

December 15, 2022

Ms. Rajinder Sahota
Deputy Executive Office
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Electronic Submittal: [Workshop Docket](#)

Re: *Anew comments in response to November 30, 2022 CARB Public Workshop “Discussion of U.S. Forest Projects Compliance Offset Protocol and Relevant Science, Data, and Tools”*

Anew Climate, LLC (Anew) formed through the merger of Bluesource and Element Markets in February 2022, making it one of the largest climate solutions companies in North America. Through its legacy companies, Anew has a successful track record within the markets for voluntary and compliance carbon credits, renewable natural gas, low carbon fuels, electric vehicle credits, emissions credits, and renewable energy credits. Most notable herein, both legacy companies have been active participants in the California Cap-and-Trade Program (Program) since its inception, with Bluesource being particularly active in forestry. To date, we have developed 17 compliance forest projects, which have generated over 17 million credits to date across 865,000 acres, making us one of the most active forest carbon project developers.

We appreciate the opportunity to provide the California Air Resources Board (CARB) with comment on the topics presented in the November 30, 2022 Public Workshop “Discussion of U.S. Forest Projects Compliance Offset Protocol and Relevant Science, Data, and Tools.”

Anew is a strong proponent of market-based mechanisms and programs and believes the inclusion of high-quality carbon offsets are a crucial component of California’s Cap-and-Trade Program (Program) and crucial to meeting California’s ambitious carbon neutrality by 2045 target more broadly. Carbon offsets are critical to ensuring emission reductions in the Program are cost effective, while also incentivizing emission reductions or sequestration outside of the Program’s cap. Anew strongly believes that “high quality” offsets in a compliance program must be real, quantifiable, permanent, verifiable, additional and enforceable, and we believe that the Program has been meeting these criteria, as required by state law. Anew agrees with CARB’s conclusions on the defensibility of the existing Forest Compliance Offset Protocol (FCOP) as the program contains multiple safeguards against non-additionality, permanence, and conservatism.

The FCOP has received a significant amount of attention (both positive and negative) from stakeholders over the years, including much criticism. We disagree with a number of the criticisms that have been made against CARB’s common practice baseline and have previously provided comment to this effect. We have reiterated some of our previous comments below:

- **The FCOP provides an important conservation incentive to forest landowners.** The ARB program is designed to compensate landowners for historical management decisions that have generated stocking levels above the regional average, serving as an incentive for them to continue. Properties that remain above the common practice will have the highest sequestration rates and greatest benefits when enrolled in a climate change program. Enrolling well-stocked properties

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both ensures that those carbon stocks will be maintained and will also lead to the highest ongoing sequestration rates since large trees have the greatest capacity to sequester additional carbon over time. **A climate change program discouraging well-stocked properties from enrolling would handicap itself and unnecessarily punish landowners who have implemented the best historical management practices, resulting in the worst outcome for any climate change program.**

- **The FCOP is conservative and under-credits carbon stocks.** In practice, landowners who participate in the program actually protect multiple tonnes of CO₂ for every credit (equal to 1 tonne of CO₂e) that they receive. There are two reasons for this:
 1. Though credits are only given for stocking above the baseline, many forests participating in the program could generate meaningful timber revenue by cutting well below the regional baseline level. Committing to the ARB program ensures that all the carbon stored in the forest (i.e. carbon associated with forest stocks both below AND above the baseline) at the time of crediting will be maintained.
 2. The protocol does not allow for credits to be generated from several meaningful forest carbon pools including soil, foliage, non-merchantable tree species, downed dead trees, shrubs, and forest floor duff/litter. The importance of these pools should not be under appreciated as the US EPA has found that ~56% of total forest carbon storage is found in the soil pool alone (making soil the single largest carbon pool in US forests). Committing to harvest restrictions associated with participating in the ARB program ensures that the substantial volumes of carbon housed in each of these pools will be maintained, even though carbon offsets will not be realized by the forest owner because they are not credited.

For these reasons, the proposition that the protocol over-credits is simply not reasonable. Furthermore, we analyze hundreds of properties every year for eligibility under the FCOP and fewer than five percent have stocking that is meaningfully above the common practice figures. Common practice figures are just that: very common. **The FCOP is intended to incentivize the protection of the most exceptional forests in the US by encouraging landowners with higher-than-average carbon stocks to commit to maintain their forests at that level. Prior to the FCOP, there was no meaningful source of conservation funding for accomplishing this.**

- **We believe concerns about over-crediting are unfounded.** Projects have been developed using the best available data and practices at the time, including aboveground common practice values. Reports claiming that the FCOP over-credits projects use inapplicable common practice figures based on data from forests that have grown since the commencement of such projects. Moreover, it is inappropriate to compare forests to snapshots in time, as the common practice averages are intended to represent the average of long-term forest trends as reiterated by CARB. Put simply, it is not appropriate to compare *past* forest stocks to *current* stocks; rather, the comparison should be of *past* forest stocks to *past* average stocks.
- **We agree with and reiterate CARB's assertion that the buffer pool remains robust and there are no indications that the buffer pool will run out of credits in the near term.** As noted in CARB's workshop presentation, over 31 million credits have been contributed to the buffer pool to date, yet CARB has only needed to retire ~1.2 million credits due to three unintentional reversal events thus far. As new and existing projects from all over the US continue to contribute to the buffer pool, including projects in states with less wildfire risk, we believe the buffer pool has more than sufficient credits to cover a potential catastrophic loss of a project due to wildfire or other

environmental threat. Nonetheless, we welcome future updates to the reversal risk rating calculation to incorporate the latest science on ecological risk.

As a highly sophisticated, well-respected, and one of the most frequent users of this protocol, Anew would like to share feedback on our *positive experience* with this protocol. As noted above, Anew has developed 17 projects since the FCOP's adoption and is in active development on several more projects, helping landowners receive carbon revenues from practice changes on their nearly one million acres. The FCOP has enabled real change in sustainable forest management by sending strong market signals to owners of forestlands. Whereas previously, a landowner might have had to choose between revenue from timber harvest and preserving their forest lands, carbon provides a revenue stream that enables a third pathway, where harvesting can be done in a manner that is both environmentally and economically sustainable.

This carbon value proposition is so significant that it enabled Anew's joint venture, the Blue Source Sustainable Forests Company (BSFC), to recently acquire The Forestland Group and 1.7 million acres of timberland, making BSFC the 7th largest forestland owner in the country.¹ BSFC intends to maintain the lands as working forest lands yet shift the management strategy of these forests to maximize carbon value. Previously, the majority of revenue on these properties came from timber and typically less than 10% from carbon, and we hope to flip this percentage. While we have not yet made any determinations on compliance or voluntary markets for properties in this portfolio, this acquisition would not have been possible without the strong market signals sent by programs like California's. It cannot be overstated that programs like California's are changing the timber industry.

Anew is an enthusiastic supporter of the FCOP and stands behind the rigor of the current version of the protocol and the projects we've developed under this protocol. We also recognize that there is room for ongoing improvement to ensure the FCOP continues to be best in class, while leveraging the most innovative new technologies and the most current science. With this in mind, we offer the following comments for consideration, as CARB begins to take up its revision and update of the FCOP in the coming months.

- **Remote sensing.** Remote sensing technologies and tools have come a long way since the FCOP was first adopted in 2011 and revised in 2015. Anew is supportive of efforts to include applications for remote sensing in future iterations of the FCOP. Allowing for remote sensing tools to be utilized in inventory collection and to meet ongoing monitoring obligations could allow for higher accuracy in onsite volume determinations and significantly reduce costs of project development and verification, thereby lowering the barrier to entry for market participants, potentially allowing smaller landowners and tribes to participate. In addition to making project development more cost-effective, remote sensing could also greatly reduce the cost of ongoing monitoring efforts, which participating landowners are required to continue for 100 years. Anew also believes remote sensing techniques could be used in lieu of some of the periodic on-site verification audits, which could help lower ongoing verification costs as well. We encourage CARB to explore such options in future revisions to the FCOP.
- **Making the Protocol more applicable outside of California.** As currently written, the FCOP's rules on sustainable forest management requirements are catered to best practices for California's forest communities, with the protocol requirements stemming directly from the California Forest Practice Rules. While these rules work well for California forests, they do not reflect best forest practice for many forest types around the US. As guest speakers Bailey Evans and Jonathan Pomp

¹ Forisk 2022 North American Timberland Owner and Manager List


of Green Assets suggested during the workshop, Anew would also recommend that CARB consider allowing flexibility to the sustainable forest management requirements for management outside of California to be more regionally catered to best practice for each forest type.

- **Additional guidance to verification bodies on inventory methodologies.** During the workshop, a comment was made by a verification body recommending CARB consider providing additional guidance to verification bodies on inventory methodologies. We support this recommendation, as such guidance would provide important clarity not just for verification bodies but project developers as well, ensuring regulatory compliance while also helping reduce development costs.
- **Updates to risk rating quantification and Common Practice values.** Finally, as part of the suite of pending FCOP revisions, Anew supports an update to the reversal risk rating calculation (FCOP Appendix D) to incorporate the latest science on ecological risks, as well as updates to the above ground common practice baseline values to incorporate the latest FIA data.

Anew supports CARB in its efforts, as it seeks to maintain the rigor and high level of integrity of its Forest Protocol, the broader Cap-and-Trade Program, and California's ambitious climate goals. We appreciate the opportunity to provide comment today, and Anew looks forward to offering further support to CARB in the coming months as they draft the future updates to the Forest Protocol.

Should you have any questions pertaining to Anew and our statements here, please do not hesitate to reach out.

Sincerely,



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