



**THE
CLIMATE
TRUST**

December 14, 2018

The Climate Action Reserve
818 W 7th St., Ste 710
Los Angeles, CA 90017

Re: Public Comments Forest Project Protocol 5.0

Dear Climate Action Reserve,

Thank you for your hard work to develop and continuously improve carbon offset protocols to make them more accessible and efficient while maintaining scientific rigor. We appreciate the opportunity to submit public comments during your newest Forest Project Protocol revision to version 5.0. We here at The Climate Trust are particularly interested in revisions to the protocol that affect the financial feasibility of project development as it intersects with smaller forest owners. Historically, forest project development costs have resulted in very high barriers (financial and acreage) to market entry for the majority of forest landowners who might be interested in pursuing a project. Efforts to streamline protocols and increase financial feasibility of projects should be lauded. We are especially happy to see the inclusion of the standardized inventory methodology, climate action reserve inventory tool, and standardized baseline approach.

Standardized Inventory Methodology (SIM) A pre-verified SIM that is publically available reduces both inventory design and verification costs. One area where the SIM could be improved pertains to plot type. Currently, the SIM requires fixed radius plots. Allowing variable radius plots would increase inventory flexibility and reduce per plot costs while maintaining sampling integrity.

Climate Action Reserve Inventory Tool (CARIT) Similar to the SIM, this tool certainly reduces development and verification costs but would benefit from the flexibility of accepting data from more cost-effective variable radius plots.

Leakage values The version 5.0 forest protocol does not justify how the 40% - 80% leakage value range was determined. The 2018 study by Christopher Galik that is cited by the protocol shows that leakage value estimates vary widely. The study itself chooses 40% for forest projects but gives no justification as to why 40% was chosen and states that selecting a single value to reflect leakage risk is difficult. Furthermore, the study is focused on estimating leakage for a very specific location: Merced County, CA. The protocol does not justify why a locally established leakage value was used to establish a nationwide leakage value. It is also unclear why the protocol chooses a 40% to 80% leakage value range when the cited paper uses 40%. These values are overly conservative and only serve to increase the barriers to entry small forest landowners already face.

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Forest carbon credits are a critical forest management incentive that results in environmental benefits that go far beyond simply carbon sequestration. Managing forests for carbon sequestration inevitably results in water quality benefits through increased use of riparian buffers, habitat diversity through the establishment of older age structure stands and additional forest reserves, and supports forest conservation through the establishment of a revenue stream that is mission-aligned with many land trusts working to protect critically important forestland. This type of management is particularly important as a climate change resiliency tool. Adopting overly conservative leakage values inhibits the ability of forest owners to support sustainable and restorative management with carbon credits and is detrimental to the environment.

Over the life of a project, many forests may not actually reduce harvested volume much because they are shifting to longer rotations that will yield the same amount of volume. Overtime, leakage could be close to 0. While the protocol allows for the recuperation of credits lost to leakage later in the project's life if harvest volumes increase, these revenues would be backloaded and discourage participation because the high cost of project finance requires earlier project cash flows for financial feasibility. We suggest using a static leakage value that does not push credit generation into the future when market risk is highest.

Assigning a higher (80%) leakage value to projects that have not harvested wood products in the last 20 years is arbitrary and discourages landowner participation in the program. Forest management and forest ownership take place on time periods that extend beyond 20 years. It is common that harvests may not take place for 20 years because the rotation length is 100 years (i.e. oak-hickory). Furthermore, the financial situation of a forest owner can change rapidly resulting in the liquidation of timber assets or property sale and conversion to non-forest use. Carbon revenue provides a much needed financial incentive to preserve forests and maintain high carbon stocking. The protocol should not discourage participation by presuming to know what a landowner may or may not do in the future when legal restrictions are not present.

We suggest using the simple 20% leakage value that has historically been used in previous CAR Forest Project Protocol versions and in other protocols. Overly conservative values increase barriers to market entry and inhibit wider adoption of carbon-focused management, which have clear environmental benefits beyond carbon sequestration.

Thank you again for the opportunity to provide comments on the new Forest Project Protocol. We look forward to continued discussion about how best to encourage forest carbon market participation while maintaining scientific rigor.

Sincerely,

Julius Pasay
Forest and Grasslands Manager
The Climate Trust

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