

Green Diamond Resource Company (Jason Callahan)

Please see attached memo.



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Department of Ecology
300 Desmond Drive SE
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VIA: Online form submission
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Re: Chapter 173-446 WAC: Cap-and-Invest US Forest Offsets Protocol Informal
Comment Period #1

Please accept the following comments from Green Diamond Resource Company (Green Diamond) regarding the proposed revisions to the forest offset protocols under the Climate Commitment Act (CCA) contained in Chapter 173-446 WAC.

Green Diamond is a sixth-generation, family owned forest management company founded in 1890 in Mason County, WA. Since then, Green Diamond has grown to own or manage 2.2 million acres of forestland across nine states, but our roots, and company headquarters, are right here in Washington. We have significant experience managing forests in Washington and developing forest carbon projects across the country. Green Diamond has successfully enrolled 700,000 acres in forest carbon projects across our ownership, including 12 IFM projects and 2 ARR projects. These carbon projects span both voluntary markets and, where available, compliance markets.

We have not, however, enrolled any carbon projects in Washington to date. The passage of the CCA offered a path towards a vibrant compliance market in Washington; a path we are excited to explore. However, as we commented during the initial forest offset rulemaking period, participation is reliant on implementing rules that do not create unnecessary barriers to participation. Since the initial rulemaking, we have been closely following developments in the Department of Ecology (DOE)'s U.S. Forest Protocol Version 1.0 update and are **disappointed with this most recent round of proposed changes.**

We do not think these changes achieve DOE's stated goals to "remove unnecessary or unintended barriers or exclusions to project development" and to "improve applicability ... to forests in Washington state." **The minor changes proposed to the Forest Management Requirements within the draft methodology do not meaningfully improve the likelihood that Green Diamond or other industrial forestland owners and managers in Washington will enroll IFM carbon projects in the WA compliance market.**

The primary barriers to our project development center around:

- 1) species composition requirements;
- 2) even-aged management and clearcut sizes;
- 3) watershed-scale age class distributions.

Species Diversity. The species diversity requirements appear unchanged in this draft, representing a large barrier to Green Diamond's implementation. A healthy, stocked, and well-managed industrial forest in western Washington can contain 85% or more of a single species (Douglas fir). The proposed regulations limit a landowner to about 65% (pending final Assessment Area datasets which are currently not available for review). Requiring such a divergence from western Washington historic industrial landowner species preference is *a prohibitively costly change that doesn't alter or improve the carbon sequestration productivity of a stand.*

Implementation of this policy at a large enough scale to accomplish the purposes of the CCA would disrupt the markets for wood products, manufacturing, seed orchards, and seedlings. This is a significant barrier to participation. *We suggest eliminating reference to enforcing species diversity, instead simply requiring "native species" of landowner's choice at 95%.* This change would greatly increase the likelihood of landowner participation without diminishing the on-the-ground sequestration potential of the offset program.

Even-aged management. DOE's current proposal maintains the existing limit on clearcut size of 40 acres, unless a significant basal area (BA) is retained (table 3.2, page 29). Given that required leave trees (e.g. many riparian zones) do not count toward the retained BA, a clearcut in even-aged Douglas fir plantations leaves essentially 0 BA, making 40 acres the de facto maximum clearcut size. This requirement would result in inefficient harvest operations, lead to costly delays to transition from former larger unit sizes (considered in conjunction with adjacency rules), and make this program uneconomical for industrial managed timberland operations.

Like the species diversity rules, the size of an individual harvest unit does not impact the carbon sequestration potential of a forest. These limits seem to be included in the rule for other benefits unrelated to carbon. *We suggest changing this section to allow operators to follow forest practice regulations in the state of operation, without adding any more restrictive language that has no carbon benefit.* This change would also remove a significant barrier to participation without compromising the goals of the CCA.

Watershed-scale age-class distributions. The watershed-scale age class distribution language appears to be a remnant from the California Air Resources

Board compliance methodology adopted in the initial offset rules. However, California and Washington forests differ in terms of geology, weather, growing conditions, and historic management. From a land manager's perspective, forcing regulations tailored to California forests is a significant barrier to entry for Washington forest landowners. In Washington, there is no forest practice rule regarding minimum harvest age. In fact, some sites can support harvest as young as 35 years.

Many timbered watersheds in WA currently exceed 40% under 20 years old because of historic geographic harvest patterns. It would be a difficult transition (i.e. costly delays) to schedule all watersheds onto a more regulated age class distribution. This is another barrier with no carbon benefits. *We suggest this constraint be eliminated, since it doesn't alter carbon sequestration, and instead simply require operators to follow applicable state forest practice rules.*

Additionally, this requirement is especially difficult (or impossible) to meet when a landowner owns only a small parcel within a watershed (for instance, if Green Diamond manages a 40-acre block in a watershed, this would take 3 small uneconomical entries over 40 years to harvest the block). *We suggest, at a minimum, there should be a minimum acreage threshold within a watershed for applying this rule (such as one section or 640 acres within the watershed).* Without this condition, this rule is a significant barrier to entry for Green Diamond.

Overall, Green Diamond is extremely disappointed to see so little regard for practical industrial forest management requirements and on-the-ground realities in this draft. As the draft methodology stands now, Green Diamond will not likely enroll any of its 365,000 acres of WA forestlands in the CCA IFM program.

Adopting rules that exclude participation from a landowner such as Green Diamond is, at best, a shame. Green Diamond has deep roots in Washington and is one of the state's largest private forest landowners. We are also among the industry leaders in successfully implementing forest carbon projects, including IFM projects. It would be very disappointing for the DOE to adopt rules, particularly those with no added carbon benefits, that create barriers to participation in our own home state while we can successfully operate carbon projects, both voluntary and compliance, in other states.

We remain committed to helping craft a path for our carbon team to do in Washington what we have succeeded in doing in other states. We welcome continued discussion and iteration toward a more operationalizable compliance IFM methodology in Washington.

Thank you.