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December 9, 2022

Shelby Livingston
Manager, Cap-and-Trade Offsets Program
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted via online comment portal

RE: Public Workshop U.S. Forest Projects Compliance Offset Protocol – November 30, 2022

Dear Ms. Livingston:

Finite Carbon is an active participant in the California Air Resources Board's compliance offset program. We have developed 43 projects that have issued over 95 million ARBOCs across 21 states. Our projects, like many of the project participating in California's program, have been able to utilize offset revenue to provide options beyond managing for timber. We've seen firsthand that offset revenue also has the potential to provide critical funding to local communities. Through our experience developing projects for this program, we have worked with the early action protocols, as well as all three versions of the California compliance offset protocol and appreciate CARB's efforts to continually update and refine the protocol.

Finite Carbon is strongly supportive of the idea of incorporating remote sensing into the program for monitoring, reporting, and verification (MRV) purposes. Historically, it has been difficult for smaller landowners to access carbon markets due to the inherent high costs associated with ground-based inventories and verifications. We believe remote sensing is an important tool for bringing down these costs, while maintaining the high rigor CARB's program is known for. Lowering MRV costs will also help maintain the financial viability of projects over the extensive 100-year permanence period required by CARB's program.

We support the idea of revisiting the reversal risk rating calculations. Much has changed since those values were first derived in earlier working groups, and there is much more data available to arrive at science-based assumptions about the actual carbon at-risk in forests. There is also an opportunity to refine these risk estimations so that forest owners in lower-risk areas do not have to carry as much of the burden as landowners in fire-prone areas. We recommend that the reversal risk rating calculation focus on just the events that would directly threaten carbon and potentially lead to unintentional reversals. Consideration of other risk factors, like financial risk, has roots in the voluntary market where registries needed to develop legal and management mechanisms to protect their programs against intentional - as well as unintentional - reversals. However, through AB32, AB398, and other regulatory frameworks, CARB has the legal mechanisms in place to hold OPOs accountable to the requirements of

the program without use of the buffer pool, and the reversal risk rating calculation should reflect the relevant areas of risk.

There is also ongoing research pertaining to leakage, permanence, and additionality. We recommend CARB review recent research by Christopher Galik, Justin Baker, Adam Daigneault, and Greg Latta, as well as upcoming papers from this group[1].

We value the opportunity to participate in the compliance offset program, and look forward to continuing to engage in this process to update the compliance offset protocol for US Forest projects. Thank you for the opportunity to provide feedback.

Sincerely,

Sarah Wescott

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[1] Frontiers | Crediting temporary forest carbon: Retrospective and empirical perspectives on accounting options (frontiersin.org)