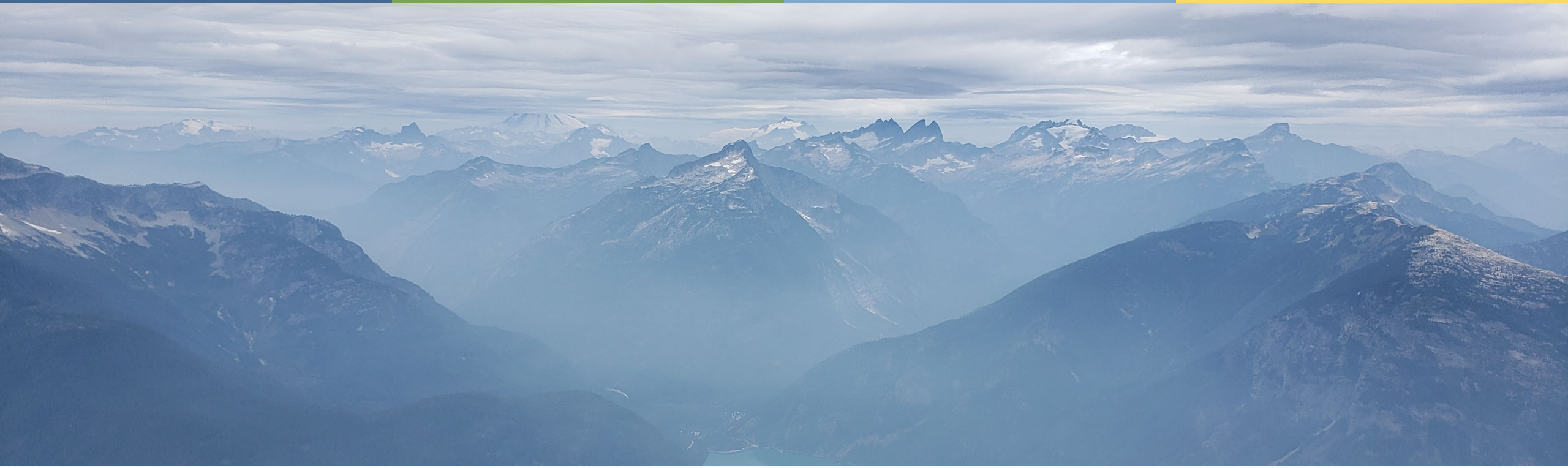


DEPARTMENT OF ECOLOGY
State of Washington

Forest Offset Protocol Technical Working Group

January 7, 2025

Meeting #7

Agenda

- Topic #1 Accommodations for small landowners
- Topic #2 Project Boundary Changes
- Topic #3 Inventory Sampling Design Standards
- Public comment opportunity

Reminder: Role of this working group

- This working group is not tasked with making consensus recommendations changes to Ecology rule or adopted protocols
- Ecology will consider multiple sources and perspectives, including the input collected through this working group, when deciding how to proceed with changes to this protocol
- Input provided by working group members, even if unanimous, should not be considered an indicator of the changes Ecology may or may not make

Disclosure of relevant financial interest or professional engagements

- At the start of each meeting Ecology will ask working group participants to disclose any financial interests or professional engagements related to the considered protocol revisions being discussed
- Disclosure of a relevant financial interest **does not preclude** participation in the discussion

Examples of financial interests relevant to today's discussion

- Intention or consideration of development of a forest offset project as a small landowner
- Intention or consideration of development of a forest offset project that would make use of aggregation
- Any other financial interests that may be perceived as pertinent to this discussion

Disclosures shared in prior meeting

Prospective project development	Other experiences related to project development	Experiences related to registration, verification, or protocol development
Mike Warjone – Port Blakely	Sheldon Zakreski – Living Sky Carbon Solutions	Jon Remucal – Climate Action Reserve
Steve Hinton – Tulalip Tribes	Felipe Casarim – BP	Tani Colbert Sangree – GHG Institute
Jonathan Pomp – Green Assets		John Nickerson – Dogwood Springs Forestry
Jeremy Koslowski – The Climate Trust		
Edward Mann – Global Forest Carbon		
Ed Murphy – Sierra Pacific Industries		
David Ford – L & C Carbon		
Kathleen Farley Wolfe – King County DNR		
Ben Parkhurst - Anew		

Disclosure opportunity

Please use the raise hand feature to share a relevant disclosure

Topic #1: Small Forest Landowner Accommodations

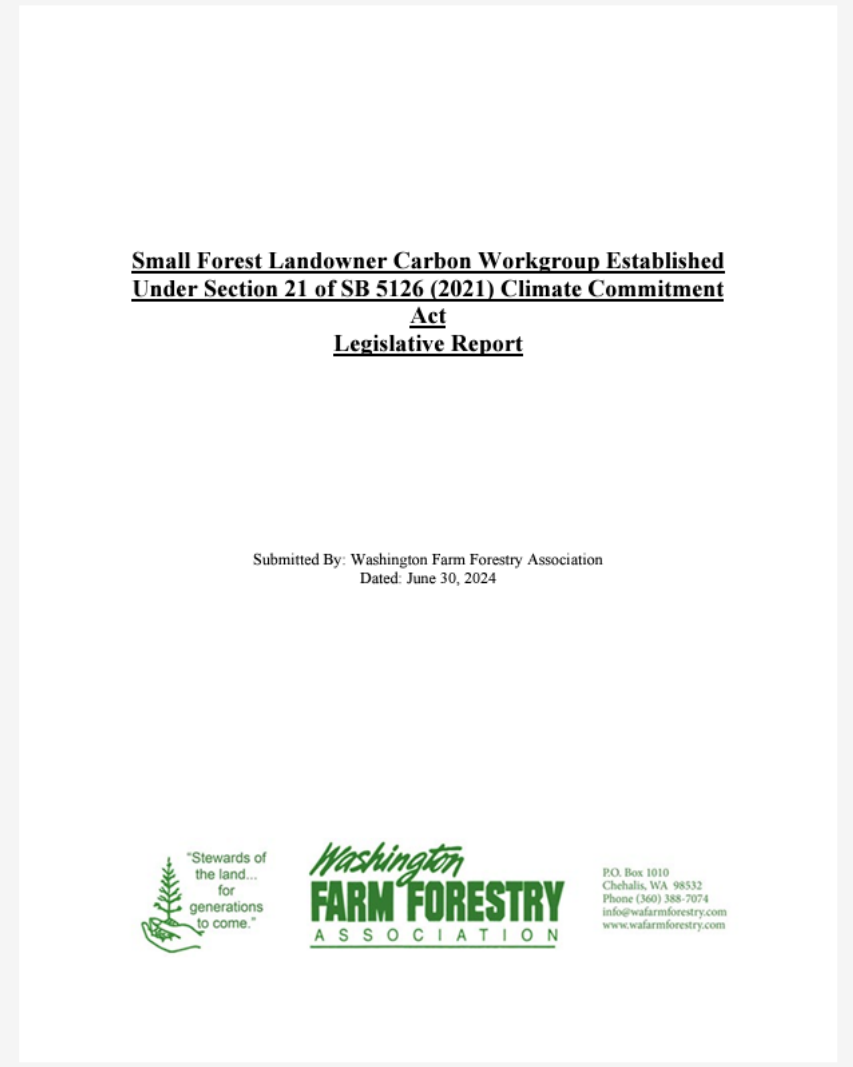
- Overview of proposed approaches to support small forest landowner project development
- Discussion
- Poll

Small Forest Landowner Definition

- Small Forest Landowner is defined differently by different groups
- In WA regulations, small forest landowners are defined as private landowners owning less than 5,000 acres
- 15% of WA forests are owned by small forest landowners
- Of this 15%, about half of that is owned in increments of <100 acres

Small Forest Landowner Working Group

- Led by Washington Farm Forestry Association
- Recommendations to Ecology to address barriers for small landowners:
  - Simplify participation requirements
  - Less restrictive forest management requirements
  - Shorten required project life
  - Facilitate use of a streamlined inventory and baseline development tool
    - Ongoing research being conducted by the Natural Resource Spatial Informatics Groups at UW



Small Forest Landowner Carbon Workgroup Established Under Section 21 of SB 5126 (2021) Climate Commitment Act
Legislative Report

Submitted By: Washington Farm Forestry Association
Dated: June 30, 2024

"Stewards of the land... for generations to come."

Washington FARM FORESTRY ASSOCIATION

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Small Forest Landowner Accommodations

- Cost structure of offset project development in this protocol makes positive returns unlikely for smaller parcels of land
- Inventory and verification costs are not proportionate to project acreage – smaller projects experience a disproportionate cost burden for inventory and verification
- Targeted accommodations for small landowners:
  - Facilitated approach for aggregation of multiple projects into a single listing
  - Reduced verification frequency and/or intensity for smaller projects

Small Forest Landowner Accommodations

- In the existing protocol a project's area can be contiguous or separated into tracts
  - But may not extend across more than two adjacent supersections

- However, enrolling separate parcels into the market as a single project may not generate significant cost savings compared with enrolling each tract individually – due to inventory, sampling, and verification requirements in the protocol

Forest Carbon Confidence Deductions

Table A.4. Forest Carbon Inventory Confidence Deductions Based on Level of Confidence in the Estimate Derived from Field Sampling

Sampling Error (% of Inventory Estimate)	Confidence Deduction
0 to 5.0%	0%
5.1 to 19.9%	(Sampling Error – 5.0%) to the nearest 1/10th percentage
20% or greater	100%

Climate Action Reserve US Forest 5.1 Aggregation Approach

- CAR 5.1 Protocol supports project aggregation by reducing sampling intensity for individual projects within an aggregate – which reduces both inventory and verification costs
- Target sampling error for each individual project (level above which a confidence deduction is applied) increases by number of projects in the aggregate
  - 5% for 1 project
  - 7% for 2 projects
  - 20% for 15+ projects

CAR US Forest 5.1 Aggregation Approach

- Be allowing greater sampling error each individual project in the aggregate can be sampled less intensively

Number of projects in the aggregate	Total plots in CAR 5.1 Aggregation Approach	Total plots if each project enrolled individually
2	340	725
5	337	1,797
10	333	3,573
25	330	8,947

CAR US Forest 5.1 Aggregation Approach

- 50% of projects in the aggregate must have completed a site visit verification in the past 6 years
  - All projects in the aggregate must undergo a site visit at project initiation
- Project monitoring reports for projects in the aggregate are randomly audited by the verifier
- An individual owner may enroll up to 25,000 acres in an aggregate; no limit on the total acreage that can be enrolled in an aggregate
- In aggregates of 3+ projects no single project may comprise more than 50% of total combined area in the aggregate
- All owners in aggregate must register with the Reserve
- Aggregates may span IFM, reforestation, avoided conversion project types

Verification Requirements in the existing protocol

- Projects must undergo verification of Offset Project Data Reports, including a site visit at least once every six years for the life of the project (even if no offset credits are requested)
- Projects may undergo less intensive verification (desk review) in the interim years between site visits

Reduced verification intensity/frequency

- CARB Taskforce recommendations:
  - Projects generating 10,000 or fewer credits in a reporting period may defer a site visit verification for up to 12 years or until 120,000 credits have been accumulated
  - Any project not seeking credit issuance at the time of required site visit verification can instead undergo a desk verification
  - All projects that defer a site visit verification beyond 6 years must monitor and report canopy cover annually using remote sensed data. Canopy cover decline >5% in a reporting period triggers site verification

Reduced verification intensity/frequency

- CAR US Forest Protocol 5.1
  - Projects generating **4,000** or fewer credits in a reporting period may defer a site visit verification for up to 12 years or until **48,000** credits have been accumulated
  - Any project not seeking credit issuance at the time of required site visit verification can instead undergo a desk verification
  - All projects that defer a site visit verification beyond 6 years must monitor and report canopy cover annually using remote sensed data. Canopy cover decline >5% in a reporting period triggers site verification

Family Forest Carbon Program

- Project listed with Verra's VM0045
- Sole proponent, 165 different sites enrolled as part of a single 14,339 acre project
  - Site acreage range from 4 acres to 1,100 acres (avg ~87 acres)
  - Sites are located in PA, MD, WV
- Geospatial data that is regionally specific allows for enrollment of this project in the protocol

Discussion

- Corrections, context, and clarifications related to project aggregation
- How should Ecology consider the trade-offs between quantification accuracy and market access for smaller landowners?
- In your view, are special provisions warranted regarding inventory and verification for smaller landowners?
- In addition to less intensive verification and reduced sampling intensity across aggregated forest offset projects, what other approaches should Ecology consider to reduce barriers for small forest landowner project development?

Poll #1

Topic #2: Project Boundary Changes

- Overview of project boundary change restrictions and proposed revisions
- Discussion
- Poll

Project boundary changes in the existing protocol

- Protocol requires that IFM and avoided conversion projects finalize their project area by the conclusion of initial verification (second verification for reforestation projects)
- Project boundary reductions (termination of a portion of the project) are not explicitly permitted in the protocol, however in CA's program CARB has provided guidance to allow removal of acreage from a project in some circumstances
- Project boundary expansions are not permitted after the project area has been finalized

Rationale for changes to project boundaries

- A proponent may wish to change project boundary because:
  - Change in ownership
  - Identification of a portion of enrolled project as ineligible
  - Mapping errors

CARB Taskforce Recommendation

- Allow termination of a portion of project area
- Allow forest area to be added to the project area as a result of a new acquisition or merger as long as all eligibility requirements are met
  - If new area is above common practice stocking, no credits would be awarded for stocking that exceeds common practice average
- A full site visit verification should be required when project area is added or subtracted from a project, except when boundary adjustments are due to mapping errors
- Project area additions or removals allowed no more than once per crediting period

Treatment in comparable protocols

- CAR US Forest Protocol 5.1
  - A portion of the project area may be terminated, treated as an avoidable reversal
  - Acreage cannot be added to a project

Treatment in comparable protocol

- ACR IFM 2.1
  - Boundary changes are not permitted

Discussion

- Corrections, context, and clarifications related to project boundary changes
- Are there circumstances where Ecology should allow a proponent to terminate a portion of a project? In what circumstances should partial early termination of a project not be allowed?
- Are there circumstances where Ecology should allow a proponent to expand the boundary of an existing project to include additional land area? In what circumstances should project boundary expansion not be allowed?

Poll #2

Topic #3: Inventory Sampling Design Standard Requirements

- Overview of inventory sampling design standard requirements
- Discussion
- Poll

Inventory sampling design standard requirement

- Existing protocol requires that:
  - Methods used to update the forest inventory must follow the inventory methodologies approved at the time the project is initially verified *unless;*
  - Modifications to inventory methodologies achieve an equal or greater accuracy relative to original sampling design
  - The requirement is in addition to the confidence deduction

Table A.4. Forest Carbon Inventory Confidence Deductions Based on Level of Confidence in the Estimate Derived from Field Sampling

Sampling Error (% of Inventory Estimate)	Confidence Deduction
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20% or greater	100%

CARB Taskforce Recommendation

- Remove requirement that inventory modification must achieve equal or greater accuracy to inventory method approved at initial verification
- Inventory accuracy is already addressed through confidence deduction
- Statistical variability may result in a modified inventory methodology being less accurate in a given inventory cycle, even if inventory modifications would improve accuracy over the long run
- Existing provision discourages updating inventory methods, even if new methods would be more cost effective

Treatment in comparable protocols

- CAR US Forest Protocol 5.1
  - No requirement that inventory modification achieve equal or greater accuracy than original method

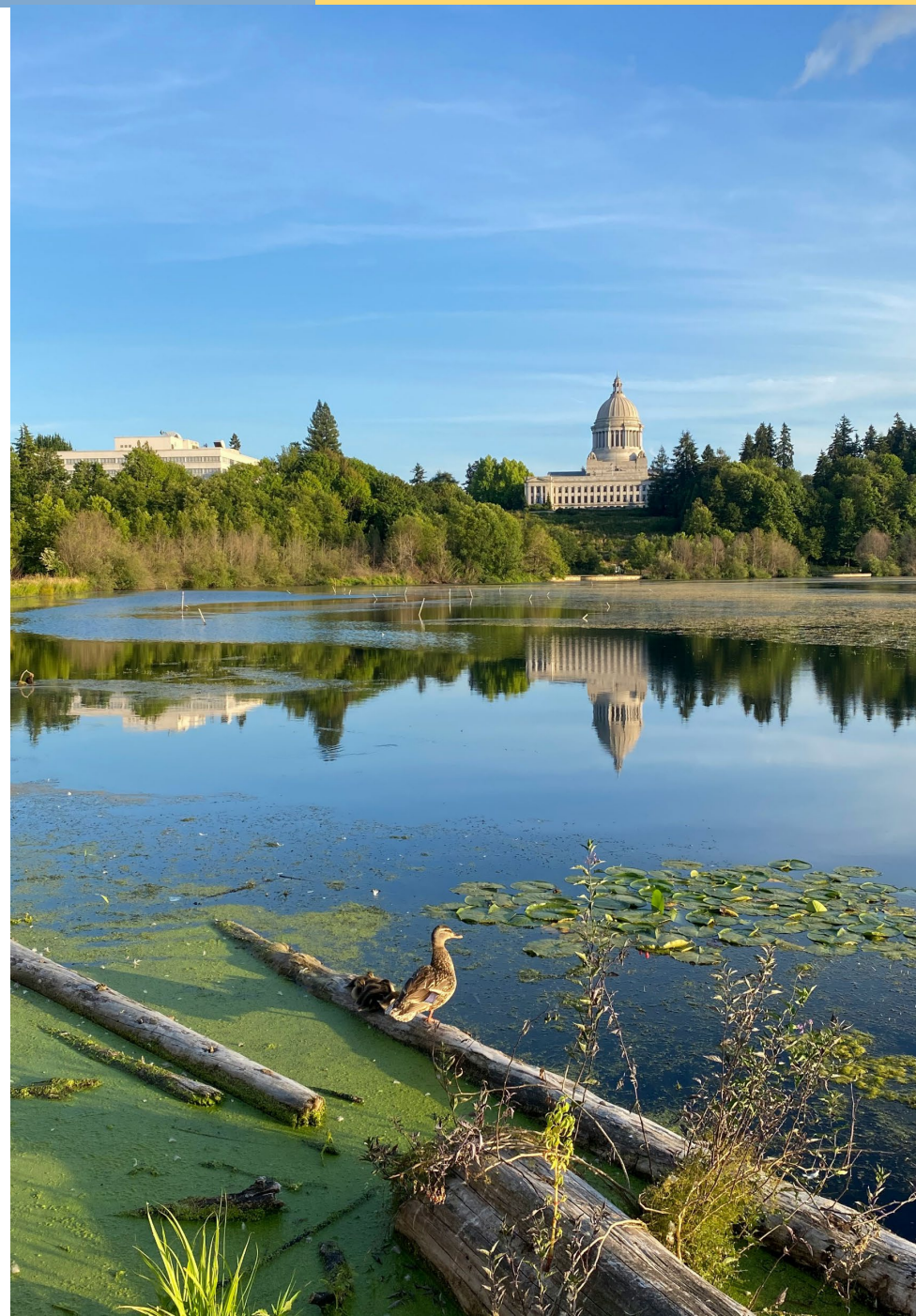
Discussion

- Corrections, context, and clarifications related to inventory sampling methods
- Is the confidence deduction sufficient to compensate for inventory methods that do not achieve equal or greater accurate relative to the original sampling method?
- Does this change allow for greater flexibility in inventory sampling design over time? Are there other requirements in the protocol that restrict proponents' ability to revise inventory sampling methods?

Poll #3

Next steps

- Meeting #8 is **2/4/2025** at 9 am P.T



Thank you!

Contact: CCAOffsets@ecy.wa.gov