

March 13, 2026

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*Re: Formal Comment for Chapter 173-446 WAC — Cap and Invest Offsets – US Forest Protocol*

Dear Ms. Stevenson and Mr. Wildish:

Washington Conservation Action and Dogwood Springs Forestry appreciate the opportunity to provide our joint formal comments on the updated US Forest Protocol in Chapter 173-446 WAC. We are guided by a philosophy that managing for carbon is a part of a broader approach to managing for a changing climate and to support healthy forests that provide a range of social, economic, and ecological benefits. Carbon markets serve as a mechanism to provide economic benefits to managers who choose to manage forests for better climate outcomes, inclusive of, but not limited to carbon storage.

We also want to thank you and your team for the deliberative, inclusive process that led to this draft rule. In our view, this rule represents significant improvements that affirm Washington's program as the leader in the compliance market, and we look forward to future opportunities to support refinement of the protocol that enhance its rigor and provide new pathways for participation by landowners with smaller land holdings.

### **Use of External Datasets**

The forest protocol makes use of reference values for a variety of calculations. Many of these values may evolve over time. We support the decision to maintain the Assessment Area data in a companion document to the protocol so that Ecology can update the data more efficiently. If maintained as part of the protocol, the entire protocol must be opened up for discussion, creating a cumbersome process. We recommend that the same logic of maintaining companion datasets external to the protocol be applied to additional values that may be subject to future updates. In addition to the buffer pool risks and the Assessment Area values, Ecology may want to consider the additional values for maintenance and updating outside the protocol:

1. Net present values in Table 6.2
2. Table B.19. Estimated Net Carbon Loss
3. Table 8.11 Risk Buffer Values

## Improved Forest Management (IFM) Baseline

We support the approach to the IFM baseline. We wish to call out specific support for the following:

1. 10-year baseline decline to Common Practice.

While project economics may be less favorable, this provision improves the credibility of the baseline counterfactual. We also support the exception afforded to smaller landowners who would be more likely to harvest a greater percentage of their property in one harvest to achieve an economic harvest.

2. Legal Constraints Template

This novel approach provides a heightened level of transparency and simplifies the approach for Project Developers to determine the effect of legal constraints on project stocks. The legal test uses a tool developed by Ecology to compare “Initial Carbon Stocks” against Common Practice without having to perform a model simulation of growth and harvest. We support the approach as it reduces the complexity and cost of baseline determination by focusing on the key variables (i.e., legal constraints) that affect long-term management in an appropriate and simplified approach.

3. 20% limit of common practice values below project initial carbon stocks.

This limit helps to ensure that the project baseline is representative of the project in cases where the initial carbon stocks are above common practice.

We suggest adding additional clarity regarding the approach to Section 6.2.1.5 *Analyze the financial viability of timber harvest within the project area*.

The section begins with: “This test confirms that the result of the baseline assumption from 6.2.1.3 is supported by evidence that the assumption is based on cost effective harvesting.” We understand that 6.2.1.3 is developed through a tool that assesses the impact of legal constraints on the Initial Standing Carbon Stocks, which results in a single value.

Given that there is a modeling requirement for the financial analysis, additional clarity outlining the alignment and/or interaction with the legal requirements analysis would be helpful. The modeling will result in a jagged inventory projection over time. In the CARB protocol, that jagged line is averaged to develop a straight line to compare to Common Practice. We understand that the purpose of modeling with a specified discount rate for valuation is to determine if the project meets minimum financial thresholds. Clarification is needed if the Project Developer is expected to average the results of their modeling, demonstrate that it meets the discount rate thresholds, and then simply discuss its alignment with the determined value from 6.2.1.3.

We are concerned about the potential for ambiguity and unnecessary verification issues that might arise between the two approaches.

We would prefer an alternative approach to a modeling scenario to determining financial viability to achieve the stated benefits we raised in support of the Legal Constraints Template. Forest growth and harvest modeling over a 100-year timeframe is an imperfect science. An alternative approach could be to establish the financial viability on current stumpage rates with defined minimum values returned to the landowner based on the landowner class.

We also noticed that the terms “Start Date Standing Carbon Stocks” and “Initial Standing Carbon Stocks” appear to be describing the same thing. A sentence added to Section 6.2.1.2 to explain that they both refer to the same thing or revising to one term throughout the protocol would resolve this issue.

### **Forest Landowner Resources**

We believe forest landowners should engage in a forest carbon project with a solid understanding of the project’s estimated costs and benefits, as well as the long-term obligations they will be adhering to. We recommend that Ecology prepare training materials to facilitate this education. Projects can look attractive on the front-end, particularly with some of the upfront revenues when projects have carbon stocks above Common Practice, only to find out that after disbursement of credits sales with Project Developers, ongoing revenues to manage long-term monitoring, reporting, and verification are in short supply. This has led to project failures in other programs. In such cases, the forest landowner is unable to compensate for the resulting reversals which put pressure on the reversal buffer pool.

One way to mitigate this could be a cost-benefit template prepared by Ecology and made a required, confidential component of project submissions documents, with signatures by Project Developers and landowners. These documents would be included in the initial verification efforts provided by third-party verification. Perhaps the program could provide, or point to, resources that landowners can review to understand typical terms in contracts with Project Developers, as well as typical costs for ongoing monitoring, reporting, and verification.

### **Buffer Pool**

We support the enhanced precision of the wildfire risk assessment and the standardized approach to deriving the risk values at the HUC-10 scale. It would be helpful to highlight within the protocol that, while the buffer pool risk ratings vary depending on the type of risk to project carbon stocks, the use of the buffer pool to mitigate reversals is not restricted to those compartmentalized categories of risk. The buffer pool is a collective pool of credits to be used for any sort of reversal. The assumed compartmentalization has led to erroneous claims about buffer pools in other programs.

### **Monitoring, Reporting, and Verification (MRV)**

We support the action taken to reduce long-term monitoring costs by extending the site verification timeframe to 12 years, instead of 6, for projects receiving less than 10,000 credits annually. We also support the shift to a desk verification instead of a scheduled site verification in cases where no new credit issuances are occurring. These types of actions are moving in the right direction to keep

project management costs down when there are inadequate or no revenues to cover those costs. We urge Ecology to continue seeking ways to reduce project costs to reduce risks of project failure and make the program more available to smaller landowners. With improvements in remote sensing, we envision a possibility that costs outside of the active crediting timeframe could be reduced much further through a monitoring approach managed by the program. Project participants might be on the hook for submitting annual reports simply indicating they have no major changes. Should change detection from remotely sensed data indicate a risk, MRV activities would then be elevated to appropriate measures to ensure program integrity.

### **Direct Environmental Benefits to the State (DEBS)**

As previously stated in our informal comments, we appreciate the steps Ecology proposes to ensure that future projects in Washington are registered under Washington's protocol and to prevent venue shopping. This helps to ensure that the benefits of Washington's protocol are realized, particularly concerning direct environmental benefits to the state and reductions to greenhouse gas emissions under the state's cap.

### **Harvested Wood Products**

We appreciate Ecology developing a calculator based on the Climate Action Reserve's calculator that is accessible for use by Washington project developers. We would encourage Ecology to consistently update its calculator to maintain consistency with the Reserve's as updates are made. We also recommend that Ecology collaborate with the Reserve and others to make refinements that improve precision and to reflect any observed nuances and data from its use in Washington to refine both calculators in tandem.

### **Periodic updates to protocol**

Significant progress has been made to the protocol, and there are many opportunities for further updates. As science advances and updates are made in the voluntary and other compliance markets, we strongly encourage Ecology to pursue a process to consistently review and update the protocol. California will update their protocol every 5 years beginning in 2029, and a similar cadence would help to ensure Washington's protocol aligns with the current/best available science, changes in relevant legal requirements, and market conditions. Establishing an update interval will support an intentional approach to incorporating topics for continued research that Ecology has already identified as well as topics that will emerge over time. In the event that this requires legislative action, we recommend that Ecology work with the legislature to develop a bill to this effect.

### **Future Research and Considerations**

In prior comments, we shared several recommendations of areas of future research and provided recommendations to approaches to some of the topics identified by Ecology. Expanding on those comments, we would like to emphasize the following:

- Continue to research opportunities to refine the Improved Forest Management baseline, particularly to reflect climate-smart management activities. Public state lands in particular

stand to benefit from further consideration to improve project viability and are important to supporting Washington's climate goals via offsets.

- We encourage Ecology to investigate and develop opportunities to incentivize and/or create market value for management practices that are supportive of ecosystem services, including but not limited to:
  - Hydrologic benefits
  - Wildlife habitat
  - Wildfire resilience
  - Tolerance to drought, pests, and disease

Many non-industrial forest landowners would benefit from the recognition of avoided emissions associated with fuel reduction activities as a primary activity. While management activities that reduce wildfire severity and/or improve resilience to drought, pests, and disease are currently promoted via a reduced buffer pool contribution, these activities produce benefits in terms of avoided emissions and longer-term carbon stored on forested landscapes that represent benefits beyond the context of the types of losses the buffer pool covers.

The species diversity requirements that were removed from earlier drafts of the protocol update could be re-captured under this approach. This could serve to promote voluntary planting of more diverse native species, which can support climate resilience and support forest health following disturbances. This will ultimately positively impact carbon projects in terms of reversals and permanence of carbon storage.

- We encourage Ecology to investigate opportunities to support the development of carbon projects on public lands, including an approach that utilizes forest practice requirements and existing legal agreements, such as Habitat Conservation Plans, as the baseline.
- Aggregation – As different approaches to aggregation are developed in voluntary markets, such as the TNC Family Forest Carbon program, Ecology should assess the applicability of these approaches, in part or in whole, to support participation in the market by Tribes and other landowners with smaller landholdings. Significant differences in approaches to permanence may prevent these programs from being fully integrated into the protocol, but elements of them may nonetheless prove beneficial to supporting viability of aggregation within the protocol. Liability, incentive opportunities, and the potential role of the agency as the aggregator are all topics warranting future consideration.

Opportunities may be more relevant as related but separate programs external to the compliance program. We encourage the consideration of novel approaches to aggregation, based on incentivizing and monitoring changes in management activity, rather than inventories, with monitoring occurring at broad landscape scales. Small landowners represent an important potential contributor to reducing greenhouse gas emissions, and the current version of the protocol makes important strides toward making it more approachable for smaller landowners. We encourage Ecology to continue to research and

develop solutions that reduce costs for landowners, particularly small landowners, while maintaining quantification rigor.

- MRV – We are supportive of exploration of a more direct role for Ecology in conducting monitoring activities, which may increase the long-term viability of the program and supports the protocol’s 100-year permanence requirement.
- Leakage – the change in leakage calculation in the proposed protocol update reflects the best available data. However, it relies on a global meta-analysis. As new data is collected or made available, particularly with a more specific geographic focus on Washington, jurisdictions with the potential to provide direct environmental benefits to Washington, and linked jurisdictions, the leakage rate could continue to be updated to reflect the most relevant, best available data as part of a periodic review process.
- We recommend that Ecology regularly evaluate new tools, datasets, and technologies, which may lead to periodic modifications to the protocol to reflect novel strategies. To the extent practicable, updates should be made through the most efficient and public processes available.

Sincerely,



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