

California Air Resources Board
1001 I Street
Sacramento, CA 95814 USA

4 May 2026

Re: Proposed 15-Day Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Cap-and-Invest Program)

Dear Chair Lauren Sanchez, Deputy Executive Officer Rajinder Sahota, and Board Members:

Introduction

1. New Forests appreciates the opportunity to submit comments on the California Air Resources Board's ("CARB") Proposed 15-Day Amendments to the Cap-and-Invest Program ("Program") Regulation. We previously submitted comments on 9 March 2026 on the offset provisions of the Proposed 45-Day Amendments.¹
2. New Forests is a global investment manager of nature-based real assets and natural capital strategies with USD 7.3 billion in assets under management across more than 10.6 million acres of investments.² We manage a diversified portfolio of sustainable timber production, conservation areas, carbon and conservation finance projects, agriculture, timber processing, and supporting infrastructure. We were involved in some of the earliest forest offset projects registered under the Program and have remained an active participant in project development, monitoring, verification, and regulatory engagement as the Program has evolved.
3. New Forests commends CARB for incorporating several recommendations raised in previous comments into the Proposed 15-Day Amendments. Critical issues specific to forest offset projects, however, remain unaddressed, including matters affecting reversals, measurement and monitoring, and implementation feasibility. These issues warrant further consideration.

Implementation Considerations and Recommendations

Forestry Offset Reversals (§ 95983)

4. The proposed framework in § 95983 relies on a "discovery date" construct tied to disturbance end dates "reported or implied" by external sources that may not reliably correspond to site-specific conditions, may vary substantially across event types, and may trigger reporting and compliance obligations before a disturbance has been confirmed through safe access, field verification, or sufficient evidence. Requiring reporting before the existence, scope, or significance of a disturbance is known may introduce compliance risk, increase administrative burden, and undermine confidence in reversal determinations. Additional clarification is warranted regarding evidentiary hierarchy, treatment of extended or multi-stage disturbance

¹ See New Forests' [previous comments on the Proposed Amendments](#).

² As at 30 June 2025. For more information, please visit: www.newforests.com.

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processes, and the ability of project operators to substantiate an alternative discovery date where publicly available data are delayed, incomplete, or inconsistent with observed site conditions. Routine forest dynamics are already incorporated into growth, yield, and baseline modeling under the U.S. Forest Projects Protocol and should be excluded from the definition of reversals.

Alternate Monitoring and Measurement Methods (§ 95976(g))

5. The proposed framework under § 95976(g) removes remote sensing from alternate monitoring and measurement, notwithstanding advancements in applicable technologies since the framework was established. Remote sensing methodologies, including LiDAR calibrated with field measurements, are now widely used to improve stratification, reduce variance, and enhance measurement precision when subject to appropriate validation and independent verification. Eliminating a technology-neutral pathway may unduly constrain regulatory flexibility and be difficult to reconcile with the continued reliance on remote sensing for other regulatory purposes, including establishment of discovery dates for unintentional reversals under § 95983. Further, the absence of transition provisions creates uncertainty for existing projects that were developed, listed, and verified in reliance on prior CARB approvals of LiDAR-based inventories. Retaining a technology-neutral alternate methods pathway and adopting explicit transition language may promote regulatory coherence and implementation certainty.

Direct Environmental Benefits in the State (§ 95989)

6. The Proposed 15-Day Amendments appropriately clarify the requirements for determining whether an offset project provides Direct Environmental Benefits in the State pursuant to § 95989, including by explicitly recognizing that forest offset projects located within California are deemed to provide such benefits. This clarification provides important regulatory certainty. With respect to projects qualifying for DEBS status based on “planned activities,” implementation would benefit from clear, objective, and administrable standards. Further clarification is warranted regarding the definition of “planned activities,” the degree of specificity required at project listing and verification, the acceptable forms of evidence, and the distinction between qualifying planned activities and routine forest management practices or protocol-required actions.

Monitoring Period for Sequestration Projects (§ 95976(h))

7. The 100-year permanence obligation for forest sequestration projects is a foundational element of the Compliance Offset Program. Monitoring and reporting requirements under § 95976(h) would benefit, however, from being structured to distinguish between the active crediting phase and the post-crediting monitoring phase. Project risk profiles, management activities, and informational needs differ materially across these phases, and uniformly applying the same reporting intensity over the full 100-year period may impose unnecessary administrative burden without corresponding gains in program integrity. A graduated monitoring framework that preserves the permanence obligation while allowing reduced reporting frequency during the post-crediting period may improve long-term administrability and program durability.

Allowance Removals for Offset Use (§ 95871)

8. Revisions to § 95871 clarify the process by which allowances are removed from circulation in connection with offset use and provide greater transparency regarding how offset utilization is accounted for within the Program’s overall allowance budget. To further support effective implementation and reduce market uncertainty, consideration should be given to providing periodic, aggregate public reporting on allowances transferred to the Allowance Removal Account alongside information on offsets surrendered for compliance. Such reporting may enhance transparency and support orderly market function.

Effective Date and Prospective Application of Amendments

9. Clear and explicit direction regarding the effective date and prospective application of the Proposed 15-Day Amendments may help to ensure consistent application to offset projects. Offset project development, reporting, verification, and credit issuance occur over multi-year timelines, often with overlapping processes underway simultaneously. Absent express clarification, uncertainty regarding the applicability of revised requirements to ongoing processes may create unnecessary compliance risk and administrative burden. Clarifying, either in the regulation, the adopting resolution, or the Final Statement of Reasons, that offset project processes are governed by the requirements in effect at the time they are initiated may promote regulatory predictability and orderly implementation.

Invalidation of ARB Offset Credits (§ 95985)

10. The Proposed 15-Day Amendments clarify invalidation provisions under § 95985 and reinforce the importance of clear and predictable standards to ensure that offset credits continue to represent real, permanent, quantifiable, and verifiable greenhouse gas benefits. Effective implementation of these provisions, however, is closely linked to the availability of CARB-accredited verification bodies. Verifier availability for forest offset projects, however, is already constrained. Regulatory changes that increase procedural complexity or impose rigid timelines without accounting for verifier capacity risk elevating invalidation exposure for otherwise compliant projects due to factors outside a project operator's control. Addressing verifier capacity as a system-level consideration and aligning procedural expectations accordingly may support program integrity while avoiding unintended implementation bottlenecks.

Closing Observations and Continued Engagement

11. As noted above and in prior comments, the Proposed 15-Day Amendments address highly technical and consequential aspects of forest management and carbon accounting that warrant robust and iterative stakeholder engagement. The Proposed 15-Day Amendments introduce substantive changes to long-standing accounting approaches in areas where the U.S. Forest Projects Protocol and regulation had not been explicit, potentially creating new compliance and investment risks. Certain provisions outlined above also depart from established industry standards that have supported project feasibility and participation to date. Achieving durable outcomes requires early and meaningful engagement to test assumptions, identify unintended consequences, and evaluate feasible alternatives before requirements are finalized.
12. Aside from a high-level conceptual discussion in 2024, the technical details of the forest offset provisions were not substantively discussed with stakeholders to our knowledge prior to release of the 45-Day Package in January 2026. Additional stakeholder engagement is warranted to ensure that the final rule rests on sound technical foundations, supports feasible implementation, and supports the long-term integrity of the Program. Accordingly, New Forests recommends that amendments to § 95983 and § 95976(g) be deferred in the current rulemaking and addressed instead through updates to the U.S. Forest Projects Protocol undertaken pursuant to SB 840, following a dedicated and comprehensive stakeholder process.
13. New Forests appreciates the opportunity to provide these comments and welcome the opportunity to engage further with CARB staff. We are available to provide additional information, clarify our recommendations, or work collaboratively with CARB to develop practical solutions that support effective implementation of the Cap-and-Invest Program. We remain committed to constructive engagement in support of the Program's long-term integrity and success.

Yours sincerely,



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