Should localized guidance be included in consideration of any revisions to these limitations in the protocol?”*

On the first point, L&C Carbon believes that the Reserve should modify their existing FPP rules and tailor them to forest types and regions. The objective of a CAR qualifying IFM project is:

- a. Ensure sustainable management of the forest resource over time
- b. Increase carbon stocks over the project period

To that end, it is our opinion that the Reserve should rely on the professional judgment and knowledge of local Foresters and Natural Resource Managers rather than the current broad prescriptions applicable for all regions of the country. For example Section 3.10.4 of the FPP requires 40 acre maximum openings, and no more than 40% of age classes less than 20 years old. Forest management is part art and part science. Restricting the land manager to specific forest management prescriptions that can be implemented (and necessary) at the project level are not as efficient. If the management is sustainable (which will be determined as the

landowner successfully completes third party auditing under FSC, ATFS, or SFI) and the project area is increasing carbon stocks over the project period, those actions should be sufficient under FPP rules.

**White Paper 4: Sustainable forest management certification (KPMG Consulting)**

The main purpose of this paper was to assess if the accepted certification systems adequately ensured sustainable harvest levels across project ownerships. They also examined whether sustainable management systems (like ATFS) could replace the CAR “Natural Forest Management” requirements. The report concluded that all three systems were credible and each ensured sustainable management.

The author requested input on several topics, two of which we discuss here:

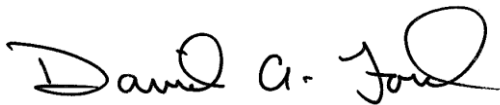
- *Can Forest Owners with certification be excluded from the Natural Forest Management criteria in the protocol?*
- *Should all forest owners be required to enroll in ATFS, FSC, and/or SFI?*

On point 1, in our opinion the Natural Forest Management requirements in the current FPP are too prescriptive and it is best to leave these types of decisions at the local level rather than to be set by the Reserve. Forest certification is an excellent proxy for sustainable forest management and to ensure environmental protection.

On point 2, L&C is of the opinion that all forest owners (for example projects on public lands) should not have to enroll in ATFS, SFI, or FSC and that the current FPP language giving Project Owners the option of creating a “renewable long-term management plan sanctioned and monitored by a state or federal” agency is sufficient.

Thank you for your consideration of these comments. Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "David A. Ford". The signature is written in a cursive, flowing style.

David Ford  
President and CEO  
L&C Carbon, LLC