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ACTION
RESERVE

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March 9, 2026

Chair Lauren Sanchez and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Climate Action Reserve Comments on the Proposed Amendments to the Cap-and-Invest Program

Dear Chair Sanchez and Members of the Board,

The Climate Action Reserve (the Reserve) appreciates the opportunity to provide public comments on the Proposed Amendments to the California Cap-and-Trade Regulation, transitioning to the Cap-and-Invest Program. The Reserve is an approved Offset Project Registry (OPR) with deep roots in California's carbon market. We have issued over 100 million Registry Offset Credits (ROCs) and provided the foundation for several compliance protocols.

We offer the following considerations regarding the proposed regulatory updates:

Support for Program Strengthening and Market Signals

The Reserve supports CARB's proposals to increase the rigor and environmental integrity of the program. Specifically, we support efforts to build a more stringent allowance budget, removing 118.3 million allowances from 2027-2030, and provide long-term market clarity for offset usage through 2045.

Clear and competitive price signals are required to have an effective market and meet the state's 2030 and 2045 climate targets. Offsets are a critical tool to drive emissions reductions in non-capped sectors and provide needed flexibility to maintain costs, while furthering the program's overall climate impact.

Climate Leadership

The Reserve strongly supports the principle of aligning with best available science and international standards; however, we encourage CARB to approach methodology alignment mandated by SB 840 with caution.

- **Maintaining California’s Expertise:** California is a global leader in environmental integrity and California’s market and offset protocols have operated successfully and created real climate impact for over a decade. CARB should not “outsource” this expertise to crediting mechanisms under Article 6.4 that have yet to demonstrate an effective track record of implementation. While we support a thorough review of the compliance offset protocols to reflect best available science and industry best practices, we likewise stress the importance of maintaining regional approaches and context inherent in California’s domestic protocols.
- **Support Interoperability:** While we caution against outsourcing offset methodologies wholesale to align with Article 6.4, we support larger efforts to create greater fungibility across markets. We support alignment of principles and a set of shared standards to ensure high-quality offset credits, such as those developed by the Integrity Council for the Voluntary Carbon Market, while still allowing for regional approaches and working with experts and stakeholders in California.
- **Being a Climate Leader:** We support encouraging local environmental benefits; however, we further encourage CARB to consider enabling a diverse geographic supply of carbon projects as an important tool for cost-containment and to expand climate impact.

Forest Protocol Considerations

- **Ownership Transfer Disclosure:** The Reserve supports the proposed additions to Section 95975.1, which require Offset Project Operators to disclose the number of credits issued and long-term carbon stock maintenance obligations to prospective buyers prior to any title transfer. These are important areas of risk to program integrity; the change will help to ensure the permanence of sequestration projects. Furthermore, we encourage CARB to consider integrating Free, Prior, and Informed Consent (FPIC) requirements when forest owners are working with third-party project developers. Such considerations would ensure that landowners understand the full cost-benefit of a project, particularly when the original project developer may no longer be involved during the full project life.
- **Forestry and Salvage Harvests:** The Reserve supports the inclusion of salvage harvests in reversal accounting. Accounting for long-term carbon storage in wood products from salvage treatments ensures that reversal estimates are accurate and scientifically sound. However, we recommend including further guidance to clarify the verification requirements to be included in the U.S. Forest Protocol. Currently, the language is unclear or open to interpretation on how the pre-salvage onsite stocks should be verified with reasonable assurance.

- **Support for Verification Deferral and Reducing Post-Crediting Financial Burdens:** The Reserve supports the proposed modification to Section 95977(d), which allows sequestration projects in their post-crediting monitoring period to extend their verification cycle to twelve reporting periods if actual onsite carbon stocks are verified to be at least 10% greater than the stocks reported at the conclusion of the final crediting period. These changes will provide a practical option to reduce ongoing costs faced by project operators and their successors, while continuing to ensure the permanent storage of carbon stocks.
- **Explore Options to Reduce Financial Barriers:** We encourage CARB to continue exploring options to further reduce ongoing project costs without compromising environmental integrity. We suggest the following for future consideration:
 - **Remote Sensing Integration:** While we note staff's current assessment regarding the feasibility of remote sensing in forestry (Section 95976(g)), we encourage CARB to continue evaluating technology that could allow remote monitoring for disturbances to serve as a screening tool. Under such a framework, intensive field inventories and full verifications would be triggered only when remote data indicates a potential reversal or significant disturbance.
 - **Programmatic Monitoring:** We recommend CARB explore a programmatic monitoring approach where the agency supports ongoing monitoring of registered projects, triggering site-specific intensive reviews only if evidence of potential reversals is discovered through high-level data analysis.
- **Permanence and Reversal Management:** The Reserve has convened a [technical working group](#) to assess our permanence requirements and mechanisms to ensure the long-term durability of sequestered carbon at risk of reversal. We anticipate completing this work in Spring 2026, with recommendations to strengthen our permanence approach and enable practical implementation for forest owners. We would welcome the opportunity to provide additional input to CARB at that time as part of continued efforts to support the U.S. Forest Protocol.
 - We further support the added clarity provided for the definitions and timing requirements related to intentional and unintentional reversals.

Offset Project Review and Oversight

- **Offset Protocol Review:** We support the efforts to review all compliance offset protocols by 2029 to reflect the best available science and would be pleased to provide technical support for these evaluations.

We further encourage CARB to clarify that rules previously listed or registered under a prior protocol version will have until the end of their crediting period to transition to the updated version.

- **OPR Verification Body Audit Updates:** We support the clarifications and changes to rules impacting verification body audits by OPRs, specifically the amendments authorizing the OPO to notify a verification body that it must be available for an audit and provide access to the project location for the site visit as well as to require offset verification teams to ensure OPR staff auditing projects can join the closing verification call. These will help OPRs meet their requirements to audit a minimum of 10% of verifications and ensure quality project verifications.
- **OPR Requirements:** We support the proposed updates to OPR requirements to improve the efficiency and effectiveness of OPR work; particularly, the added clarity for OPRs to request additional documentation during the project review process and reduced reporting requirements for OPRs with at least five years of experience.
- **ARB Registry Changes & Offset Program Rules:** We support the efforts to clarify and streamline the crediting period renewal process. These updates will allow OPR staff to more efficiently track and approve renewed crediting periods and provide additional flexibility for OPOs. Additionally, we appreciate the proposed changes to the timing requirements between the submittal of a Notice of Offset Verification Services (NOVS) and the site visit date, which will allow OPR staff added time to approve and plan travel for auditing purposes. We also support the option for CARB to provide written approval for a site visit earlier than 40 calendar days after the submittal of a NOVS as requested.

The Reserve remains committed to partnering with CARB to ensure the Cap-and-Invest Program continues to drive high-quality emission reductions across the state's economy.

Sincerely,

/s/ Robin Rix

Robin Rix

President

/s/ Amy Kessler

Amy Kessler

Director, Market Development