



WASHINGTON CONSERVATION ACTION

September 27, 2024

Nikki Harris
Jordan Wildish
Department of Ecology
Climate Pollution Reduction Program
PO BOX 47600
Olympia, WA 98504-7600

Re: Informal Comment for Chapter 173-446 WAC — Cap and Invest Offsets Rulemaking

Dear Nikki Harris:

Thank you for the opportunity to provide comments on Ecology's proposed rule language for Chapter 173-446 WAC. WCA developed these comments based on conversations with staff from The Nature Conservancy – Washington and Climate Solutions and in consultation with John Nickerson of Dogwood Springs Forestry. Our comments are focused on the US Forests offsets protocol due to the nature of our organization's expertise and engagement. Our input is oriented toward a similar set of values to those Ecology defined to guide conversations of the technical working group. As a statewide environmental organization committed to centering environmental justice in our work and protecting people and nature as one, we have approached our consideration of updates to the US Forests offset protocol through three values:

1. We value program integrity and emphasize the necessity to maintain permanence and additionality as updates to the protocol are considered.
2. We value the program being made more accessible to small forest landowners.
3. We value the program being made more accessible to Tribal governments and other Tribal organizations.

In addition to these values, we believe that Washington's Climate Commitment Act (CCA) exceeds cap-and-trade and cap-and-invest programs in other jurisdictions in terms of mitigating potential adverse impacts of offsets projects to already-overburdened communities. The CCA primarily achieves this through keeping offsets under the cap and retiring allowances



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WASHINGTON CONSERVATION ACTION

when offsets are used as compliance instruments. In the process of updating offsets protocols, Washington again has an opportunity to demonstrate leadership among compliance market jurisdictions in ways that enhance environmental justice; innovate to secure better social, ecological, and economic outcomes; and ensure the integrity of offset mechanisms. Outputs of prior public processes related to offsets in other programs are a good starting point, including the development of the California Air Resources Board's 2021 offsets task force recommendations and the Climate Action Reserve's Version 5.1 protocol. The products of these processes serve as a solid foundation and starting point, to which considerations from ICVCM, VERRA (including SD VSta Nature) protocols, and more diverse voices can be incorporated to ensure that protocol updates are inclusive and thorough.

In updating the protocol, Ecology should encourage ecological management practices that support multiple values. Forests are complex ecosystems that provide a range of social, ecological, and economic benefits that go beyond the ability of trees to capture carbon: clean drinking water, wildlife and fish habitat, cultural benefits, and non-timber commercial benefits, to name a few. Updates to the protocol should be considered through the lens of managing for multiple benefits, and any changes should take care to avoid negatively influencing opportunities to achieve non-carbon benefits.

Approaches to improving carbon market accessibility

While aggregation would be one pathway to increase accessibility for interested market participants including small forestland owners and Tribes, an alternative approach is to integrate some programmatic changes throughout the protocol that would achieve improvements for these entities. These programmatic changes would be focused largely on reducing the cost and burden of monitoring, reporting, and verification (MRV) by shortening the MRV timeframe and using data-driven approaches to reduce the cost and burden of monitoring, thus increasing the financial viability of projects.

Integrating adjustments to MRV is a simpler approach, particularly in the near-term, than developing a separate aggregation protocol. It also circumvents complex questions of shared landowner liability introduced by aggregation. However, this complexity is not a sufficient reason to remove aggregation from consideration, and we hope Ecology explores all options to





WASHINGTON CONSERVATION ACTION

reduce barriers to entry for small forest landowners. We have included several suggestions below where we believe opportunities exist to facilitate participation.

Alternative accounting for reversals

We recommend that Ecology develop a scaled approach to alternative accounting for reversals. While the ARB task force¹ recommended to “Remove the requirement that projects are only eligible to participate in the program if they 1) do not experience a decrease that results in the standing live tree carbon stocks falling 20 percent or more below the standing live carbon stocks at the project’s initiation,” we believe a more appropriate solution is to scale the percentage of carbon stocks to the acreage of the project.

Small forestland owners may apply ecologically-appropriate silvicultural treatments at a greater frequency or may have a harvest schedule that exceeds the 20% threshold given the smaller size of landholdings. However, on a longer time scale these parcels could still maintain overall carbon reductions beyond a 20%/10-year scale. Conversely, a large industrial timberland losing 20% of carbon stocks over 10 years would represent a much more significant, sustained loss, in which case 20% may be too generous. Scaling to acreage would provide both enhanced program integrity and accessibility for small forestland owners while also upholding values of ecological forestry when smallholders conduct non-commercial thinning, prescribed burning, or other ecologically-beneficial treatments – which may decrease risk of loss due to wildfire, pests, and other causes over the project life – that would exceed the 20% threshold.

Buffer pools

The current protocol language addressing the buffer pool appears to assign sub-percentages to different categories of reversals (i.e., wildfire, insects and disease). This creates confusion and undermines public perception of the integrity of the program. Because the buffer pool is available to all defined categories of unintentional reversals and not compartmentalized into certain portions dedicated solely to specific types of reversals, we encourage modification of the protocol language to reflect risk of reversal from all unintentional causes across the program to address this misconception. Risk calculation percentages should also be updated

¹ Compliance Offsets Protocol Task Force Final Recommendations
https://ww2.arb.ca.gov/sites/default/files/2021-03/offsets_task_force_final_report_030221.pdf





WASHINGTON CONSERVATION ACTION

to reflect evidence of reversals experienced under the California program to better respond to the real levels of losses that have occurred since the protocol's inception.

We recommend that Ecology modify WAC 173-446-505 (3)(b)(i) to include a provision modifying Appendix D: Determination of a Forest Project's Reversal Risk Rating of the U.S. Forests Protocol adopted June 25, 2015 by adding the following sentence at the end of the first paragraph of the appendix "While contributions to the buffer pool are calculated on the basis of different types of risk for each individual project, credits held in the buffer pool may be applied to compensate for unintentional reversals of any of type as defined in WAC 173-446-020."

We also support a small (no greater than 20%) reduction to the buffer pool contribution requirement when landowners implement practices that make landscapes more resilient. This would serve to encourage such multi-benefit management activities while maintaining sufficient volume in the buffer pool to account for reversals.

We encourage Ecology to adopt language to address the need to modify the buffer pool over time as risk levels are reassessed through scientifically rigorous study. For example, as the effects of climate change worsens, we anticipate the risk of wildfire will increase and the buffer pool should be adjusted accordingly. Similarly, the protocol should also be updated to reflect the time value of carbon removed from the atmosphere. A reversal that happens in the first year of the project life has a much greater impact on lost carbon potential than a reversal that happens in the 99th year of the project; the buffer pool should reflect the change over time, which would also serve to strengthen the pool.

Monitoring, Reporting, and Verification (MRV)

MRV requirements are costly for small forestland owners. Ecology should maintain its current requirements during periods of time where credits are actively being issued, but shift to remote sensing rather than requiring regular site visits during periods when credits are not actively being issued in order to mitigate the cost barrier without compromising program integrity. Site visits should be conducted in instances where significant changes are detected by remote sensing.





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Baselines

We encourage Ecology to revise how project baselines are calculated in order to reflect changes over time at both the project level and jurisdictional level. We foresee changes emerging due to increased understanding of the impacts of climate change in addition to shifts in common timber management practices that can impact additionality. The current modeling approach for baseline calculations also creates cost and technical barriers for many smaller landowners.

Developing tools that enable project baseline calculations compared to a 20-year trendline, reassessed at 10-year intervals, and validated by the project verifier would lower costs compared to the current modeling approach while also supporting program integrity. Decreasing the crediting period from 25 years to renewable 10-year periods that coincide with review of the baseline trend would better reflect changes in actual conditions than reliance on a single model for the full project life.

Finally, under the current protocol, credits are issued up-front when above common practice, which creates a windfall for project developers and may not reflect change over the 100-year project life. Creating a baseline draw down in those circumstances would improve integrity over the longer term.

A note on ODS and DEBS

While WCA does not have targeted engagement in the ozone depleting substances (ODS) protocol, in gathering information for these comments we noted that the offsets projects that have been registered so far, all of which are ODS projects, are all counted as providing direct environmental benefits to the state. This is the case despite the projects including ODS with points of origin in a number of other states. For example, the American Carbon Registry project documents for project ACR902 list the ODS for destruction as originating in 14 states.² We encourage Ecology to refine its rules on DEBS in WAC 173-446-595 to ensure only the portion of an ODS project originating in Washington is counted toward DEBS requirements rather than the project in its entirety. Otherwise, projects could specifically include a *de minimis* amount of ODS from Washington to achieve DEBs while accruing negligible local benefit. We

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<https://acr2.apx.com/mymodule/reg/TabDocuments.asp?r=111&ad=Prpt&act=update&type=PRO&aProj=pub&tablename=doc&id1=902>





WASHINGTON CONSERVATION ACTION

also encourage Ecology to explore similar issues of potential overcounting for other offset types.

Thank you for your consideration of these comments. Washington Conservation Action looks forward to continued participation in this rulemaking and appreciates Ecology's ongoing work.

Sincerely,

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