# Anew Climate (Joshua Strauss)

As an active participant in and strong supporter of the California Cap-and-Invest Program, Anew Climate appreciates the opportunity to provide comment on CARB's proposed regulatory amendments to the program. Please find our comments attached.

**March 9, 2026**

**Ms. Rajinder Sahota**
**Deputy Executive Office**
**California Air Resources Board**
**1001 I Street**
**Sacramento, CA 95814**

**Via electronic submission:** 45-day Regulatory Docket

**Re: Anew Climate Public Comments to California's Cap-and-Invest Rulemaking**

As an active participant in the California Cap-and-Invest Program (the "Program"), Anew Climate, LLC ("Anew") appreciates the opportunity to provide the California Air Resources Board (ARB) with comments on the draft amendments to the Cap-and-Invest Program ("CARB Draft Language" or "Draft Language") in strong support of the Program. Anew is one of the largest climate solutions companies in North America. We have a successful track record within the markets for voluntary and compliance carbon credits, renewable natural gas, low carbon fuels, electric vehicle credits, and renewable energy certificates. We have been active participants in California's Cap-and-Trade Program and its offset program since its inception, with a particular focus on forestry. To date, we have developed over 25 compliance projects, all but one of which are forest projects, which have generated over 28 million credits, making us one of the most active forest carbon project developers. Over this time, we have seen radical changes in the behavior of forest landowners as a result of California's Program. By sending a strong carbon price signal that competes with traditional timber revenues, millions of acres of forestland are being conserved under California's offset program. Capital markets have taken note of forest carbon investment opportunities. In 2022, Anew helped mobilize $ 1.8 billion for the conservation of industrially managed forestlands into carbon-first sustainably managed forests – which would not have been possible without carbon pricing incentives like those provided in the California offset program. Anew has also been an active participant in the California Low Carbon Fuel Standard program through our renewable natural gas (RNG) business.

We have organized our response into two sections. First, we provide general comments in support of the Cap-and-Trade Program ("the Program"), leveraging the rulemaking and consultation process, and inclusion of offsets beyond 2030, as well as some other overarching comments related to the timing of effective date for these regulations. Second, this letter addresses technical concerns in response to the CARB Draft Language and proposes amendments in relation to those concerns.

## *I. General Comments*

The draft regulatory amendments included in the 45-day rulemaking package provide a long-awaited update to the Cap-and-Invest regulations. We are strong supporters of the Program overall and were pleased to see the reauthorization of the Program through 2045 by the legislature and Governor last September. Further, we were pleased to see AB 1207 and SB 840 recognize the important role of carbon offsets in the Program through 2045. We were also pleased to see SB 840's acknowledgement of the importance of regular updates to the

compliance offset protocols included in the Program, as well as the consideration of new protocols / project types.

While the updates to the protocols are not included in the current rulemaking, we look forward to engaging in the process to update these protocols in a future rulemaking. We also note that we appreciate how much work such protocol updates will require by ARB staff that manage the Compliance Offset Program, especially in light of the ever-increasing workload of this ARB staff (as the number of project reviews continues to increase), despite staffing levels not increasing. We are aware that ARB has requested an increase in funding to support these protocol updates and urge the Board and legislature to support these funding requests.

We also note our support for efforts to streamline Compliance Offset Program implementation, which is clearly intended by ARB staff in a number of the revisions proposed. The following highlights general concerns and suggested actions in response.

**a. Enhanced Stakeholder Engagement for a Stronger Program**

First and foremost, robust stakeholder engagement is particularly important for broad regulatory changes, as it allows CARB to test assumptions, identify unintended impacts, and evaluate feasible alternatives before requirements are finalized. Early input from all stakeholders improves regulatory clarity, supports effective implementation, and strengthens the durability and defensibility of the program, consistent with California's rulemaking principles and the intent of the Program.

More specifically, CARB's Draft Language weighs in on several very technical and complicated carbon forest accounting topics. In a number of instances, the Draft Language significantly changes how accounting has been done by stakeholders to date, particularly on topics where the protocol and regulations were not previously explicit, leading to a variety of interpretations and practices that have resulted in issued ARBOCs. In some cases, CARB's Draft Language appears to ignore industry standards and principles that promote project feasibility. While CARB signaled that they would make updates to some of these sections in the workshop held in April 2024, Anew's and other stakeholder comments at the time asked for more detail to be able to properly evaluate the proposed changes. However, little detail was shared until the CARB Draft Language was released.

We strongly encourage CARB to launch workshops and/or a working group with project developers, verifiers, registries, and forest carbon experts on these topics to foster greater feedback, collaboration, and discussion and to ensure practical and implementable regulatory amendments moving forward.

**b. Effective Date of Changes to Regulation**

Anew has a global concern related to implementation and effective date of the offset administrative changes. Unlike other programmatic changes (allowance allocation or setting of auction dates) where an 'effective date' of the rule signals a clear line for regulatory changes, the offset world consists of existing projects being developed under existing protocols and the existing regulation, with potentially many reporting periods and verifications occurring in various stages at any given date. Therefore, additional clarity is needed throughout the CARB Draft Language on when the new rules apply.

We believe that any reporting period that has commenced prior to the effective date of the regulation, whether or not it has undergone verification, should be held to the current version of the regulation. The amended regulation should apply for any reporting periods that commence following the effective date. And our understanding from staff communications confirms that: that an offset 'process' should be operating under the rules in place when that process was initiated—be it reporting, verification, dispute resolution, etc. We also support its corollary: that if a new process begins after the regulation's effective date, the new rules apply. However, the staff's stated intent is not reflected in the current Proposal, neither CARB draft regulations, nor the ISOR. Therefore, Anew requests additional clarity in the regulation, in the adopting resolution, and the Final Statement of Reason that explicitly confirms this intent and can be counted upon by project developers in the future.

More specifically, we suggest the following specific language be added into the final regulations in an appropriate offset section:

> *The updated regulation provisions will be applied, on a prospective basis, to a project as of the most recent reporting period that begins after the [final publication/effective] date of the regulation. Reporting periods that are already underway or completed, even if those that have not been reviewed and confirmed by CARB, as of the [final publication/effective date], will not be subject to the updated regulation offset provisions.*

Anew would be open to further discussions on exact sections that need additional clarity.

**c. Guidance vs. Rulemaking**

Anew appreciates the opportunity presented in this rulemaking to update the regulation in a public forum, with input from stakeholders. It is the right venue for changing the 'rules of the game'. Project-specific "guidance" should not be used to make global or sweeping policy changes. CARB issued guidance certainly has value to help a project operator navigate unique circumstances which arise in offset development, however these site-specific, or project-specific, determinations carry a completely different level of importance when they become de-facto regulatory interpretations that all projects must follow. Such changes to how things 'work', should only be done through the appropriately higher bar associated with the public rulemaking process, where stakeholders can provide valuable feedback.

**d. Augment Verifier Capacity**

In practice, forest offset projects frequently require verifier involvement to address reversals, corrective actions, potential invalidation issues, post-disturbance assessments, and complex verification judgments. As the CARB Draft Language makes a number of changes to these sections of the Regulation, we urge CARB to consider the impact of these regulatory changes on verifiers, which are already in short supply and significantly capacity constrained.

The current pool of CARB accredited forest offset verifiers is severely limited, and verifier 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, narrow verifier roles, or impose rigid timelines without accounting for this reality will risk creating compliance and invalidation exposure driven by verifier scarcity rather than by substantive project deficiencies.

This concern is particularly relevant where Section 95983 and Section 95985 rely on verification outcomes to resolve reversals or invalidation risks, and where Section 95977 and Section 95978 govern the timing, scope, and content of verification services needed to demonstrate continued compliance. If projects are unable to secure timely verifier engagement due to capacity limitations, they may face prolonged uncertainty, elevated costs, or adverse regulatory outcomes despite good faith efforts to comply with Program requirements.

We, therefore, encourage CARB to take a coordinated, program-wide view of verifier capacity when finalizing and implementing amendments across these sections. This includes ensuring that timelines, evidentiary requirements, and enforcement backstops are calibrated to practical verifier availability; avoiding unnecessary restrictions on verifier services that could further strain limited resources; and maintaining sufficient flexibility to allow projects to resolve issues without undue risk of termination or invalidation where delays are outside a project's control.

Anew recommends that CARB address verifier capacity as a system-level consideration, rather than within individual sections in isolation to ensure that the proposed amendments enhance environmental integrity and program confidence without unintentionally creating bottlenecks that undermine effective implementation. As we have also recommended before, we also urge CARB to hold additional lead verifier trainings for the forestry protocol to enable new verifiers to attain the appropriate accreditations.

## *II. Specific Technical Comments*

This section addresses specific issues related to the Draft Language in order of most significant concern, as follows:

### a. Forestry Offset Reversals

Anew has a number of concerns with the proposed amendments to Section 95983 on forestry offset reversals, particularly as they relate to unintentional reversals:

#### *i. Section 95983(a)(5)*

We are concerned the changes made to this section (i) do not accurately reflect the reality of the causes of slow-moving tree mortality and how it spreads through a forest over many years, and (ii) do not allow for projects to practically quantify the different types of unintentional reversals that occur over the course of several reporting periods. More specifically, the Draft Language makes it effectively impossible to classify and quantify the impacts from pests, diseases, or other slow-moving mortality events as unintentional reversals that can be compensated from the buffer pool because these mortality events take place over the course of many reporting periods. We see this as an opportunity to improve how the protocol and regulation quantify unintentional reversals of different kinds (fire, windthrow, insects, pests, disease, drought) and to clarify specifically how to manage and quantify different kinds of unintentional reversals. As currently written, only fast-moving mortality events such as fire or windthrow (hurricanes) will be able be to be quantified and classified as unintentional reversals in one given reporting period, whereas all other slow moving mortality events would not be feasible to quantify since they take place over several reporting periods.

Anew proposes the following language in place of CARB's Draft Language in Section 95983(a)(5), as follows:

> *For an unintentional reversal, there must be sufficient verifiable evidence to demonstrate carbon stock losses occurred in the reporting period and prior reporting periods to be eligible for compensation from the Forest Buffer Account in the reporting period.*

***ii. Section 95983(b) and (b)(1)***

While the Draft Language in Section 95983(b) extends the time for an OPO or APD to notify CARB and the Offset Project Registry of a reversal from 30 days to 2 months of its discovery date, with the apparent intent to allow the OPO or APD more time to report a reversal, the proposed definition of discovery date in Section 95983(b)(1) creates inconsistency with that intent and will likely cause practical and cost burdens by triggering reporting obligations before reversals can be properly measured and quantified. We suggest revising the discovery date definition as the date when OPO or APD completes data collection and QA/QC of the carbon inventory, and, through quantification, determines that a reversal has occurred, rather than to the initial observation of a disturbance.

Even when following industry management standards of practice, it is common and reasonable that forestry projects will not discover a reversal on a project until after the reporting period ends because project owners need to: (1) account for remaining growth and long-lived wood products during the reporting period, and (2) safely revisit areas affected to be able to survey impacted areas. Simply because a forest experiences a disturbance (whether it be fire, insect, disease, or wind event) that disturbance does not immediately indicate tree mortality, let alone a net carbon loss (or reversal).

For better clarity, we provide two examples:

In the case of a fire: even if a wildfire is widely reported to have impacted a project area, until a team can get into the field to inventory the trees, determining the scale of tree mortality, it would be impossible to know with certainty the scale of carbon loss. Often an inventory is not possible immediately after a wildfire for safety reasons. Further, any fire-impacted trees that are salvageable can maintain carbon through long-lived wood products. Defining the date a fire is contained as the discovery date for a reversal does not reflect the process necessary to quantify that reversal, nor does it provide enough information to determine if a reversal has in fact occurred.

In the case of an insect or disease, which may impact the project area slowly over a 10-20 year period or longer, applying the new regulatory language would be even harder. A landowner might discover the presence of an insect pest (e.g. ash borer) but not yet have found any dead ash trees. At this stage, it would not make sense to report a reversal, as no reversal has occurred. Over the next 20 years, some ash trees might die (a carbon stock loss) each year, but without inventorying the entire property, it would be impossible to know exactly how many and when each individual ash died. However, the amended regulation would require the landowner to report the unintentional reversal every year and re-inventory the entire property every year to quantify how much ash mortality occurred every year. This is impractical and cost prohibitive; forest inventories cost upwards of $100,000. Further, if the landowner was salvaging any of the dying ash this would likely be deemed an intentional project terminating reversal, despite this not being negligent behavior and being good forest management that reduces other risks, such as wildfire. While we recognize that the timing of carbon losses is

important for quantification and vintage purposes, it is critical that the regulatory updates balance the need for accuracy with practicality and feasibility. The current proposal is untenable and would be prohibitive for ***any*** projects with pests or disease.

Considering these concerns, instead of the language proposed by CARB in Section 95983 (b)(1), we propose the following revised definition for discovery date:

> *The discovery date will be assumed to be the last day of the season in which the carbon losses or associated mortality was observed via field sampling, reconnaissance or remotely sensed data. The data collected via field sampling, reconnaissance, or remote sensing can be used to quantify the unintentional reversals from mortality that occurred in prior reporting periods.*

***iii. Section 95983(b)(2)***

We are also concerned with the addition of new language in 95983(b)(2) and recommend this new language be removed or, at minimum, that any stratification be made conditional, if deemed necessary. While disturbance areas must be measured and quantified to accurately determine the reversal, automatic establishment of a new stratum is not always statistically justified. Stratification should be applied where it demonstrably improves precision and reflects materially distinct conditions between the area of the disturbance and other areas, rather than being required solely due to the occurrence of disturbance. If the reversal can be accurately quantified within the existing framework, requiring a new stratum may impose cost without improving accuracy. If post-disturbance conditions still fall within the distribution of the original stratum, then statistically it shall remain in the same population. Over-stratification can reduce efficiency and degrade data quality.

We recommend that CARB more clearly specify the measurement and quantification methods for unintentional reversals. The rules and accuracy standards for unintentional reversals should be consistent with the measurement, quantification, and accuracy standards for reporting harvests, as harvests are a similar type of forest disturbance. Ideally, all types of forest disturbance (both harvests and natural disturbances) should be quantified and reported in a consistent manner.

***iv. Salvage Harvest – Section 95983(b)(3)[new]***

While it is clear that CARB intends for project developers to account for logs delivered to a mill due to salvage harvest, the Draft Language in Section 95983(b)(3) is too ambiguous. As described above, CARB should more specifically define *how* to quantify salvage harvest laws, as well as harvests and other disturbances. It is insufficient to simply require that such events be accounted for, without specifying the methodological approach or statistical standards to be applied, which creates further ambiguity and uncertainty regarding compliance.

Accordingly, we recommend that CARB develop and adopt clear, rigorous accounting guidelines that specify how to quantify all disturbances, including both harvests and salvage harvests, under the context of unintentional and intentional reversal.

***v. Salvage Harvest –95983(b)(3)(A) [new]***

Based on the ISOR, it appears some text is meant to be added here. However, this new section appears to be missing from the CARB Draft Language. Please provide any Draft Language proposed here and allow for timely notice and comment.

***vi. Reporting Periods in which both Unintentional and Intentional Reversals occurred - 95983(d)***

The Draft Language proposed in Section 95983(d) does not provide enough direction on how to properly quantify unintentional versus intentional reversals that occur in the same reporting period. Neither does it accurately reflect feasible carbon forest management practices, even at conservative levels, as currently defined. While the Draft Language indicates that harvests, reversals, and salvage logging must be accounted for, it does not clearly define how these activities are to be quantified. Simply requiring that such events be accounted for, without specifying the methodological approach or statistical standards to be applied, creates ambiguity and uncertainty regarding compliance. Accordingly, we recommend that CARB, with input from all stakeholders, develop and adopt clear, rigorous accounting guidelines that specify how to quantify harvests and salvage harvests under the context of unintentional and intentional reversal.

We strongly encourage CARB to hold workshops and/or consider a working group on this topic, as the proposal fails to consider important and constraining factors.

**b. Correctable errors (Definition and 95977.1(b)(3)(M))**

The new definition of "Correctable Error" is problematic because it does not correspond with the provisions of Section 95977.1(b)(3)(M) in terms of timing or magnitude. It is our understanding that the intended purpose of this change is to clarify that correctable errors are to be corrected in a timely manner, *i.e.* don't repeat each reporting period. Anew supports this goal and would like to work with staff on amendment language that is internally consistent, while achieving the intent.

Also, Anew recommends adding supplementary language to the definition of "Correctable Error", to prevent any contradiction between 95977.1(b)(3)(M) and the definition. For example:

> *A correctable error resulting from a nonconformance with this article, a Compliance Offset Protocol, or any underlying documented technical procedure(s), such as inventory, modeling, or calculation methods, relevant to the given quantification method must be corrected before the verification team submits an Offset Verification Statement, unless otherwise stated in this Chapter.*

Further, we are concerned about the timing and the scope of how correctable errors are defined in the amendments. Ideally, an OPO should be able to correct errors discovered in one Reporting Period, even if the error when summed is below the 3% threshold, because such an error could increase to more than 3% in aggregate by the time a full verification takes place, which is likely to occur in the case of a forestry project that does not verify every year. Allowing more flexibility in both timing and scope would better reflect the practical realities of forest carbon accounting, where discrepancies are often discovered through subsequent inventory cycles or QA/QC processes, and would support accurate correction without creating unnecessary compliance risk. We suggest that additional language be added that clearly gives developers the option to fix such an error (even if below the 3% error). Clarifying this issue will help to avoid a situation where an OPO wants to correct an error, but CARB does not allow the correction because it does not meet the 3% threshold in the definition of correctable error.

**c. Verification of Direct Environmental Benefits to the State (DEBs) - Section 95977.1(b)(3)(D)(2)(i)**

Anew appreciates the recent clarification of this section by CARB staff that it only applies to out-of-state forestry projects where reporting periods are undergoing verification or have not yet undergone verification. We recommend the following suggested amendments to prevent any future staff or stakeholder uncertainty as to its applicability:

> *For out-of-state forest sequestration projects designated as providing Direct Environmental Benefits to California based on previously planned activities, review the extent to which the previously planned activities have been implemented. If the offset project is found by the offset verification team to not have conducted a majority of the planned activities, or no longer provide Direct Environmental Benefits to California, CARB will ~~revoke~~ not issue the offset credits with the Direct Environmental Benefits to California designation. CARB will issue the determination with the notice of issuance of ARB offset credits in 95981.1(c).*

In addition, we encourage CARB to ensure the new requirements under this Section and Section 95989 are implemented in a manner that is clear, objective, and proportional to the benefits being assessed as it applies to projects with a DEBs status based on "planned activities". 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.

Additional clarity and guidance on acceptable evidence, verification scope, and how DEBs status will be evaluated and maintained over time would help promote consistent application, reduce administrative uncertainty, and avoid unintended compliance burdens. Clear definitions and implementation guidance will be particularly important to ensure 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.

**d. Notice of Offset Verification Services for Offset Projects Timing - Section 95977.1(b)(1)**

We understand the intent of the Draft Language in Section 95977.1(b)(1) is to allow CARB the opportunity to signal to project proponents a CARB audit may be initiated. Anew doesn't have a concern with CARB's audit process frequency, but Anew is opposed to administrative changes that lengthen the time it takes to complete a project verification. The global nature of this proposed amendment will, by default, impact *every* project. CARB's Draft Language recognizes that project proponents may want/need to begin earlier, and, therefore, provides a mechanism to seek approval in writing. We believe that the proposed change will have the inverse impact CARB is looking for, as it will create more work for both projects and CARB by creating an incentive for every project to request an exception to the 40-day notice of offset verification services. Therefore, we suggest repealing the proposed amendment, reverting back to the existing language, but inserting language such that all parties are aware of CARB's intention to audit, *a particular project*, which would then extend the site visit start date to a maximum of 40 days.

We know audits will occur and welcome them to protect the integrity of the program. Anew is supportive of a mechanism be added to the regulation that allows CARB to delay the site visit, if/when an audit may be scheduled.

**e. Remote sensing**

We are concerned about the revision to Section 95976 (g) that removes "remote sensing methods for forestry" from the methods approved for alternate monitoring and measurement, particularly in light of projects that may already have had a remote sensing methodology approved by ARB, which are currently being used. We urge ARB staff to preserve regulatory flexibility within Section 95976 to allow consideration of technological advancements in forest inventory and monitoring. We do, however, support explicitly including remote sensing as proposed in CARB Draft Language in Section 95983(d) as part of the evidence an OPO or APD can provide in an effort to quantify and verify disturbances. While every effort is made to get into the field to quantify a reversal as soon as possible after the disturbance, it is often difficult to get a team into the field immediately after an unintentional reversal, like a wildfire or hurricane, due to safety concerns. In such a case, it is good to explicitly note remote sensing data can be leveraged.

We suggested that CARB: (1) retain a technology-neutral alternate methods pathway in Section 95976(g) and Section 95983(d); (2) establish standardized evaluation criteria, including calibration and accuracy requirements; and (3) consider structured pilot programs to allow controlled evaluation of emerging technologies while maintaining regulatory oversight.

**f. Definition for Conservative**

While we support the revisions to the first sentence of the definition of conservative, we are not supportive of the full amendment in the current CARB Draft Language, for the following reasons.

The overestimation of carbon stocks is fundamentally incorrect in this case, as it requires projects to understate the damage caused by reversal events and does not fairly compensate for the GHG emissions released. While uncertainty should not result in excessive buffer pool withdrawals, applying a directional upward bias to onsite carbon estimates could unintentionally suppress legitimate reversal determinations if actual losses are understated. Conservativeness should not introduce systematic bias into point estimates; rather, it should be applied through transparent and statistically sound treatment of uncertainty in the same consistent way of quantifying GHG emission reduction/removal enhancements. Further, it is worth noting that the ISOR offers no explanation as to intent behind the remainder of the proposed revision to this definition.

As such, we suggest the definition be amended as follows:

> *"Conservative" means, in the context of offsets, that offset projects must utilize assumptions, emission factors, and methodologies that are more likely than not to understate the calculation or measurement of net GHG reductions or GHG removal enhancements for crediting.*

**g. Notice and Disclosures for Offset Project Ownership Transfer – Section 95975.1**

Anew supports CARB's objective of ensuring clear and continuous accountability for offset project obligations following a transfer of project ownership or project land. Ensuring that a responsible party is identified and able to meet permanence, reporting, and reversal obligations is critical to maintaining the integrity of the Program.

As drafted, however, Section 95975.1 establishes compliance consequences that may be disproportionate to the nature of certain administrative deficiencies and that do not adequately reflect the practical realities of large-scale timberland transactions. We are particularly concerned that the proposed requirements could result in project termination or loss of eligibility due to timing or disclosure issues that are common and often unavoidable in bona fide transactions, rather than due to substantive non-compliance with offset obligations.

With respect to Section 95975.1(a)(2), we note that it is not realistic or appropriate for private entities to submit detailed buyer and seller information associated with large private transactions to a public regulator prior to or contemporaneous with closing, particularly where such information is subject to confidentiality obligations. We recommend that notification to CARB of the occurrence of a sale be sufficient at the time of transfer, with a requirement that new owner contact information and responsible party details be provided within a defined period following closing.

With respect to Section 95975.1(a)(3), we strongly recommend that CARB reconsider automatic project termination as a consequence of administrative or paperwork errors. Terminating an offset project for failure to meet a procedural requirement, absent any failure to meet substantive offset obligations, is not a reasonable or proportionate outcome. Instead, CARB should provide a clearly defined grace or cure period, during which the new owner may demonstrate compliance. Following expiration of that period, CARB could impose reasonable and appropriate penalties or enforcement actions that are targeted at the new owner, thereby creating incentives for timely compliance without unnecessarily terminating otherwise high-quality projects.

Section 95975.1(b) would benefit from clarification regarding its intended scope and application. It is unclear whether this provision is intended to apply solely in cases of intentional project termination or more broadly to ownership transfers generally. Clarifying how 95975.1(b) interacts with the rest of 95975.1 would reduce interpretive uncertainty and support consistent implementation.

Finally, to the extent that Section 95975.1(d) or other provisions within 95975.1 require CARB administrative review, approval, or processing, we encourage CARB to explicitly consider its own internal timelines when establishing compliance deadlines and consequences. Projects should not be placed at risk of termination or adverse determination due to delays that arise from CARB processing rather than from project or owner inaction.

Anew recommends that CARB incorporate a structured grace period, clarify disclosure expectations, and align compliance consequences with the best positioned party to address deficiencies.

**h. <u>Monitoring Period for Sequestration Projects – Section 95976(h)</u>**

Anew recognizes that the 100-year permanence obligation for forest sequestration projects is a foundational element of the Compliance Offset Program and is already well established through the U.S. Forest Projects Protocol. We do not seek to revisit or weaken this permanence requirement, and we support CARB's objective of ensuring long-term stewardship and oversight of credited sequestration benefits.

We encourage CARB, however, to consider how monitoring and reporting expectations under Section 95976(h) are structured over the full monitoring period. It would be helpful to distinguish between more intensive monitoring and reporting requirements during the active crediting phase and appropriately scaled requirements during the long-term monitoring phase, when project risks, activities, and information needs may be materially different.

Recent international experience is instructive in this regard. In late 2025, the Article 6.4 Supervisory Body initially proposed a 100-year monitoring period with annual monitoring requirements for land-based activities but subsequently deferred that approach for further methodological development following substantial feedback from the land sector regarding the impracticality and burden of annual reporting over such a long-time horizon. This experience highlights the importance of designing monitoring frameworks that preserve permanence and environmental integrity while remaining administratively feasible and affordable over decades.

We, therefore, encourage CARB to consider allowing reduced or less frequent reporting requirements during the long-term monitoring phase, consistent with project risk, management activity, and the underlying protocol framework. A graduated approach to monitoring would help ensure durability of credited sequestration while avoiding unnecessary administrative burden that could undermine long term project participation and stewardship.

More specifically, we recommend CARB adopt a graduated monitoring framework that distinguishes between the active crediting phase and the post-crediting monitoring phase. During the post-crediting phase, monitoring and reporting requirements could transition from the current annual or biennial cycle to a less frequent interval (e.g. every five years), provided that: (a) the project maintains compliance with permanence obligations and deed restrictions; (b) no reversal event has occurred since the last reporting period; and (c) the project operator provides an annual attestation confirming continued compliance with material project requirements. This approach would preserve the permanence guarantee while reducing the long-term administrative and financial burden that may otherwise discourage project participation over multi-decade timeframes.

**i. <u>Compliance retirement order</u>**

In Section 95856 (h)(1)(A), we support the Draft Language requiring "oldest credits retired first." This reflects best practice offset usage and is consistent with our current recommendation to our clients. We believe codifying this makes sense.

**j. <u>The Program Must Properly Recognize the GHG Benefits of RNG Projects</u>**

RNG provides one of the most important opportunities to simultaneously displace fossil carbon dioxide ($CO_2$) and reduce organic waste methane ($CH_4$) emissions in the near term. Both $CO_2$ and $CH_4$ benefits can be achieved through all forms of RNG production occurring commercially today—anaerobic digestion (AD) of material gathered from organic waste diversion, wastewater, or manure, and enhanced gas capture at landfills.

For RNG projects to be properly incentivized, it is critical that both the $CO_2$ and $CH_4$ benefits be properly recognized and that consistent accounting exist in C&I to align claims for these GHG reductions across all

programmatic end uses. Section 95852.1 of the CARB Draft Language includes modified text which might unintentionally prohibit a company from making clear and consistent claims. The Draft Language text states:

> *An entity claiming use of an exempt biomass-derived fuel must have sole ownership or contract rights to the biomass-derived fuel and any associated emissions exemption or emissions reductions attributed to the use of the fuel such that no other entity may claim an emissions exemption to reduce a compliance obligation or otherwise claim a reduction in emissions associated with the use of the biomass-derived fuel. Exempt biomass-derived fuels may be associated with the generation of Renewable Energy Credits or Low Carbon Fuel Standard Credits.*

This language creates a significant barrier to RNG projects from being able to sell RNG to end uses that CARB's Scoping Plan has stated are important but are not explicitly recognized in the text above, for example, into California's Renewable Gas Standard for utility procurement.[1]

We recommend the following modifications to better clarify how this alignment in claims should proceed:

> *An entity claiming use of an exempt biomass-derived fuel must have sole ownership or contract rights to the biomass-derived fuel and any associated biogenic carbon dioxide emissions exemption ~~or emissions reductions~~ attributed to the use of the fuel for purposes of compliance with this subarticle, such that no other entity may claim an emissions exemption to reduce a Cap-and-Invest Regulation compliance obligation ~~or otherwise claim a reduction in emissions~~ associated with the use of the biomass-derived fuel. Exempt biomass-derived fuels may be associated with the generation of ARB Offset Credits, recognition in Renewable Gas Standard biomethane procurement, Renewable Identification Numbers, Renewable Energy Credits or Low Carbon Fuel Standard Credits.*

**k. Because other Policies are Not Currently Strong Enough to Reach California's Methane Reduction Goals, the C&I Program Needs to Provide a Reinforcing Signal**

Historically California's strongest support for RNG has been in the transportation sector, where RNG used in natural gas vehicles (NGVs) receives credit under the California Low Carbon Fuel Standard (LCFS). This sector has seen significant RNG uptake since the start of the LCFS.[2] To achieve this success RNG project developers have had to stack the value of LCFS credits, federal Renewable Fuel Standard credits, tax credits and/or direct grant monies for projects to be financially viable.

Lower LCFS prices plus market saturation of the existing vehicle fleet is limiting further RNG adoption in transport currently. If LCFS prices do not rebound to the level that can incent both additional NGV adoption and RNG deployment, California's transport sector will not be able to contribute further toward reaching statutory goals[3] for methane reduction from organic wastes.

California has also tried to incent RNG use by utilities to serve core customer demand for natural gas. The California Public Utilities Commission (CPUC) set a 2025 Renewable Gas Standard (RGS) goal at ~3% of 2020

[1] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB1440
[2] In Q1 2011, RNG was 1% of fuel used in NGVs in California. In Q2 2025, 98% of fuel used in NGVs was RNG. https://ww2.arb.ca.gov/sites/default/files/classic/fuels/lcfs/dashboard/quarterlysummary/quarterlysummary_Q22025.xlsx
[3] https://ww2.arb.ca.gov/sites/default/files/2020-07/SLCP_Appendix_B.pdf

core bundled demand (17.6 Bcf/year) [4] and initially targeted only food waste RNG. However, due to delays in feedstock collection, contract approval at the CPUC, affordability concerns, and other issues, the RGS did not hit the 2025 target. The enabling statute for the RGS, Senate Bill 1440 (Hueso, 2018) was passed more than seven years ago. The governing CPUC decision setting the framework for the RGS has existed for more than four years.[5] However, thus far, no operating RNG project has been able to cover their costs with revenues received under the Renewable Gas Standard.

Other key tools promoting methane capture from organic waste to electricity production are also being removed or degraded. For example, the CPUC is sunsetting the BioMAT program.[6] Federal tax credits, such as the Investment Tax Credit and Production Tax Credit, that have historically promoted renewable power projects, including biogas power, are no longer available.[7,8]

**l. Manufacturing Decarbonization Incentive Allocation (Section 95891(g))**

We agree with CARB staff's position in the Initial Statement of Reasons that, "the cost of a number of manufacturing decarbonization activities continues to be greater than the allowance price." This is certainly true for manufacturing facilities considering renewable natural gas (RNG) use; therefore, we support updating the C&I framework to provide a stronger reinforcing signal for RNG use and other decarbonization activities at these facilities.

Specifically, we support the Manufacturing Decarbonization Incentive (MDI) Allocation concept in the Draft Language. We believe that the general MDI concept is sound: allocating a greater number of allowances to industrial actors to create a pool of value that can fund manufacturing decarbonization projects. We also support covering ongoing costs for procuring low-carbon fuels, such as RNG, as one of the eligible activities in the MDI.

However, it is not clear how to assess the details of the proposed framework on a facility-by-facility basis. We request CARB provide additional clarity so that RNG producers can estimate the amount of value available per year to each manufacturing party that opts in. Under the current proposal, unless an actor is party to the details of the allocation for the eligible manufacturing source, they cannot ascertain the number of additional allowances a source receives annually if they elect to participate.

Providing more transparency to parties beyond the manufacturing actor receiving the MDI allocation would allow RNG producers (and other parties supplying decarbonization tools) the opportunity to better understand the magnitude of total incentive available from this new concept, increase the supply-side competition to serve each actor receiving this incentive, and therefore maximize the cost-effectiveness of this concept.

[4] The medium-term RGS target for 2030 is RNG achieving 12.2% of total bundled core customer consumption. This 2030 target also seems to be out of reach given current incentives.
[5] Decision 22-02-025 from February 24, 2022. https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M454/K335/454335009.PDF
[6] https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M586/K161/586161556.PDF
[7] https://www.epa.gov/green-power-markets/summary-inflation-reduction-act-provisions-related-renewable-energy
[8] https://warrenaverett.com/insights/one-big-beautiful-bill-energy-tax-credits/

## *III. Conclusion*

Anew reiterates its appreciation to the CARB staff for the effort made in the Draft Language. We hope CARB will seriously consider Anew's general and specific comments on the Draft Language. Anew strongly supports a rulemaking process that brings all stakeholders together in order to develop regulations that provide more clarity on how to properly manage projects and that take into account all factors that make projects feasible and robust.

We appreciate the opportunity to submit these comments and would welcome your feedback and questions. My team and I are available to discuss these comments and our experience with compliance offsets at your convenience. Please feel free to reach me at jstrauss@anewclimate.com or our Senior Director, Policy, Teresa Lang, at tlang@anewclimate.com.

Sincerely,

Josh Strauss
President