

(carbon)plan

AUG 29, 2024

Mr. Jordan Wildish
Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

RE: Comments pertaining to the August 6, 2024 meeting of the Washington State Forest Offset Technical Working Group

Dear Mr. Wildish:

Thank you for the opportunity to provide comment in response to the second meeting of the Washington State Forest Offset Technical Working Group, which took place on August 6, 2024. As a member of the working group, I'd like to comment on one procedural and two technical topics that came up during the meeting.

01 — Disclosure of financial conflicts

I'd like to express my appreciation for your request that workgroup participants disclose their financial conflicts of interest. I was struck by the fact that the majority of workgroup participants disclosed some form of financial conflict. The move to disclose those conflicts meaningfully improved the transparency of the workgroup process.

During the meeting, you only asked for participants with conflicts to speak. I'd like to use this letter to affirmatively state that I have no financial or other conflicts of interest with the workgroup process. I have no financial interest in any forestry- or offsets-related work. Furthermore, my participation in the workgroup is sponsored through my employment at CarbonPlan. CarbonPlan has received no specific funding to support my participation and a full list of our funders is available at: <https://carbonplan.org/funding>.

02 — Eligibility of previously listed projects

As part of the meeting, we discussed revisions that would allow previously listed lands to re-register as separate offset projects. Ecology should proceed carefully in considering this change. The current prohibition of re-enrolling previously listed lands protects against a variety of non-additional crediting scenarios. Should Ecology wish to allow previously listed lands to subsequently enroll under its revised forest offsets protocol, new additionality guardrails are likely necessary. Specifically, Ecology should develop rules that require crediting calculations for re-listed projects to incorporate the baseline scenario from the project's previous listing.

Let's use the Marble Creek project (CAR1111) as an example. According to a document uploaded to the Climate Action Reserve registry, CAR1111 failed to transition from "Listed"

to “Registered” after missing a submission deadline for an Offset Project Data Report.¹ Under the existing rules, missing this deadline makes the areas listed as part of CAR1111 ineligible for future project development.

Changing project eligibility rules to allow full re-listing raises an interesting question: how should the re-listing process treat the baseline that was originally submitted? Attachment G of the CAR1111’s listing documents depicts a baseline scenario where on-site carbon sharply declines from ~1.5 million tCO₂ to ~0.75 million tCO₂ between 2015 and 2020.² If CAR1111 wished to pursue enrollment a second time, how should this previous baseline factor into the project’s relisting process? Let’s say that in 2018, CAR1111 had been eligible for re-listing and that from 2015–2018 harvest levels had been well below those envisioned by the baseline scenario depicted in its original listing package. Such a divergence would strongly suggest that the project was not actually in need of carbon financing to lower harvest levels. Similar logic applies to the case where a project’s listed baseline comes to pass — if the baseline anticipates a decline in carbon stocks, followed by a subsequent increase, it seems appropriate that the project should have to adopt the continuation of its original baseline moving forward. To do otherwise risks paying for regrowth that was already planned for by the forest owner.

If Ecology wants to allow re-listing, it should require that re-listed projects explicitly incorporate their previously listed baseline into the new project’s crediting calculations. This aligns with a core idea that underpins all offset projects, whether re-listed or not; we must assume baseline scenarios will actually come to pass. Allowing re-listed projects to ignore their previous baseline would go against this norm and raise serious questions about the additionality of re-listed projects.

03 — Standard of negligence for intentional reversals

We discussed the possibility of removing the standard of “negligence” from the definition of intentional reversal. Such a change would transfer risk currently shouldered by Forest Owners to the program itself and, presumably, the program’s buffer pool. If Ecology elects to reallocate risk among market participants, it should explicitly document the costs and benefits of its decision.

Regardless of whether or not Ecology elects to remove negligence from its definition of intentional reversal, I suggest that Ecology alter its definition of intentional reversal to explicitly state that all measurement and modeling errors constitute an intentional reversal, irrespective of the degree of negligence or intent. Mistakes in quantifying a project’s carbon storage that lead to over-crediting should always and unambiguously be deemed intentional reversals. The need for this clarification comes from possible ambiguity in Ecology’s definition of an intentional reversal:

“Intentional reversal” means any reversal, except as provided below, which is caused by a forest owner’s negligence, gross negligence, or willful intent, including harvesting, development, and harm to the area within the offset

¹ Climate Action Reserve, [Change of Listing Status Memo](#) (Apr. 1, 2019) (describing the project status as “Inactive” after missing the deadline for submitting an Offset Project Data Report).

² Sierra Pacific Industries, [Attachment G Baseline Graph All Onsite Carbon Stocks - Marble Creek](#) (Dec. 23, 2014) (depicting baseline on-site carbon stocks (live and dead, above and below ground) from 2015 through 2115).

project boundary, or caused by approved growth models overestimating carbon stocks. ...³

There are two possible readings of this definition. The first reading is that intentional reversals stem from either i) negligence, gross negligence, or willful intent or ii) approved growth models overestimating carbon stocks. Alternatively, one might argue the definition indicates that reversals stemming from “approved growth models overestimating carbon stocks” must be “caused by a forest owner’s negligence, gross negligence, or willful intent” to be considered an intentional reversal. Under this second reading, removing “negligence” from this definition appears to open the door to the possibility that modeling errors that do not rise to the level of “gross negligence” might no longer be classified as “intentional reversals.” Presumably, modeling errors that stem from common negligence would instead become unintentional reversals and, as a result, the responsibility of the program’s buffer pool.⁴ To avoid this ambiguity, Ecology should instead clearly state that measurement and modeling errors always result in intentional reversals.

We also discussed adding language specifying that “[t]he mere act of permitting third party access to the Project Area will not be deemed to be gross negligence or misconduct on the part of the Forest Owner.” As the Compliance Offsets Protocol Task Force Final Recommendations report makes clear, the goal of this added language is to prevent forest owners from closing off access to their lands, which is seen as an unwanted and potentially unintended consequence of project development.⁵ I agree — developing forest offset projects might impose societal costs, such as limiting public access, that Ecology deems unacceptable. Ecology must also recognize, however, that taking steps to limit those societal costs might come with added risks to forest carbon, which must either be borne by project proponents or by the public buffer pool. With this consideration in mind, Ecology should be hesitant to grant a blanket waiver of liability around forest access.

If Ecology feels the societal costs of limiting forest access are too high, it should instead develop a set of criteria that directly acknowledge the trade-off between access and long-term carbon storage. Ecology might find it perfectly acceptable to allow unfettered access to forest lands, even during periods of high risk, if forest owners contribute a higher proportion of credits to the buffer pool. Alternatively, Ecology might adopt language that limits forest owner liability around most forms of forest access, but still require that forest to close during periods of extreme risk. I would argue that the program’s current liability regime already balances these costs and benefits — forest owners can allow access to their lands so long as they don’t do so negligently. Altering that liability regime in favor of access would by definition shift carbon liabilities to the program as a whole. As such, Ecology should explicitly address this tradeoff and articulate how the anticipated benefits of increased access balance against the new carbon costs shouldered by the program.

³ 173 WAC 446, § 020.

⁴ I estimate that forest offset projects developed under the protocols approved by the California Air Resources Board have experienced intentional reversals between 698,187 and 836,959 credits due to modeling and measurement errors. See California Air Resources Board, Offset Credit Issuance Table (Jul. 24, 2024).

⁵ California Air Resources Board Compliance Offset Protocol Task Force, Compliance Offsets Protocol Task Force Final Recommendations, at page 63 (Mar. 2, 2021).

Sincerely,



Grayson Badgley
Research Scientist
grayson@carbonplan.org

