

Verified Emissions Reduction Association (Jon Costantino)

See attached VERA Comment letter.



March 9, 2026

Ms. Rajinder Sahota
Deputy Executive Office
California Air Resources Board

Electronic Submittal: [45-day Regulatory Docket](#)

The Verified Emission Reduction Association (VERA) is appreciative of the opportunity to comment on the Cap-and-Invest Program (Program) post-2025 Legislative reauthorization Initial Statement of Reason and Proposed Amendment Package (Proposal).¹ The statutory confirmation and continued support for the Compliance Offset Program remains a positive outcome of AB 1207 and SB 840.

VERA is a coalition of individual companies with vast experience in achieving real GHG reductions for cost-effective use as compliance offsets in California's Cap-and-Invest Program, which has been successfully placing a price on carbon for well over a decade.² VERA strongly supports California's efforts to reduce statewide GHG emissions through a market-based program, including the use of high-quality compliance carbon offsets. We also support the effort by CARB to update the offset program rules in the name of efficiency and integrity.

Allowance Removals for Offset Use

A major offset programmatic policy change being proposed is the allowance removal mechanism for surrendered offset usage. This proposed change seems to be a reasonable approach to satisfy the 'offsets under the cap' mandate of AB 1207. VERA has always promoted the validity of a compliance offsets as being equivalent to a CARB-issued allowance in terms of environmental integrity, and this proposal demonstrates that equivalency. These programmatic adjustments to the Program are being proposed in a manner that retains the ability to fully utilize compliance offsets, which VERA supports.

Protocol Updates

Though previewed early in the informal workshop schedule, this final package of amendments does not include any protocol updates. VERA understands the requirements of SB 840 require CARB to initiate a more complete and robust evaluation of the benefits of offsets, including a full 'update' to 'all' existing protocols by January 1, 2029. We are supportive of CARB's budget requests for additional resources to accomplish this mandate. Doing so in a manner that does not slow the current administrative approval timeline is critically important.

¹ <https://ww2.arb.ca.gov/rulemaking/2026/cap-and-invest2026>

² VERA members include: Anew Climate, ClimeCo, New Forests, The Climate Trust, A-Gas, 3Degrees, and NextERA

VERA, and its members, look forward to working with CARB on this important effort after the rulemaking is complete. We are supportive of using the latest science and techniques to ensure California's compliance offset program maintains the highest level of integrity and fully complies with AB 32's mandate of each reduction being real, permanent, quantifiable, enforceable, and verifiable. This protocol review effort could also be an opportunity to expand the list of eligible project types.

Effective Date of Changes

VERA 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 proposal on when the new rules apply.

Our understanding from staff communications is that an offset 'process' should be operating under the rules in place when that process was initiated—be it reporting, verification, dispute resolution, etc. VERA agrees with this premise, and 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 draft regulations nor the ISOR. Therefore, VERA requests additional clarity in the regulation, in the adopting resolution, and the Final Statement of reason that explicitly confirms this and can be counted upon by project developers in the future.

More specifically, we suggest the following 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."

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

Correctable Errors

VERA would like to highlight an issue with these proposed changes for staff's awareness. The new definition of "Correctable Error" does not correspond with the provisions of Section 95977.1(b)(3)(M) in terms of timing or magnitude. It is our understanding that staff's proposal is attempting to clarify that correctable errors are to be corrected in a timely manner, i.e. don't repeat each reporting period. VERA supports this goal and is willing to work with staff on amendment language that is internally consistent, while achieving the staff intent. We would like

to recommend adding an additional clause to the definition of “Correctable Error”, so that the provisions in 95977.1(b)(3)(M) do not contradict 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 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 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.

Forestry Offset Reversals

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

95983(a)(5)

We are concerned the changes made to this section (i) do not accurately reflect the reality of how many causes of slow-moving tree mortality spread through a forest over many years and (ii) do not allow for projects to practically quantify the many types of unintentional reversals that occur over the course of several reporting periods.

Staff’s proposed language would have made 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 years. 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 issue specific guidance on how to deal with different kinds of unintentional reversals. As currently written, only fast-moving mortality events such as fire or windthrow (hurricanes) will be able 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.

We propose draft language, instead of CARB's current 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.

Section 95983(b) and (b)(1)

While the amendment 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, seemingly with the 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) does not immediately indicate tree mortality, let alone a net carbon loss (or reversal).

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.

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 provide specific guidance on the measurement and quantification methods for unintentional reversals. The guidance 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.

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

The Draft Language in Section 95983(b)(3) is too ambiguous. CARB should more specifically define *how* to quantify salvage harvest laws, as well as harvests and other disturbances. 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.

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.

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

DEBs Revocation – Section 95977.1(b)(3)(D)(2)(i)

VERA 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).

Notice of Offset Verification Services for Offset Projects Timing – Section 95977.1(b)(1)

We understand the intent of this proposed change in timing is to allow CARB the opportunity to signal to project proponents a CARB audit may be initiated. VERA doesn't have a concern with CARB's audit process frequency, but this change impacts every single project irrespective of CARB's ability or desire to conduct additional audits. This change is global, but the rationale seems more targeted.

VERA is opposed to administrative changes, this one in particular, which 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 proposal 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 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. The concern is the global change. VERA is supportive of a mechanism being added to the regulation that allows CARB to delay the site visit, if/when an audit may be scheduled.

Remote Sensing

We support explicitly including remote sensing as proposed by CARB Draft Language in Section 95983(d) and urge CARB to preserve regulatory flexibility within § 95976 to allow consideration of technological advancements in forest inventory and monitoring. Eliminating this pathway risks increasing compliance costs, particularly for small and mid-sized landowners, family forests, tribal nations, and community organizations. The Proposed Amendments also create regulatory asymmetry by relying on remote sensing to determine reversal discovery dates under § 95983, while deeming the same technologies unsuitable for measurement and monitoring.

Guidance vs. Rulemaking

VERA appreciates the opportunity presented in this rulemaking to update the regulation in a public forum, with input from stakeholders, as enhanced stakeholder engagement makes for a stronger compliance offset program. Rulemaking is the right venue for changing the 'rules of the game'. 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.

Project-specific 'guidance' should not be used to make global or sweeping policy changes. CARB issued guidance certainly have 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 developers 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.

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

Conclusion

In addition to the comments above, VERA supports the comments of our individual member letter. We would like to thank you for your consideration of these comments and look forward to working together to finish this rulemaking and to start on the next phase of the Program. VERA can be reached through Jon Costantino at Tradesman Advisors, via email at jon@tradesmanadvisors.com.

Sincerely,

/s/

Jon Costantino
on behalf of VERA