DEPARTMENT OF ECOLOGY
State of Washington

US Forest Protocol Public Meeting

Climate Pollution Reduction Program

July 24, 2025

Ecology Staff

- Kayla Stevenson – Facilitator, Offsets Rule Lead
- Meg Baker – Community Outreach and Engagement Specialist
- Jordan Wildish – Senior Environmental Planner, Offsets Subject Matter Expert
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- Austin Atterbury-Kiernan – Offsets Environmental Planner
- Nikki Harris – Rules Coordinator, Technical Host

Rulemaking 101

Rulemaking terms

Revised Code of Washington (RCW)

Laws enacted in Washington State

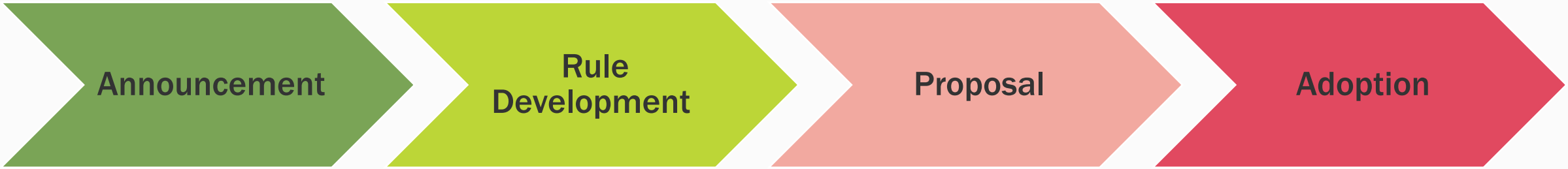
Washington Administrative Code (WAC)

Codified regulations, i.e., "rules," detailing how a state agency will implement a law

Rulemaking

Administrative process for formulation and adoption of a rule (RCW 34.05.010)

Rulemaking processes



- Gather information
- Explore options
- Notify the public of Ecology's intent to pursue rulemaking

- Hold public meetings to present ideas
- Accept informal comments as preliminary feedback
- Develop draft rule language

- Share proposed rule language
- Open the formal comment period
- Hold public hearings
- Consider and respond to comments

- Finalize and share adopted rule language
- Share response to comments

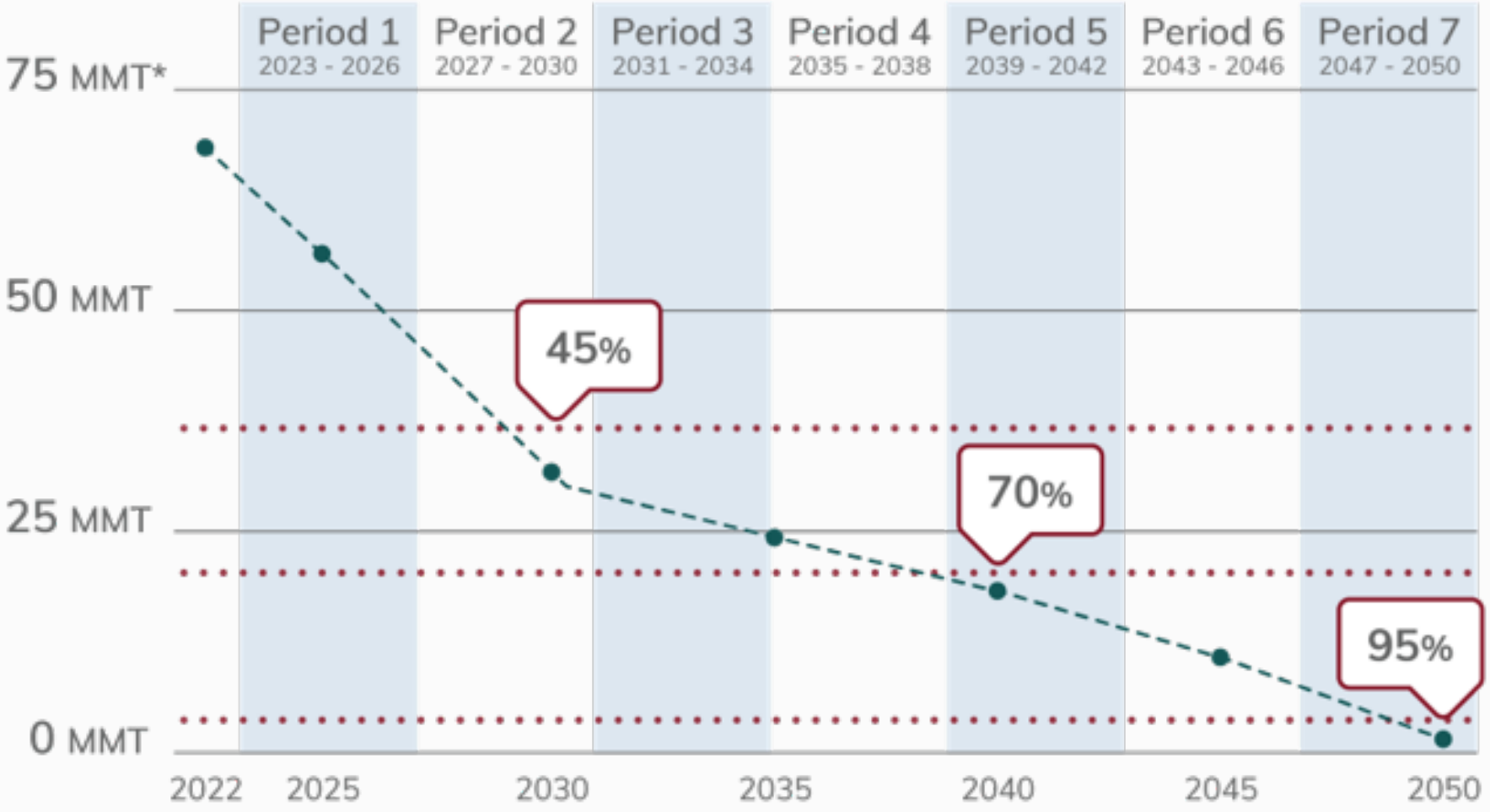
Climate Commitment Act Overview

Climate Commitment Act (CCA)

Cap-and-Invest Program

Initiative to improve air quality

Cap-and-Invest Program



*MMT = million metric tons of CO_2 equivalent

Which emissions are covered?

Covered emissions (~70%)

- Facilities
- Fuel suppliers
- Electricity imports
- Natural gas suppliers

Not covered (~30%)

- Fuels used for agricultural operations
- Fuels used for maritime and aviation
- Waste-to-energy*
- Railroads*

**will be added to covered emissions in the future*

Cap-and-Invest participants

Covered entities

Greenhouse gas emitters that meet the program thresholds; participation is required

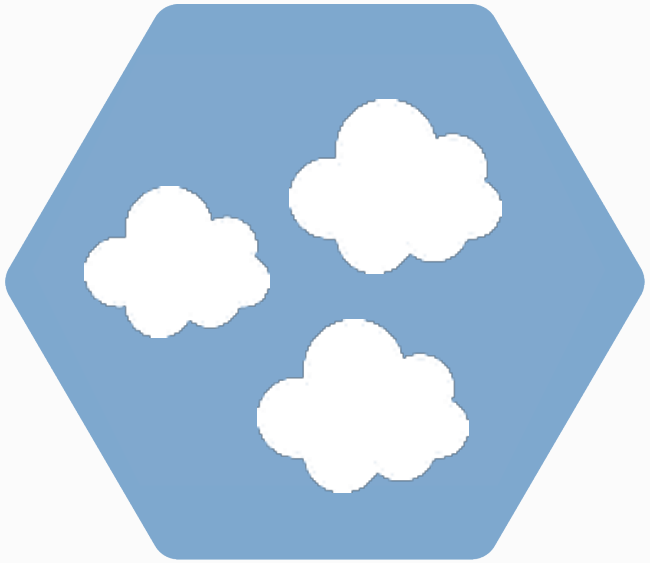
Opt-in entities

Greenhouse gas emitters that don’t meet the covered emission thresholds but choose to participate

General market participants

Person who wants to buy, sell, or trade allowances as a financial instrument

Ways to comply



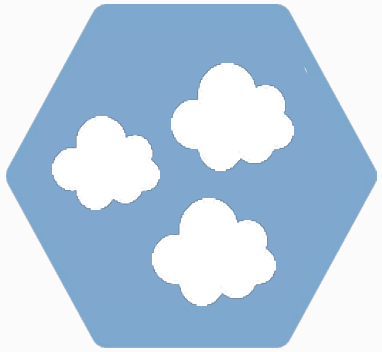
Emissions allowances

Offset credits

Reduce greenhouse gas emissions

Allowance or offset credit = 1 metric ton of carbon dioxide equivalent

Obtain emissions allowances



Emissions allowances

Allowance = 1 metric ton of carbon dioxide equivalent

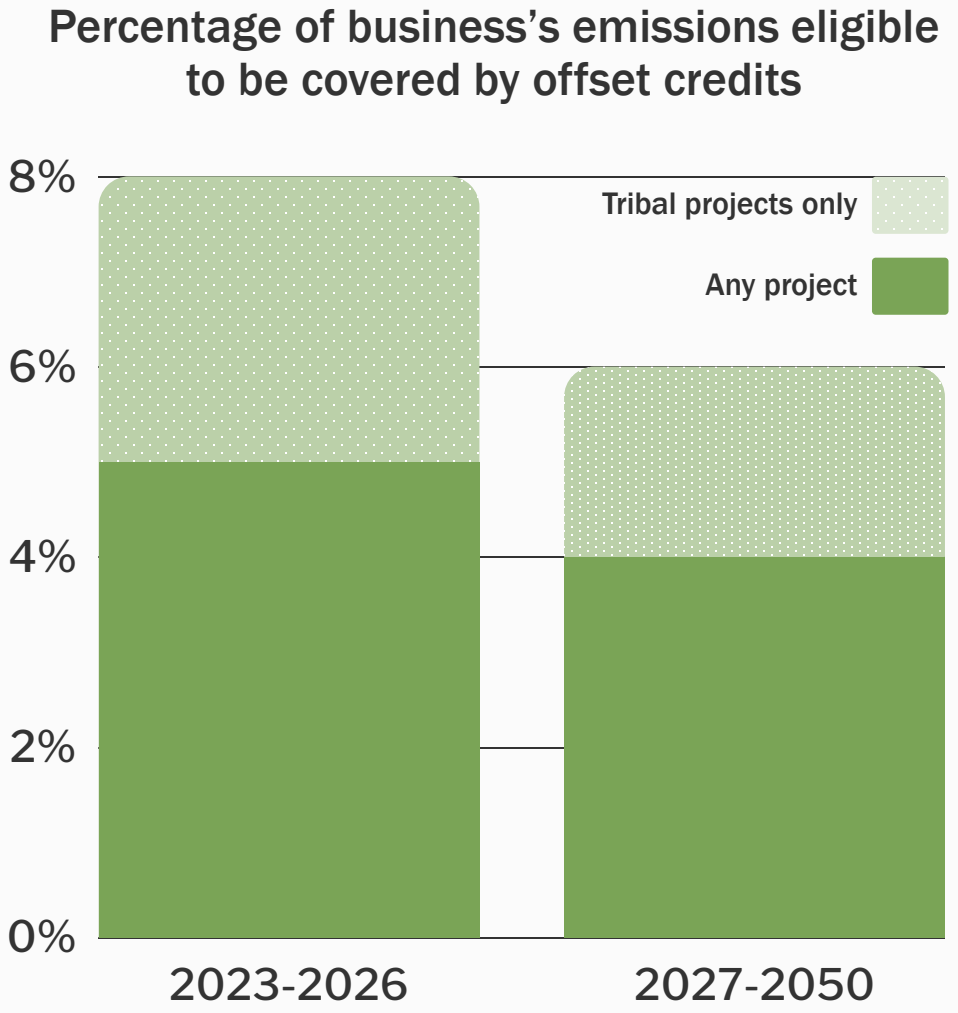
Purchase at auctions that Ecology hosts

Trade with other participants

No-cost allowances distributed by Ecology

Offset credits

- One credit = emission reduction or removal of one metric ton of carbon dioxide equivalent
- Limits on offset credit usage
  - Up to 8% of emissions through 2026
  - Up to 6% of emission from 2027-2050
- Bought and sold between program participants
- ‘Under the cap’ – one allowance retired for every credit used



Four offset protocols

U.S. Forest Protocol

Livestock Protocol

Urban Forest Protocol

Ozone Depleting Substances Protocol

Offsets information

U.S. Forest proposed protocol changes

Progress to date

U.S. Forest Technical working group

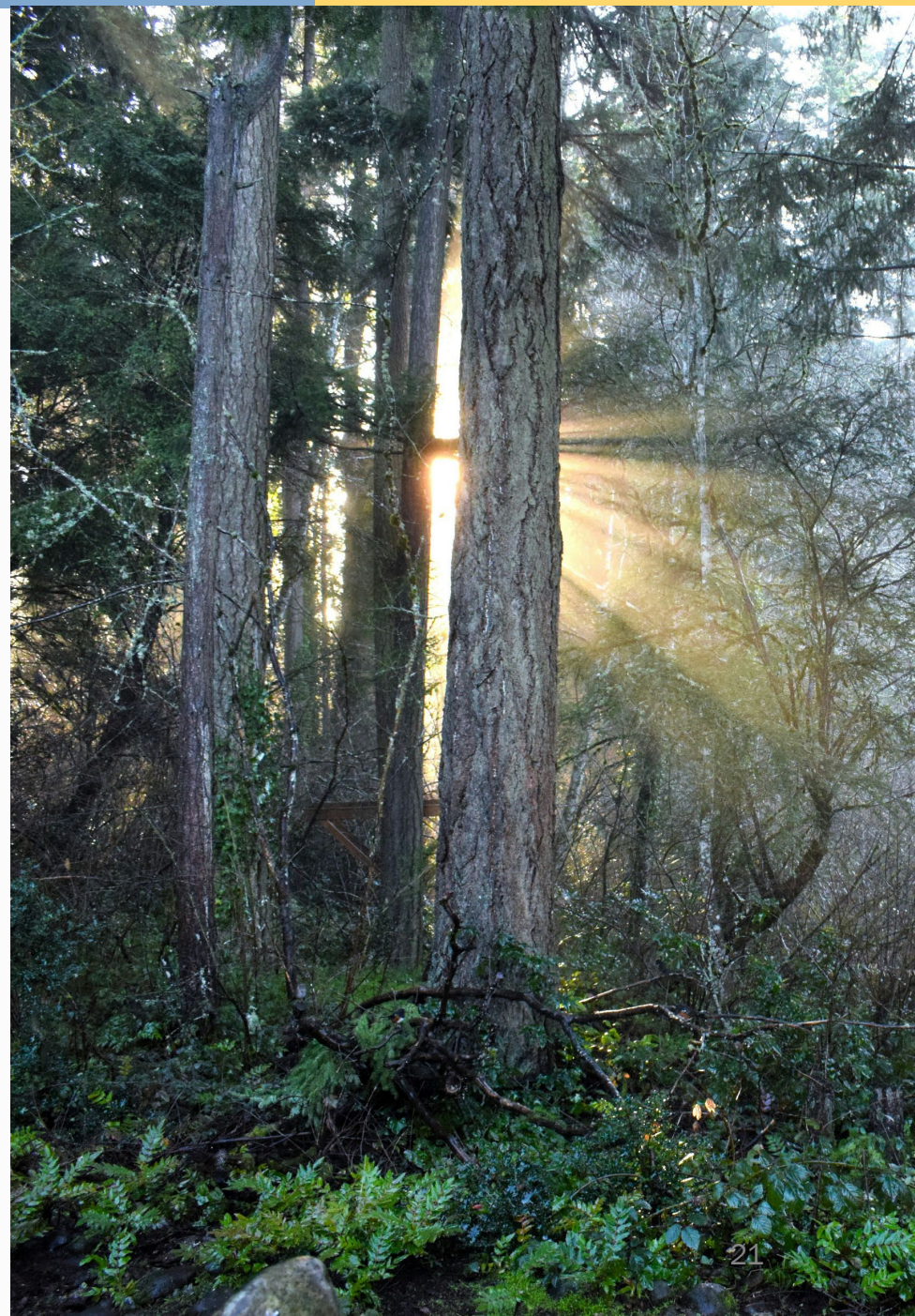
July 2024 – Feb. 2025

Environmental Justice Offset working group

Sept. 2024 – Aug. 2025

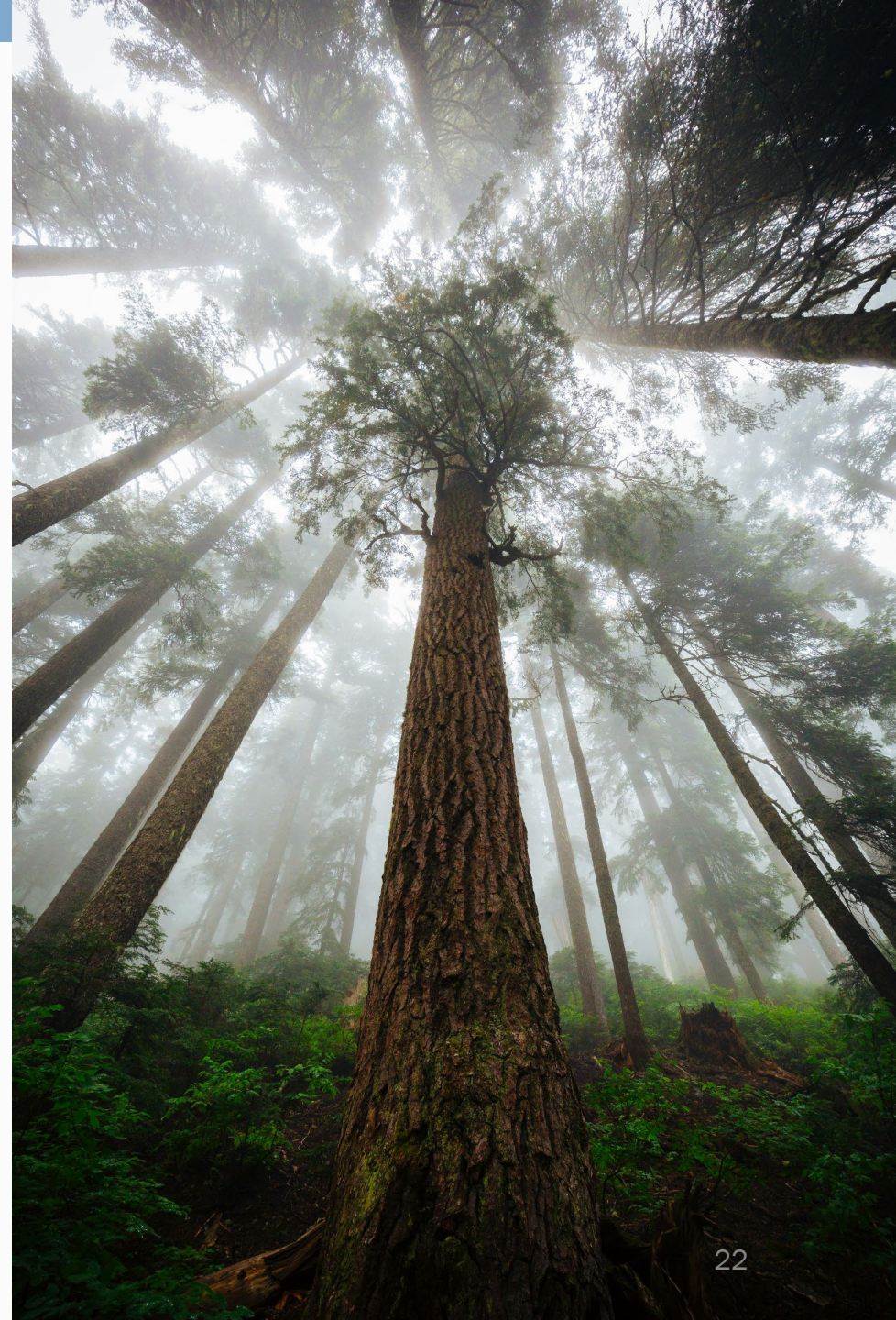
Publication of draft considered revisions, draft protocol, and draft rule:

July 15, 2025



Goals of this protocol revision

- Improve project feasibility for smaller landowners
- Increase viability of underrepresented project types and ownership types
- Remove unnecessary or unintended barriers or exclusions to project development
- Improve applicability of the protocol to forests in Washington state
- Increase methodological rigor



Protocol considerations directed by statute

- Consider **forest practices rules** or **best management practices** where a project is located.
- Encourage opportunities to develop **protocols that use aggregation** or reduce costs.
- Use processes, such as **aggregation or cost saving inventory and monitoring,** to make it easier to develop offset projects on a wide variety of types and sizes of land, including **lands owned by small forestland owners.**

RCW 70a.65.170(4)(b), (c) and (e)

Aligned efforts

2010 – Climate Action Reserve (CAR) publishes US *Forest Protocol 3.2*

2015 – California Air Resources Board (CARB) adopts CAR 3.2 as *US Forest Protocol 2015* with some alterations

2017 – CAR publishes *Forest Protocol 4.0*

2019 – CAR publishes *Forest Protocol 5.0*

2021 – CARB publishes Offset Taskforce Report recommending multiple revisions to US Forest Protocol

2023 – Ecology adopts CARB *US Forest Protocol 2015* with minor alterations

2023 – CAR publishes *Forest Protocol 5.1*

2024 – ACR publishes *IFM Protocol 2.1;* Verra publishes *VM0045*

Considered protocol & rule revisions

Definitions

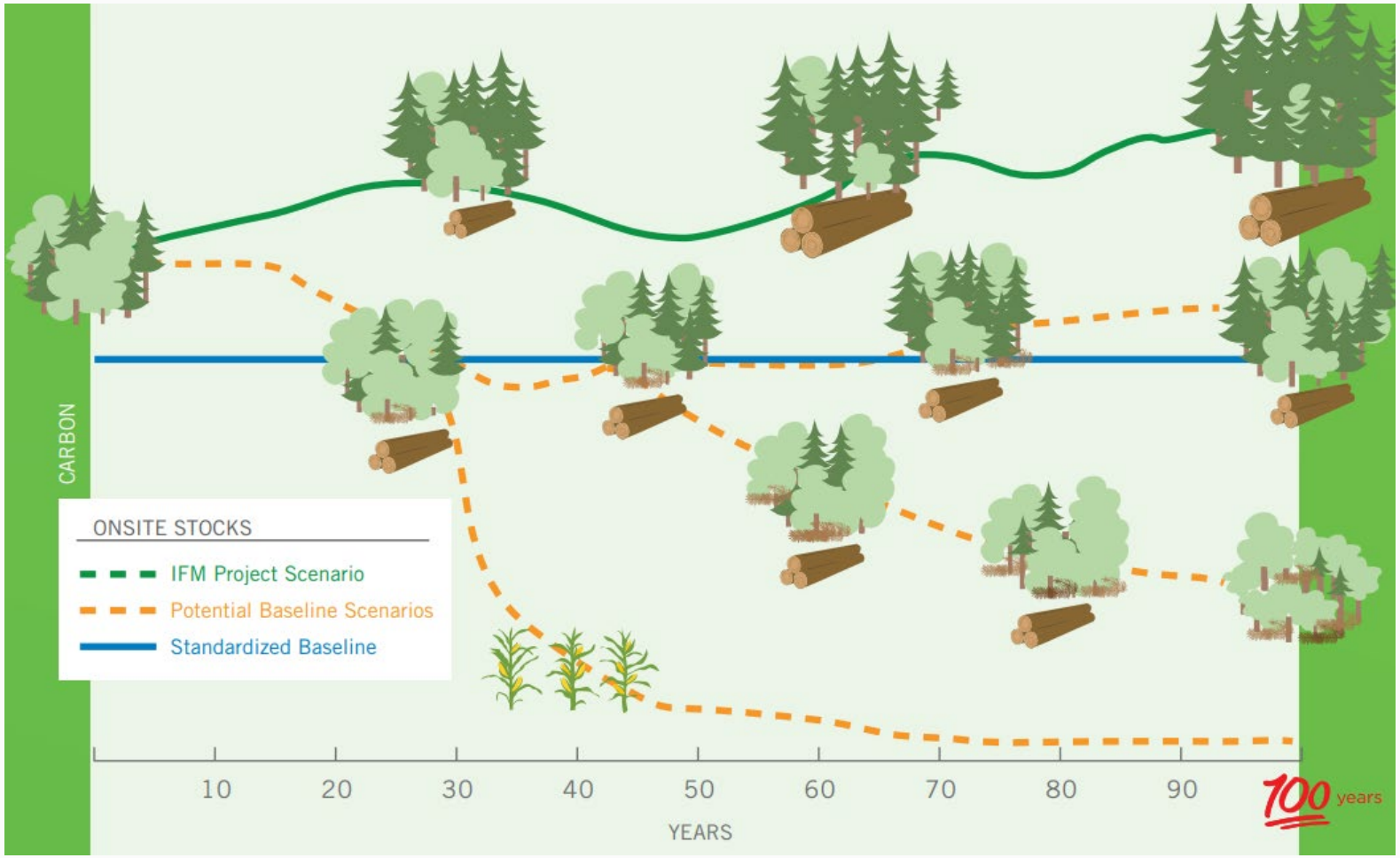
- DEBs = direct environmental benefits
- CITSS = Compliance Instrument Tracking System Service; online platform that hosts accounts for market participants to hold and trade compliance instruments (emissions allowances and offset credits)
- CAR 5.1 = Climate Action Reserve Version 5.1 of the U.S. Forest Protocol, (adopted July 20, 2023); CAR is an approved Offset Project Registry for Washington's Cap-and-Invest Program
- IFM = Improved Forest Management; one of three project types for development within the U.S. Forest Protocol
- Aggregation = the process through which multiple areas of land may enroll in the carbon market as a single project, reducing some of the fixed costs associated with project development for the individual landowners

Revision	+ Rigor	+ Ease for small landowners	+ Under-represented project types	(-) Barriers to development	+ Applicability to WA State	Aligns with CAR 5.1 Protocol	Anticipated overall impact
1. Adopt process, structure, select guidance from CAR 5.1 Protocol	X		X	X		X	Low
2. Revise Improved Forest Management (IFM) baselines quantification and crediting approach	X	X					High
3. Revise leakage rate	X					Partial	High
4. Adopt alternative source for Assessment Area datasets	X					X	Low
5. Revise property appraisal requirements	X					Partial	Low
6. Revise buffer pool contribution	X					Partial	High

Revision	+ Rigor	+ Ease for small landowners	+ Under-represented project types	(-) Barriers to development	+ Applicability to WA State	Aligns with CAR 5.1 Protocol	Anticipated overall impact
7. Adopt aggregation approach from CAR 5.1 protocol		X	X			Partial	High
8. Reduce verification requirements for small projects		X				X	Med
9. Reduce verification requirements for projects seeking no credit issuance		X				X	Low
10. Allow project boundary reductions				X		X	Low
11. Revise natural forest management criteria					X	X	High
12. Adopt alternative approach to quantifying certain reversals		X		X		Partial	Low

Revision	+ Rigor	+ Ease for small landowners	+ Under-represented project types	(-) Barriers to development	+ Applicability to WA State	Aligns with CAR 5.1 Protocol	Anticipated overall impact
13. Revise eligibility restriction of previously listed projects				X		X	Low
14. Revise definition of forest owner	X			X		X	Low/Med
15. Require projects be developed in line with Ecology's DEBs	X				X		High
16. Revise DEBs requirements for Tribal offset usage			X				High
17. Revise CITSS Registration requirement at time of project listing				X			Low
18. Revise Tribal dispute resolution listing requirement			X	X	X		Low
19. Revise status and treatment of harvested	X					X	Low

Improved forest management (IFM) - baseline



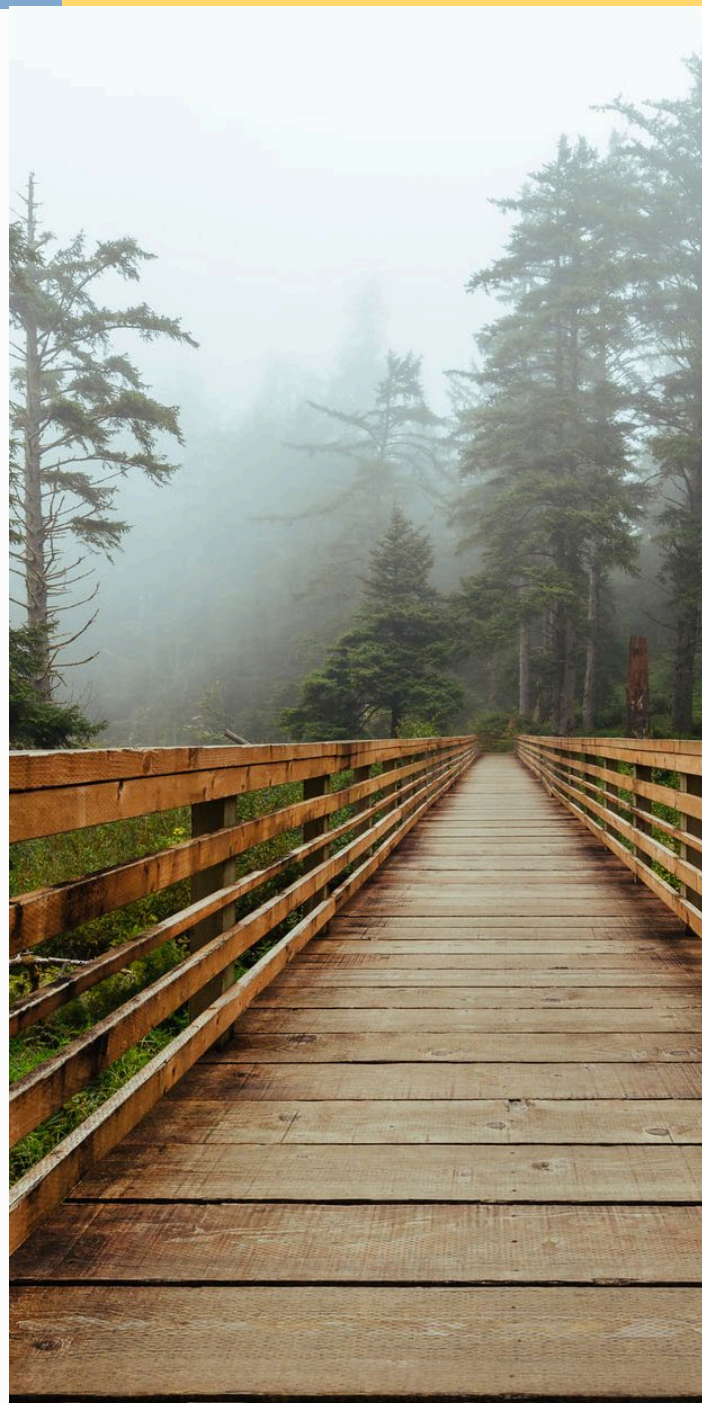
Source: Climate Action Reserve

IFM baseline revision – proposed approach

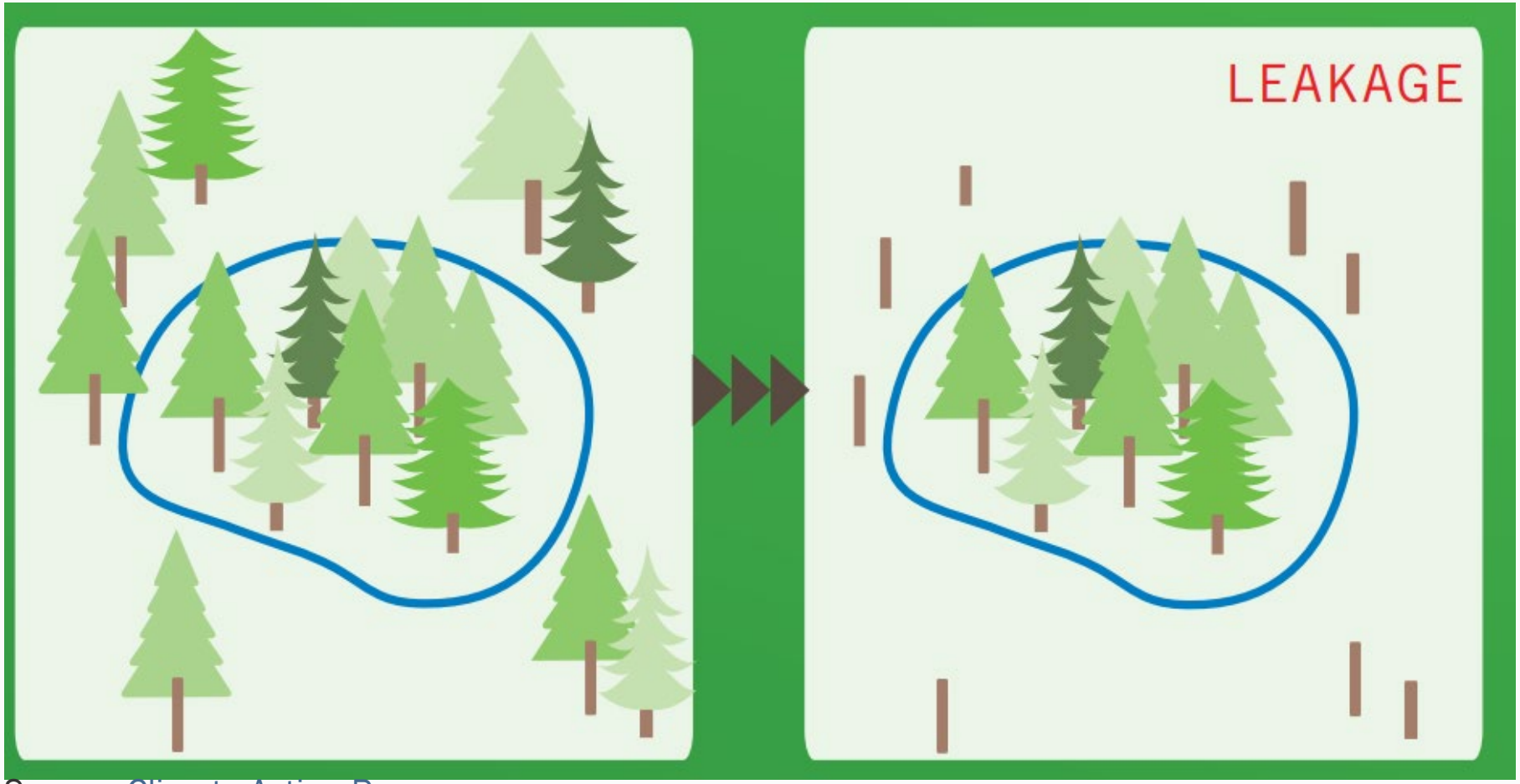
- Contracted with Dogwood Springs Forestry
  - Project team includes Washington Conservation Action, Climate Action Reserve
- Revised approach makes the following changes:
  - Projects must identify and report legal constraints and financial viability assumptions using new reporting forms created by Ecology
  - "Common practice" statistics are based outputs of public USFS "EVALIDator" tool
  - A project's initial carbon stocks must fall within the common practice statistic's 90% confidence interval
  - Credits for avoided harvests are issued gradually over a 10 year period
  - Baselines are dynamic to changes in market dynamics, legal restrictions, and other factors. Baselines are recalculated every 10 years

Improved forest management baseline changes

Taken together, these changes intend to make calculating a baseline more accurate, precise and transparent.



Improved forest management (IFM) - project leakage



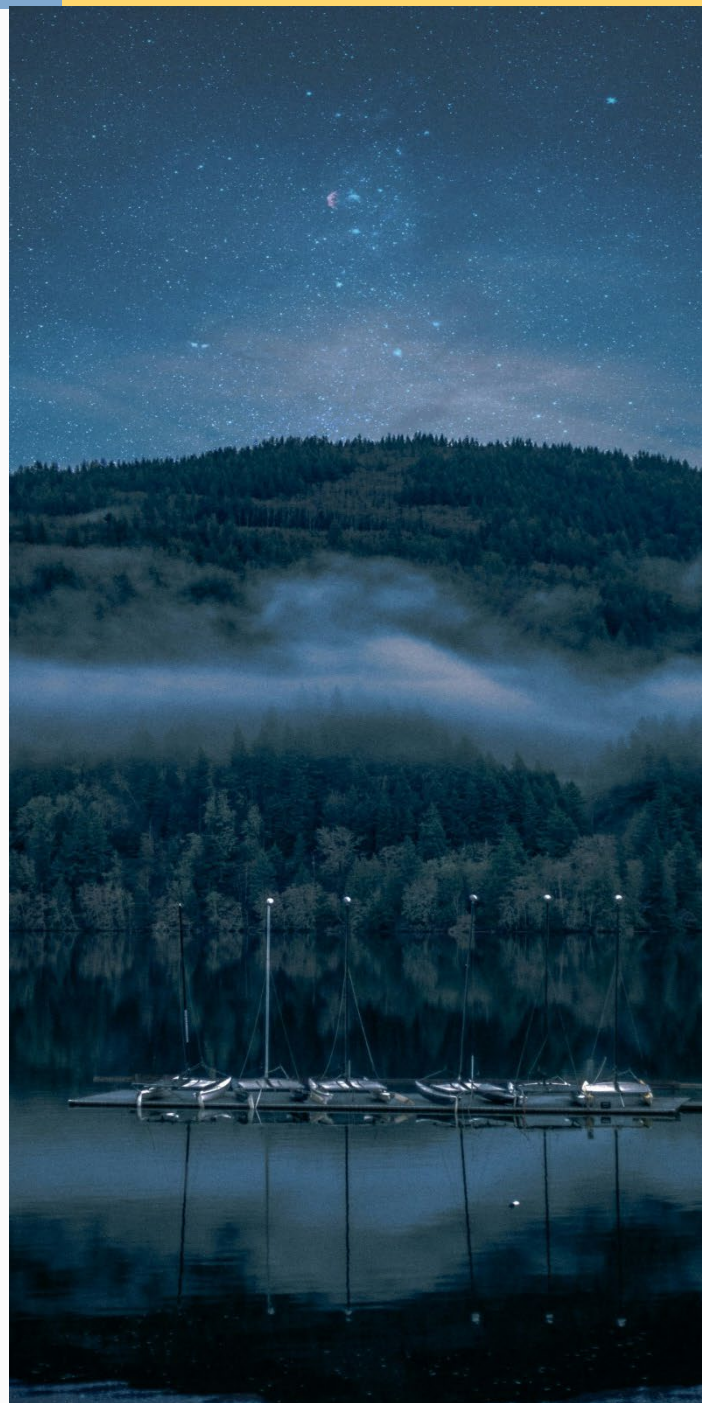
Source: Climate Action Reserve

IFM project leakage rate– proposed approach

Revise 20% leakage rate assumption to 40%

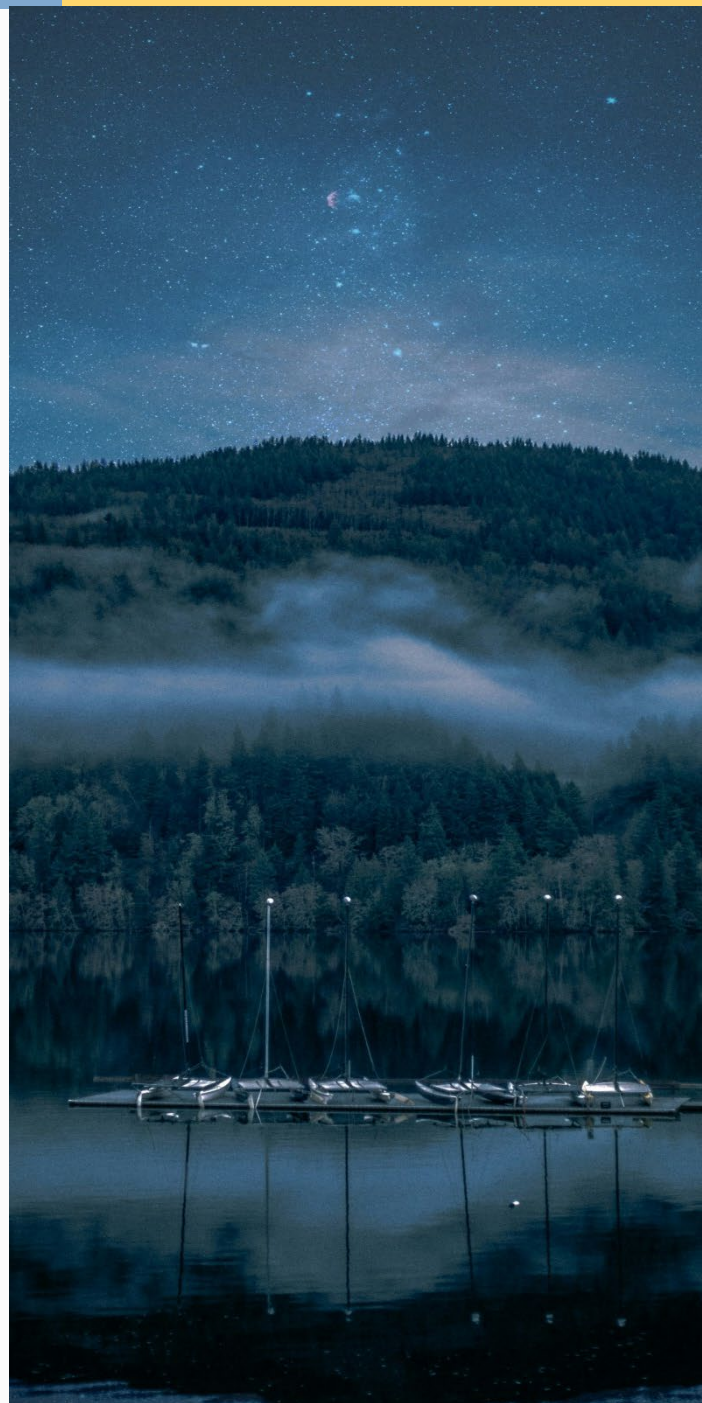
- Based on a paper (Pan, et al., 2020) that looked at 46 studies across the forestry sector
- 40% of the difference between actual standing carbon and average baseline carbon in a reporting period

AND; adopt CAR 5.1 approach of allowing carryover of "positive" leakage of offset deductions



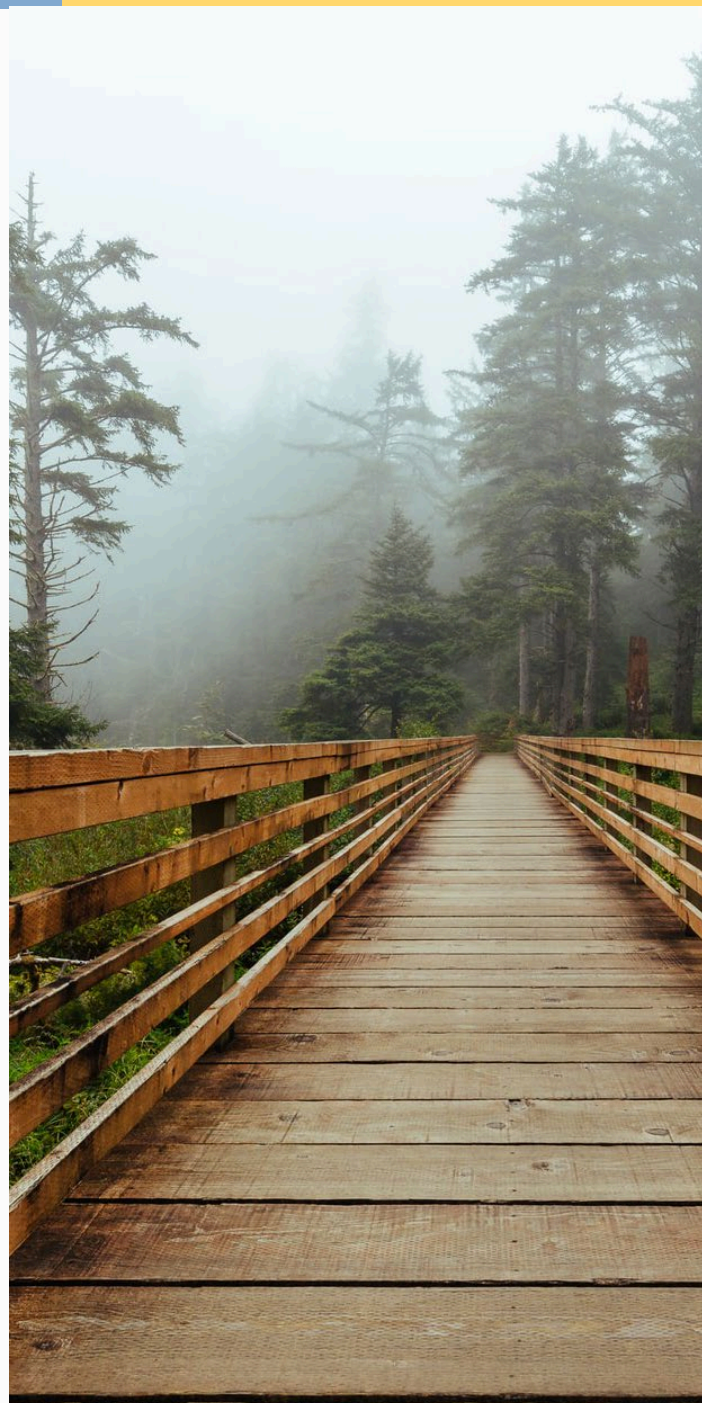
IFM project leakage rate changes

Taken together, these changes are intended to increase the integrity of carbon offset credits issued by more accurately reflecting potential leakage due to projects developments.



Project aggregation

- While small projects (<5,000 acres) and projects with unconnected parcels are allowed in the protocol, they are very uncommon
- Smaller projects pay a higher cost compared to larger projects to fulfill protocol requirements, such as inventory and verification

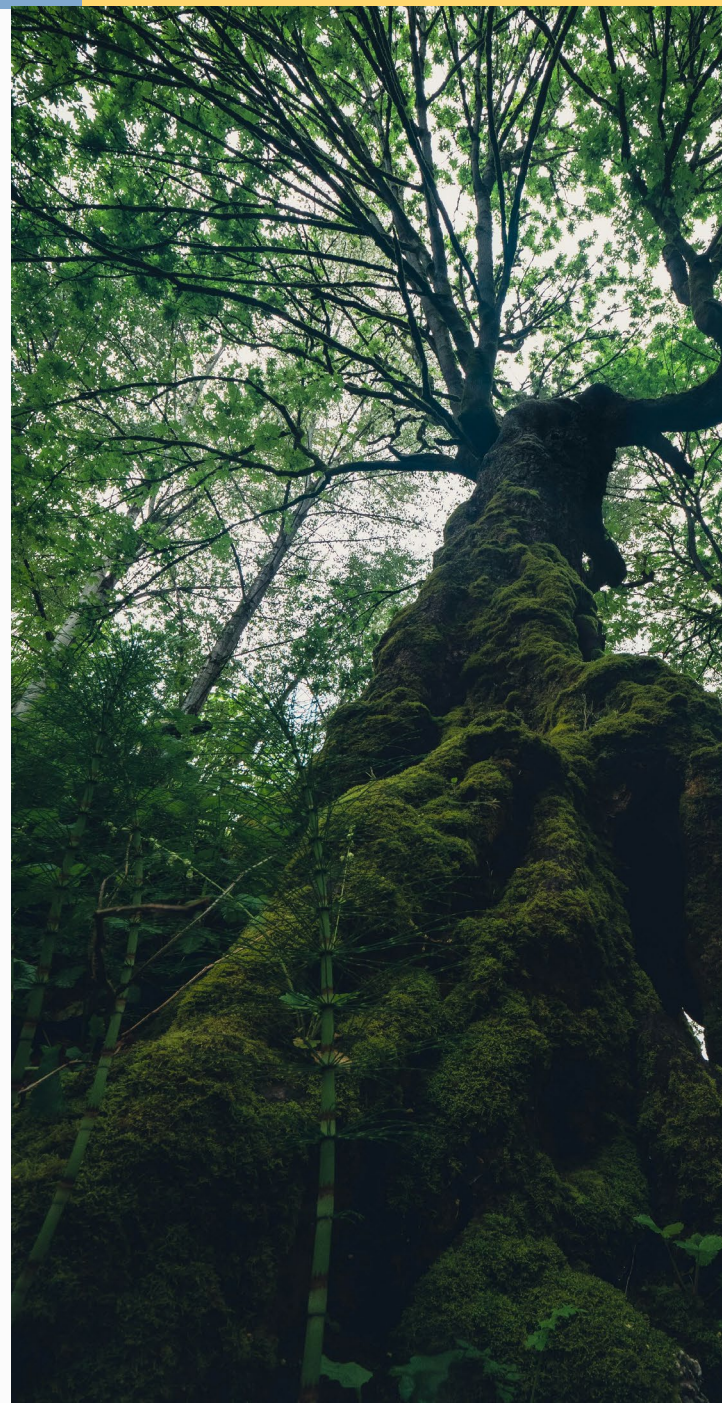


Project aggregation – proposed approach

- Adopt CAR 5.1 approach to project aggregation
  - Sets the sampling intensity at the project aggregate level rather than the project site level
  - Allows for greater sampling error at the site level when more projects are in the aggregate
  - Includes limitations on the size of projects aggregating together

Impact: The number of sampling plots for a smaller aggregated project will be roughly the same as a larger project with the same total acreage.

Example: an aggregate of five 1,000 acre sites (totaling 5,000 acres) will require roughly the same number of sampling plots as one 5,000 acre site

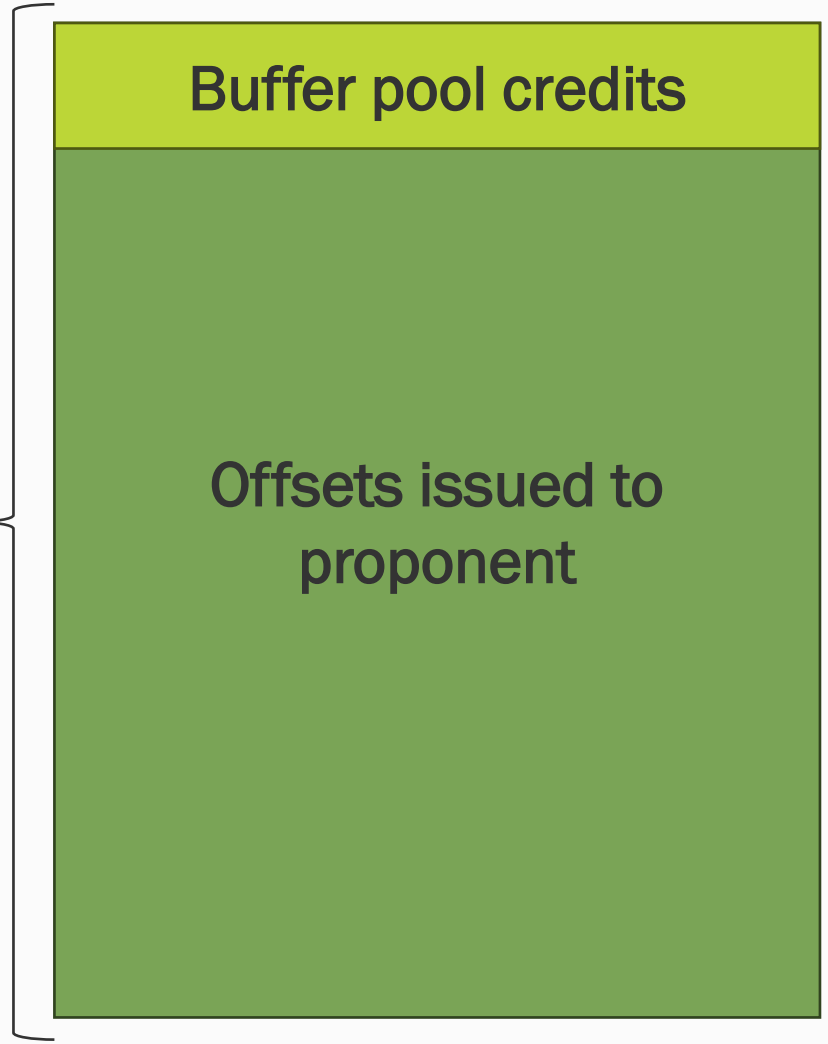


Project aggregation changes

Taken together, these changes will reduce costs related to inventory, sampling and verification requirements, hopefully encouraging more small landowners to enroll via project aggregation.

Buffer pool

Total offset credits generated from a project



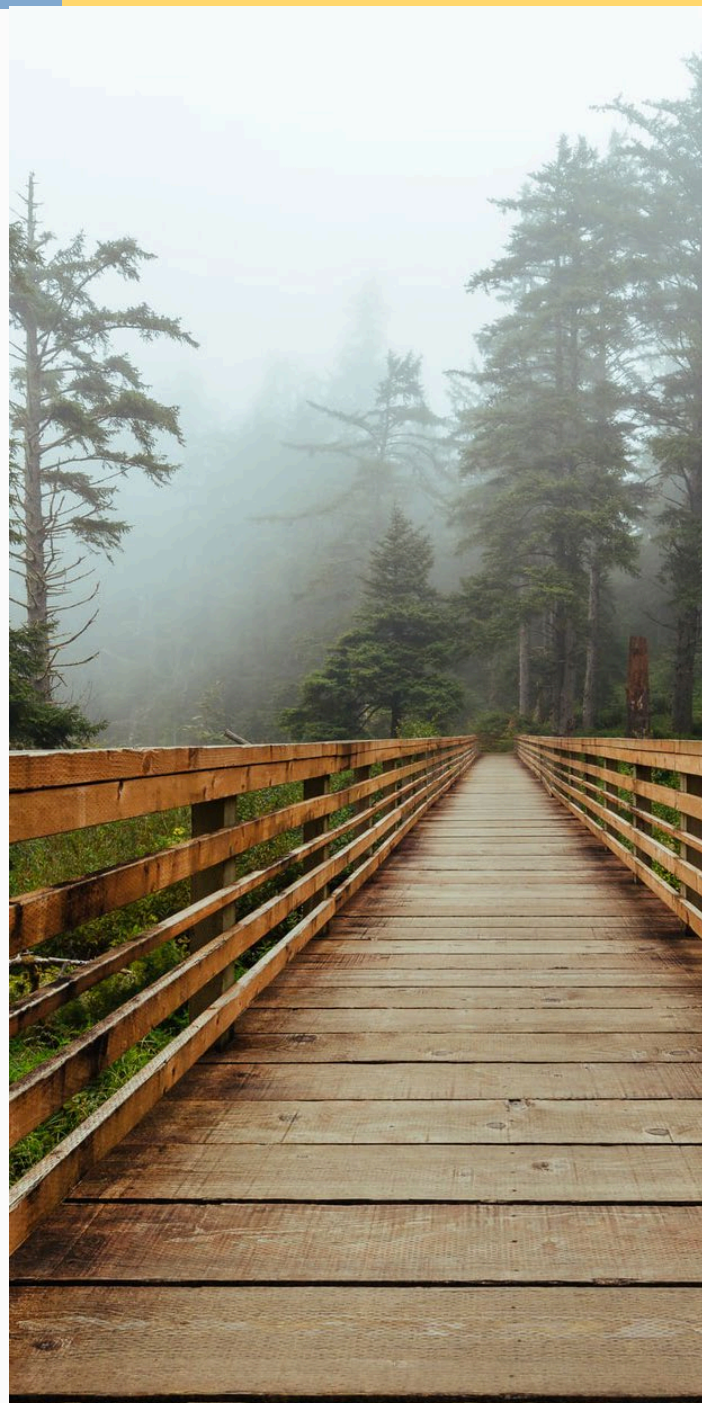
Offset credits issued = total offset credits generated from a project – buffer pool credits (and other deductions)

Buffer pool– proposed approach

- Contracted with SIG GIS to develop revised buffer pool methodology
- Fire and disease risk as estimated at HUC10 scale using National Insect and Disease Risk Map and USFS Annual Burn Probability
- Data can be updated regularly, without a rulemaking
- Significantly increase total maximum buffer pool contribution related to fire and disease risk (from 7% to 20%)
- Increases contribution deductions for comprehensive and verified risk reduction work

Buffer pools changes

Taken together, these changes are intended to more accurately reflect the threat of carbon loss within the project area due to disease, fire, etc. and encourage project developers to reduce risk (e.g. prescribed thinning).



Revise forest management criteria

Existing protocol requires adherence to forest management requirements separate from those legally required at the local level

- 40-acre max clear-cut unit size

Ecology received input from Tribes and private landowners that this maximum clear-cut size is overly restrictive, particularly in Douglas fir forests.

Forest management criteria – Proposed approach

Adopt Climate Action Reserve 5.1 forest management requirements

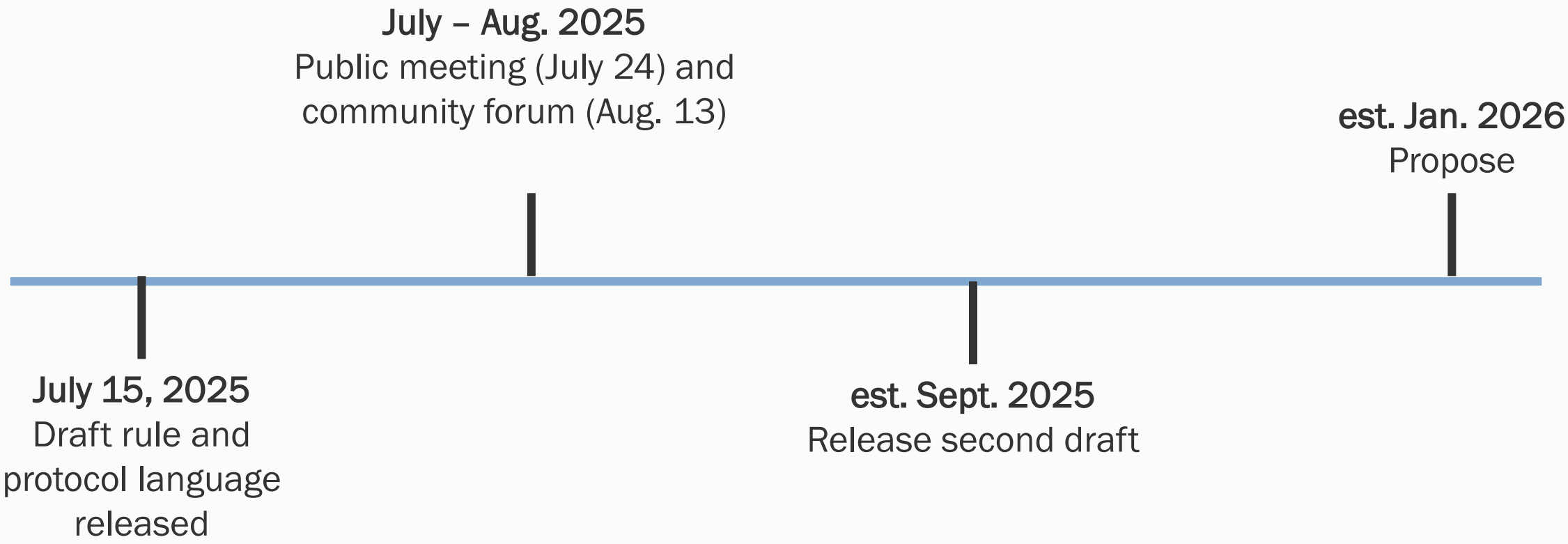
- Maximum size of even-aged harvest block increases with basal area retention

Harvest Retention (Sq. Ft. Basal Area/Acre of All Species)	**Maximum Size of Harvest Block (acres)**
0	40
>=15 < 20	60
>=20 < 25	80
>=25 < 30	120
>=30 < 40	400
>=40 < 50	600
>= 50	Unlimited

WA protocol requirement for direct environmental benefits (DEBs)

- Ecology is proposing a rule change to require that all projects developed after the adoption of this rule must use a WA protocol to receive DEBs
- In a linked market, projects could otherwise venue shop between CA and WA protocols for most favorable treatment

Timeline


July 15, 2025
Draft rule and protocol language released
July – Aug. 2025
Public meeting (July 24) and community forum (Aug. 13)
est. Sept. 2025
Release second draft
est. Jan. 2026
Propose

Questions?

Informal public comment period

Provide written comment

Cap-and-Invest Offsets rulemaking – US Forest protocol comment period:

July 15, to Aug. 18, 2025, at 11:59 p.m.

Public comment period

Guidelines for providing public comment

- Up to two minutes per person
- Host will unmute you and begin timer
- Please keep the comments related to US Forest projects
- Ecology will not respond to comments in this meeting
- To submit written comments, use our digital comment platform
- Please use “raise hand” button to indicate that you wish to provide a comment

Thank you!

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