

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

9 March 2026

**Re: Proposed 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 Amendments to the Cap-and-Invest Program Regulation. Overall, the Proposed Amendments are intended to enhance regulatory certainty and administrative efficiency across the Program, including for forest offset projects. New Forests recognizes the importance of a regulatory framework that is coherent, predictable, and capable of delivering durable environmental, economic, and social outcomes for the State of California.
2. This submission advances three overarching objectives. First, it is intended to support CARB's continued efforts to uphold a high level of environmental integrity within the Cap-and-Invest Program and to advance regulatory approaches that are science-based, stakeholder-informed, transparent, and practicable to implement. Second, drawing on New Forests' direct experience participating in CARB's compliance offset system, these comments provide general and systemic observations regarding program design, implementation, and administrative feasibility that are relevant across multiple provisions of the Proposed Amendments. Third, these comments identify a limited number of specific regulatory provisions where targeted clarification or revision would help address potential implementation challenges for forest offset projects and better support the climate, environmental, and co-benefits the Program is designed to achieve. These comments are offered to inform policy development and implementation considerations and are not intended to assert legal claims or positions.

## About New Forests

3. 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.<sup>1</sup> We manage a diversified portfolio of sustainable timber plantations and conservation areas, carbon and conservation finance projects, agriculture, timber processing, and infrastructure.
4. Our vision is to see investment in land use and forestry as central to the transition to a sustainable future. To achieve this vision, our investment strategies support the role of forests as nature-based solutions, provide sustainable wood fiber for the growing circular bioeconomy,

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<sup>1</sup> As at 30 June 2025. For more information, please visit: [www.newforests.com](http://www.newforests.com).

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and contribute to the sustainable development of regional economies and rural communities. Headquartered in Sydney, and with a regional office in San Francisco, New Forests is a Certified B Corp and operates in France, Australia, New Zealand, Southeast Asia, Africa, and the United States.

5. In California, New Forests has been involved in some of the earliest forest offset projects registered under the Cap-and-Invest (formerly Cap-and-Trade) Program and has remained an active participant in project development, monitoring, verification, and regulatory engagement as the Program has evolved. As of 2025, we have developed and managed 21 forest-based compliance offset projects for the California market, representing more than 19 million offset credits delivered or pending delivery, net of buffer pool contributions and applicable reserves. These outcomes reflect rigorous project design and long-term stewardship on working forest landscapes. In parallel, New Forests maintains a consistent track record of investing in biodiversity enhancement and ecosystem services, and many of the ecological values present across our California assets are supported and strengthened through the implementation of forest carbon offset projects.

## Program-Wide Implementation Considerations

6. The Proposed Amendments introduce several Program-wide changes that have implications extending beyond any single regulatory provision. Several of these issues, particularly those related to effective date, reliance on verification capacity, and the role of guidance, are systemic in nature and warrant clarification at the outset to support consistent implementation, regulatory certainty, and administrative feasibility. The following general comments are intended to support orderly transition, efficient administration, and durable Program outcomes.

### Effective Date and Prospective Application of Amendments

7. New Forests encourages CARB to provide clear and explicit direction regarding the effective date and prospective application of the Proposed Amendments as they relate to offset projects. Offset project development, reporting, verification, and credit issuance occur over multi-year timelines, often with multiple processes underway simultaneously. Ambiguity regarding which regulatory provisions apply to which reporting periods could create unnecessary compliance risk and administrative uncertainty.
8. **Recommendation:** Clarify either in the regulation, the adopting resolution, or the Final Statement of Reasons that offset processes should be governed by the regulatory requirements in effect at the time those processes were initiated. Clear prospective application may support regulatory predictability, help avoid disrupting ongoing compliance activities, and facilitate orderly implementation of the Proposed Amendments.

### Verification Capacity as a Program-Wide Consideration

9. Across § 95977 (Verification of GHG Emission Reductions and GHG Removal Enhancements), § 95978 (Verification Statements), § 95983 (Forestry Offset Reversals), and § 95985 (Invalidation of ARB Offset Credits), the Proposed Amendments place increased reliance on timely, repeated, and, in some cases, sequential engagement by CARB-accredited verification bodies. New Forests supports CARB's objective of strengthening oversight, clarity, and environmental integrity through these provisions. It is important to recognize, however, that verifier availability, particularly for forest offset projects, is a serious constraint within the Program.
10. In practice, forest offset projects routinely require verifier involvement to address reversals, corrective actions, potential invalidation issues, post-disturbance assessments, and complex verification judgments. The current pool of CARB-accredited forest offset verifiers is limited, and availability is often constrained during periods of heightened demand, including following large disturbance events or during overlapping verification cycles. Regulatory changes that add procedural complexity, restrict verifier services, or impose rigid timelines without

accounting for this reality could have the unintended effect of increasing compliance and invalidation exposure due to verifier availability constraints rather than underlying issues with project design or environmental performance.

11. **Recommendation:** Take a coordinated, program-wide approach to verifier capacity when finalizing and implementing amendments across these sections. This includes calibrating timelines and evidentiary requirements to practical verifier availability, avoiding unnecessary constraints on verifier services, and maintaining flexibility where delays arise from capacity limitations rather than project non-compliance.

### Guidance, Rulemaking, and Standardization

12. New Forests appreciates CARB's efforts to clarify and streamline Program implementation and recognizes the important role that guidance can play in addressing project-specific circumstances. Guidance, however, should not be used to effectuate substantive, Program-wide policy changes or to reinterpret regulatory requirements in a manner that has binding effect beyond individual cases. Where changes affect the rules applicable to multiple projects or alter long-standing interpretations, such changes should be made through formal rulemaking to support transparency, stakeholder input, and regulatory durability.
13. **Recommendation:** Distinguish between guidance intended to address site-specific issues and regulatory amendments intended to establish generally applicable standards, and standardize guidance to promote consistency and predictability across the Program.

### Targeted Implementation Issues and Recommended Clarifications

#### Correctable Error (§ 95977.1(b)(3)(M))

14. New Forests supports CARB's objective in clarifying the definition of "Correctable Error" to promote timely resolution of immaterial discrepancies and to prevent the recurrence of known errors across reporting periods. CARB's intent appears to be to distinguish errors that can be addressed through the verification and corrective action process from more substantive deficiencies that warrant escalation or enforcement. Clear articulation of this distinction is important to maintaining program integrity while supporting efficient and predictable implementation.
15. As proposed, however, the revised definition of "Correctable Error" does not align cleanly with the operative verification provisions, including § 95977.1(b)(3)(M), and introduces ambiguity regarding timing, scope, and materiality. In particular, the definition risks discouraging good-faith correction of errors that fall below the materiality threshold in a single reporting period but may become material in aggregate by the time a full verification occurs, an issue that is especially relevant for forest offset projects that do not undergo annual verification. Absent clarification, this inconsistency could create unnecessary compliance risk and disincentivize proactive correction, contrary to CARB's stated intent.
16. **Recommendation:** (i) Revise the definition of "Correctable Error" to explicitly include non-conformances with the regulation, an applicable Compliance Offset Protocol, or underlying technical procedures that can be remedied prior to submission of an Offset Verification Statement; (ii) further clarify that correctable errors may be addressed proactively by project operators, even where an individual discrepancy falls below the materiality threshold in a single reporting period; and (iii) align the definition with the verification provisions in § 95977.1, which may promote timely correction, preserve internal consistency, and strengthen overall program integrity without increasing enforcement risk for well-managed forest offset projects.

### Allowance Removals for Offset Use (§ 95871)

17. New Forests recognizes and supports CARB's objective in clarifying the process by which allowances are removed from circulation in connection with offset use pursuant to § 95871, and we agree that a transparent and well-defined mechanism is important to preserving the integrity of the emissions cap. The addition of explicit regulatory language governing allowance removals provides helpful clarity regarding how offset use is accounted for within the Program's overall allowance budget.
18. We encourage CARB to consider whether, and in what form, information regarding allowances transferred to the Allowance Removal Account may be made publicly available, particularly in relation to offsets ultimately surrendered for compliance. Absent clear and timely disclosure of this relationship, there is potential for market uncertainty during and following the compliance period, including speculation regarding whether additional allowances may be issued or otherwise reconciled during the true-up year.
19. **Recommendation:** Provide periodic, aggregate reporting on allowance removals associated with offset use alongside information on offsets surrendered, which may promote transparency, support efficient market function, and reduce the risk of unintended strategic behavior, while remaining fully consistent with CARB's cap-integrity and environmental objectives.

### Notice and Disclosures for Offset Project Ownership Transfer (§ 95975.1)

20. New Forests supports CARB's objective of ensuring clear and continuous accountability for offset project obligations following a transfer of project ownership or project land. Maintaining an identified responsible party capable of meeting permanence, reporting, and reversal obligations is essential to preserving the integrity of the Cap-and-Invest Program.
21. As drafted, however, § 95975.1 could result in compliance consequences that may not align with the nature or severity of certain administrative deficiencies and do not adequately reflect the practical realities of large-scale timberland transactions. In particular, the proposed requirements risk project termination or loss of eligibility due to timing and disclosure issues that are common and often unavoidable in bona fide transactions, rather than due to substantive non-compliance with offset obligations. For example, § 95975.1(a)(2) contemplates disclosure of detailed buyer and seller information that is frequently subject to confidentiality constraints and cannot reasonably be provided to a public regulator prior to or contemporaneous with closing. Notification to CARB that a transaction has occurred should be sufficient at the time of transfer, with required disclosure of new owner contact and responsible-party information within a defined post-closing period.
22. Similarly, § 95975.1(a)(3) could result in project termination as a consequence of administrative or paperwork errors without an opportunity for cure. A structured grace or cure period would allow a new owner to demonstrate compliance while preserving appropriate enforcement authority. In addition, § 95975.1(b) would benefit from clarification as to whether it applies solely to intentional project termination or more broadly to ownership transfers, as ambiguity regarding its scope creates unnecessary interpretive uncertainty. Finally, to the extent § 95975.1(d) or related provisions require CARB review or processing, compliance timelines should account for CARB's own administrative timeframes to support projects are not penalized for delays outside the control of project owners.
23. **Recommendation:** Revise § 95975.1 to incorporate a defined grace or cure period for ownership transfers, clarify disclosure expectations to reflect transactional realities, and align compliance consequences with the party best positioned to remedy deficiencies. These changes would preserve accountability and Program integrity while avoiding unnecessary termination of otherwise high-quality forest offset projects.

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

24. New Forests recognizes and supports CARB's objective of ensuring that measurement and quantification methodologies used in the Compliance Offset Program are robust, conservative, and verifiable. We also acknowledge CARB's concern that a fully standardized and broadly replicable remote sensing methodology has not yet been established for universal application across forest offset projects. At the same time, we respectfully urge CARB to preserve regulatory flexibility within § 95976 to allow for the consideration and future integration of technological advancements in forest inventory and monitoring.
25. Remote sensing technologies, particularly LiDAR calibrated with field plots, have advanced significantly since the alternate methods framework was first established. Wall-to-wall coverage enables improved stratification, variance reduction, and population-level estimation that can enhance confidence in carbon stock estimates. Preserving a technology-neutral pathway for alternate methods is in the interest of regulators, project developers, and the long-term efficiency and durability of the Program.
26. The direction of the Proposed Amendments differs from approaches being explored in other carbon market programs, where leading standards bodies have moved toward structured integration rather than exclusion of remote sensing.<sup>2</sup> These efforts reflect an understanding that remote sensing, when paired with field calibration, transparent uncertainty treatment, and independent verification, can enhance rather than compromise environmental integrity. As the American Carbon Registry (ACR) has articulated, the objective is not to replace field-based measurement but to integrate remote sensing through disciplined validation and verification, which is precisely the type of framework § 95976(g) should preserve.<sup>3</sup>
27. Removing remote sensing from the alternate monitoring and measurement provisions risks foreclosing the use of technologies that could meaningfully reduce compliance costs across forest offset projects of all sizes. Forest inventory and remeasurement represent one of the most significant recurring costs for forest projects, and these costs can be prohibitive for small and mid-sized landowners, including family forest owners, tribal nations, and community-based organizations. Validated remote sensing approaches have been reported in the literature to achieve per-acre cost reductions on the order of 40-60 percent while maintaining or improving measurement precision.<sup>4,5</sup> Eliminating the regulatory pathway for these approaches would disproportionately affect the landowners least able to absorb traditional inventory costs and could reduce participation and geographic diversity within the Program.
28. The Proposed Amendments also introduce an asymmetry by relying on remote sensing data to establish the "date of discovery" for unintentional reversals under § 95983, while simultaneously considering the same class of technology unsuitable for measurement and monitoring under § 95976. This creates a potential tension between how remote sensing data are relied upon for different regulatory purposes, which merits clarification.
29. Finally, the Proposed Amendments remove remote sensing from the alternate methods framework without addressing the treatment of existing forest offset projects that relied on CARB-approved LiDAR methodologies to establish baseline inventories or monitoring systems. While, consistent with applicable rulemaking

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<sup>2</sup> In 2025, Verra approved methodologies incorporating remote sensing for both afforestation/reforestation and IFM; the Integrity Council for the Voluntary Carbon Market approved remote sensing classification standards for REDD+ methodologies; and the American Carbon Registry undertook public consultation on updates to its IFM methodology, incorporating remote sensing tools, though the final methodology has not yet been released.

<sup>3</sup> Taylor, A. (2023, April 7). How to integrate remote sensing into the forest carbon market, the right way. *American Carbon Registry*. <https://acrcarbon.org/news/how-to-integrate-remote-sensing-into-the-forest-carbon-market-the-right-way/>.

<sup>4</sup> Lister, A. J., et al. (2020). Use of remote sensing data to improve the efficiency of national forest inventories: A case study from the United States National Forest Inventory. *Forests*, 11(12), 1364. <https://doi.org/10.3390/f11121364>.

<sup>5</sup> Goodbody, T. R. H., et al. (2023). sgsR: A structurally guided sampling toolbox for LiDAR-based forest inventories. *Forestry*, 96(4), 411-424. <https://doi.org/10.1093/forestry/cpac055>.

procedures, CARB has authority to revise measurement requirements prospectively, the absence of transition language creates uncertainty for projects developed, listed, and verified in reliance on prior CARB approvals. The Proposed Amendments do not clarify whether previously approved LiDAR-based inventories may continue to be used, whether hybrid inventory approaches remain acceptable, or whether projects may be required to reconcile LiDAR-derived baselines with protocol-standard plot inventories.

30. **Recommendation:** (i) Retain a technology-neutral alternate methods pathway within § 95976(g) that allows consideration and approval of remote sensing and other emerging technologies, subject to appropriate validation requirements; (ii) establish standardized evaluation criteria for alternate methods, including accuracy thresholds, field-calibration requirements, and structured technical review processes to manage agency workload; (iii) provide explicit transition provisions clarifying the treatment of projects with previously CARB-approved LiDAR-based inventories; and (iv) consider a structured pilot framework to allow controlled evaluation of new technologies without requiring blanket regulatory approval.

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

31. New Forests recognizes that the 100-year permanence obligation for forest sequestration projects is a foundational element of the Compliance Offset Program and is firmly established through the U.S. Forest Projects Protocol. New Forests does not seek to revisit or weaken this permanence requirement and supports CARB's objective of ensuring long-term stewardship and oversight of credited sequestration benefits.
32. We encourage CARB, however, to consider how monitoring and reporting requirements under § 95976(h) are structured over the full monitoring period. Project risks, management activities, and information needs differ materially between the active crediting phase and the post-crediting monitoring phase, and a single reporting intensity applied uniformly over a 100-year period may impose unnecessary administrative burden without commensurate integrity benefits. Recent international experience is instructive. In late 2025, the Article 6.4 Supervisory Body requested the secretariat develop a simplified template for monitoring in the post-credit monitoring period, following substantial stakeholder feedback regarding feasibility and cost.<sup>6</sup>
33. **Recommendation:** Adopt a graduated monitoring framework that distinguishes between the active crediting phase and the post-crediting monitoring phase. During the post-crediting phase, consider allowing reduced reporting frequency, provided permanence obligations remain in force, no reversal event has occurred, and the project operator attests annually to continued compliance. This approach would preserve the permanence guarantee while improving long-term administrative feasibility and program durability.

### Forestry Offset Reversals (§ 95983)

34. New Forests appreciates CARB's efforts to improve clarity and administrability for forestry offset reversals under § 95983, including by strengthening procedural requirements, clarifying post-reversal submissions, and addressing reversals that occur during the monitoring phase. These changes reflect CARB's focus on maintaining environmental integrity while improving regulatory consistency.
35. At the same time, New Forests encourages CARB to refine several aspects of the proposed framework to better reflect on-the-ground conditions and verification realities. In particular, the proposed "discovery date" construct appears to rely on disturbance end dates "reported or implied" by external sources, which may not accurately

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<sup>6</sup> Article 6.4 Supervisory Body. (2025, October 10). Standard: Addressing non-permanence and reversals (A6.4-SBM018-A14). United Nations Framework Convention on Climate Change. [https://unfccc.int/sites/default/files/resource/3.4\\_14\\_SBM018\\_Addressin%20non-permanence%20and%20reversals%2006.10.2025.pdf](https://unfccc.int/sites/default/files/resource/3.4_14_SBM018_Addressin%20non-permanence%20and%20reversals%2006.10.2025.pdf).

reflect site conditions, may vary across event types, and may initiate compliance timelines before safe access or quantification is feasible. Clarification would be helpful regarding the hierarchy of acceptable evidence, the treatment of multi-stage or prolonged disturbances, and the ability of project operators to demonstrate an alternative discovery date where publicly reported information is incomplete or inconsistent. In addition, implementation of the “assigned reversal level” backstop should account for practical verification constraints and be applied in a manner that reflects best available information and good-faith compliance efforts, particularly in complex disturbance years and during the post-crediting monitoring phase.

36. New Forests also encourages CARB to clarify that routine forest dynamics (e.g. background mortality, self-thinning, small-scale wind events, endemic insect activity, and age-related senescence) do not constitute reversals. These processes are inherent to forest ecosystems and are already incorporated into the growth-and-yield modeling and baseline projections required by the U.S. Forest Projects Protocol. Treating routine ecological variation as a reversal would be inconsistent with the protocol framework and could create perverse incentives without improving environmental integrity.
37. **Recommendation:** (i) Clarify the evidentiary framework for establishing discovery date, with preference for site-specific information where feasible; (ii) provide guidance on the treatment of multi-stage or prolonged disturbances; (iii) allow project operators to present evidence supporting an alternative discovery date when external data are insufficient; and (iv) confirm that background forest dynamics modeled under the U.S. Forest Projects Protocol do not constitute unintentional reversals.

### Invalidation of ARB Offset Credits (§ 95985)

38. New Forests supports CARB’s objective of strengthening and clarifying the invalidation provisions under § 95985 to support that ARB Offset Credits continue to represent real, permanent, quantifiable, and verifiable greenhouse gas benefits. Clear and predictable invalidation standards are essential to maintaining confidence in the Cap-and-Invest Program.
39. At the same time, New Forests encourages CARB to consider the practical interaction between invalidation provisions and the availability of CARB-accredited verification bodies. In practice, resolution of potential invalidation issues, including material misstatements, corrective actions, or documentation deficiencies, often depends on timely access to qualified verifiers. The current pool of accredited forest offset verifiers is severely limited, and verifier availability is already a significant bottleneck for many projects. Regulatory changes that further restrict verifier services, increase procedural complexity, or impose rigid timelines without accounting for verifier capacity risk increasing invalidation exposure for otherwise compliant projects due to factors outside a project operator’s control.
40. **Recommendation:** Address verifier capacity as a system-level consideration when implementing § 95985, rather than evaluating invalidation provisions in isolation. Aligning timelines and procedural expectations with practical verifier availability may help support that the Proposed Amendments strengthen program integrity without unintentionally creating implementation bottlenecks.

### Direct Environmental Benefits to the State (§ 95989)

41. New Forests appreciates CARB’s efforts to clarify and strengthen the requirements for determining whether an offset project provides Direct Environmental Benefits to the State (DEBS) pursuant to § 95989. We support the explicit recognition that offset projects located within California are considered to provide DEBS, which appropriately reflects the multiple air quality, water, forest health, wildfire resilience, and other environmental benefits delivered by in-state forest offset projects.

42. We encourage CARB to implement the Proposed Amendments applicable to projects with DEBS status based on “planned activities” in a manner that is clear, objective, and proportional to the benefits being assessed. In this context, we respectfully request that CARB clearly define the term “planned activities,” including the types of activities contemplated, the level of specificity required at project listing and verification, and how planned activities are distinguished from routine forest management practices or Protocol-required actions.
43. Additional clarity and guidance on acceptable evidence, verification scope, and how DEBS status may be evaluated and maintained over time would help promote consistent application, reduce administrative uncertainty, and avoid unintended compliance burdens. Clear definitions and implementation guidance may be particularly important to support that DEBS determinations remain predictable and transparent, while maintaining strong participation in high-integrity forest offset projects that advance California’s environmental and climate policy objectives.
44. **Recommendation:** Define the term “Planned Activities,” and clarify the acceptable evidence, verification scope, and process for evaluating and maintaining DEBS status over time.

### Closing Observations and Continued Engagement

45. New Forests appreciates the opportunity to provide these comments and would 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,



Justin Meier, Associate Director, U.S., New Forests



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