Monday, September 15, 2014

California Air Resources Board

1001 I Street

Sacramento, CA 95812

RE: Public comments regarding changes to the Compliance Offset Protocol for U.S. Forest Projects

CC: Greg Mayeur

Jessica Bede

Barbara Bamberger

Dear members of the California Air Resources Board:

Thank you for taking the time to consider our comments regarding changes to the Compliance Offset Protocol for U.S. Forest Projects. We have two specific comments regarding the proposed changes to the Protocol currently before the board, as well as five additional suggestions for ways to further strengthen and improve the Forest Protocol.

By way of background, New Forests is a financial firm that manages over $2 billion in capital for investments in sustainable timberland and environmental markets. We were one of the earliest investors in forest carbon offset projects for the California cap and trade system. We financed and developed the 8,000 acre Yurok CKGG IFM project, which was the first project developed under the compliance forest protocol and which was issued over 700,000 ARBOCs in April of this year. We are bringing significant offset supply to the market, primarily from forest projects in California. Many of our forest projects are with family forest owners, land trusts or Native American tribes.

We have the following comments related to the proposed changes to the Forest Protocol currently before the Board:

1. In addition to expanding project eligibility to Coastal Alaska, ARB should allow avoided conversion projects in Hawaii to be eligible, since avoided conversion projects do not require the use of common practice values for determining baseline, and the biomass equations for Hawaii are currently available from the US Forest Service.
2. When adopting new common practice values:
   1. Because origination of forest carbon offset projects can often take a year or more, allow adequate time for landowners and project developers to transition to the new common practice values by requiring projects listed on July 1, 2015 or later to use the updated common practice figures and site class definitions.
   2. Ensure consistency and predictability for projects by not requiring existing projects to change their established project baselines to incorporate updated common practice values and/or site class definitions. Under the terms of the Forest Protocol a project’s baseline must remain unchanged for the duration of the project life.

In addition to these comments related to specific changes to the Forest Protocol currently before the Board for consideration, we recommend that the Air Resources Board consider the following amendments or clarifications to improve the functioning of the Forest Protocol:

1. Issue guidance clearly allowing the extension of listing, OPDR submittal and OVS issuance deadlines for the initial OPDR, primarily by allowing OPOs to amend the initial reporting period up to the 24-month time limit.
2. Revise definition #189 in the Cap and Trade Regulation regarding intentional reversals to exclude wildfire caused by negligence.
3. Clarify that minor property right holders who do not possess a fee or timber right interest on forest project areas are not required to demonstrate sustainable harvesting practices.
4. Clarify that fires set by landowners to protect their property from wildfire (“backburning”) are excluded from the category of intentional reversal.

Thank you for your time in considering our comments.

Sincerely,

Brian Shillinglaw

Associate Director, New Forests Inc.