December 16, 2019

Climate Action Reserve
818 W. 7th Street, Suite 710
Los Angeles, California 90017

Re: Comments on Version 1.0 Public Draft of Mature Forest Management Project Forecast Methodology

Dear Climate Action Reserve,

Thanks for the opportunity to comment on the draft Mature Forest Management Project Forecast Methodology, Version 1.0 dated November 20, 2019 (MFM Methodology). These comments are intended to help ensure that the MFM Methodology establishes a clear, transparent and workable framework for implementing greenhouse gas reduction projects.

- Section 2.1 fourth bullet point – This section requires that the conservation easement (CE) include terms that require reforestation of the site in the event of a loss of forest cover on >10% of the total project area, "whether through active planting, site preparation to promote natural regeneration, or through passive management that otherwise allows the site to return to forest cover over time." We agree that passive management is a viable means of allowing forest cover to be restored over time, especially given the perpetual nature of the CE. We recommend clarifying that active planting or site preparation is required only following salvage harvesting performed by the forest owner, or in the event that negligence on the part of the forest owner was the cause of the loss of forest cover. We also recommend that the threshold for reforestation by active planting or site preparation be increased to at least 20%, to reflect that most smaller losses of forest cover will be restored through natural processes over time, regardless of cause.

- Section 2.2, project proponent as forest owner - The methodology states that the project proponent must be one of the forest owners. We recommend clarifying that this need be true only as of the start date and through confirmation and FMU issuance. Once FMUs have been issued, the project area could be sold without the new forest owner becoming a project proponent. In that situation, the terms of the CE would bind any future forest owners and

ensure the project area was managed in accordance with the assumptions of the MFM Methodology.

- Section 3 Eligibility Rules –Eligibility rules VIII and IX do not establish criteria for any specific MFM project, but rather characterize the overall MFM Methodology. We recommend these two rules be deleted. The text in Section 3.8, Market Expansion Objective, which describes Rule VIII, could be moved to the Introduction, as it describes the rationale for the MFM Methodology. The text in Section 3.9, which describes Rule IX, is largely duplicative of Section 3.7, because it explains how a conservation easement ensures the permanent implementation of the GHG project. We recommend that the requirement that "The project proponent must demonstrate that the eligible land trust has been granted the legal authority to monitor compliance of management activities with the terms of the conservation easement and enforce the remedies outlined in the conservation easement when violations of such terms occur," be moved to Section 3.7, and the remainder of the text in Section 3.9 be deleted.

- Section 3.2, second paragraph last sentence – Following the statement, "The project proponent must also provide evidence that actions will be undertaken to maintain the project for the duration of the crediting period," we recommend adding the following text: "Under this methodology, the project proponent provides the required evidence by demonstrating that a perpetual conservation easement has been recorded over the project area as described in Section 2.1."

- Section 3.4 second to last paragraph – We recommend the Reserve clarify, with examples, what it envisions will be provided with regard to "applicable authorizations, permits, and certifications from the appropriate authorities required for project operations to the confirmation body at the commencement of confirmation activities."

- Section 3.5, remedies for regulatory non-compliance – The MFM Methodology states that harvesting encumbrances in the CE will be enforced in two ways: through review of timber harvest plans by the CE holder to ensure compliance with the CE, and through oversight of timber harvest plan implementation by state regulatory agencies. To ensure adequate oversight of timber harvest plan implementation for GHG projects in jurisdictions without state regulatory oversight of timber harvesting, we recommend that the MFM Methodology provide for the CE holder to provide that oversight in such cases. We recommend including language to the effect that where there is no state regulatory agency overseeing harvesting, the forest owner must submit a "timber harvest plan" to the CE holder prior to any proposed timber harvesting. For these GHG projects, the terms of the CE must include a list of the items that must be included in a "timber harvest plan." Where the harvest restrictions included in the CE include harvest limits based on inventory or growth

calculations, the CE must include a description of minimum acceptable inventory confidence limits, and limits on the age of any inventory data that shall not exceed 15 years, except that non-commercial stand treatments and stand improvement harvests that impact less than 20% of the project area should be allowed to rely on inventory data no older than 20 years. The CE should also require that the CE holder employ the services of a professional forester in determining if the harvest activities and harvest levels described in the "timber harvest plan" are in conformance with the terms of the CE. Ongoing annual monitoring of the project area by the CE holder will ensure that the harvesting was properly conducted per the terms of the CE.

We further request that the Reserve clarify what "remedies" the conservation easement is intended to include in order to "ensure the integrity of the project activities over time" in the event the project is found out of regulatory compliance during the crediting period.

- Section 4.1 Project Configuration and Limitations – The requirement that an MFM project must include all of the Forest Owner's lands in a watershed is challenging, especially where the Forest Owner's lands are not contiguous, and are managed separately. We do not see a compelling reason for this requirement that relates to the goals and technical requirements of the MFM Methodology. In addition, the requirement may discourage forest owners from entering into a GHG reduction project, and could be especially problematic where multiple forest owners are involved in a single project. It also may require the forest owner(s) to record more than one CE, increasing the expense and complexity of the GHG reduction project, because land trusts (the entities expected to hold the CEs) typically do not allow multiple, noncontiguous holdings to be included in a single CE. If this requirement is retained as a default rule, we recommend that, at minimum, the MFM Methodology identify non-exclusive examples of exceptions, including but not limited to: (i) where a forest owner owns additional property within the watershed that is unavailable or inappropriate for inclusion in the GHG reduction project because it is already subject to legal encumbrances or restrictions that are either incompatible with, or duplicative of, the requirements of the MFM Methodology; (ii) where the portions of the forest owner's landholdings within the watershed that are excluded from the GHG reduction project are non-contiguous with the land that is part of the GHG reduction project; (iii) where the excluded landholdings are so small, remote, subject to access restrictions, or otherwise situated such that including them in the GHG reduction project would result in implementation and/or administrative costs to the forest owner or the CE holder that are disproportionate to the benefits of inclusion; or (iv) where the forest owner demonstrates that the project area is representative of the forest owner's general forest management despite the exclusion of a portion of the forest

owner's landholdings within the watershed.

- Section 4.2 last paragraph – This entire paragraph is redundant, as it duplicates requirements found in the second paragraph, and should be deleted.

  Section 6.5.1, Modeling Parameters – The notion that site indexes specified in past harvest plans is the most reliable source for site index seems troubling, especially with regard to Timber Harvest Plans that are not on the Project Area. This could create a conflict if measured site index values on the Project Area differ from those presented in past harvest plans. We recommend, instead, that the MFM Methodology rely on the professional judgement of the forester developing the MFM project to select site index values based on publicly available site index data, or upon measurements of site index as a part of the carbon stock inventory. Existing language in Appendix A to the MFM Methodology allows for the source of site index values to be described by the forester. Confirmation activities will assess the reasonableness of the site index values applied to the modeling of forecasted project stocks.

- Section 6.5.2, Deduction to Allow for Resilience-Related Management – The proposed 15% standard deduction for management actions that ensure forest resilience appears to be unnecessarily high, particularly given that the terms of any CE will likely not allow project stocks to be reduced over time regardless of the stand treatments described in this section of the MFM Methodology. We recommend the Reserve consider applying the deduction only to modeled sequestration above the Project's initial carbon stocks – essentially, the modeled increase in carbon stocks over the crediting period. Avoided emissions related to initial carbon stocks that are above common practice, should not be subject to any such deduction. As the deduction is included in equation 6.1 now, the deduction applies to the total carbon stocks at the end of the crediting period, even those stocks that have already been removed from the calculation of additionality due to the calculated baseline stocks. In some cases, the net impact of this deduction as currently calculated could be over 30% of the project's carbon stocks as of the end of the crediting period that are above the project's baseline stocks.

- Section 8.1, Project Submittal and Confirmation Documentation – This section includes a list of items that the project proponent is required to submit after project listing, in order to obtain project confirmation. The last three items on the list (Confirmation Report, Confirmation Statement and Confirmation List of Findings) presumably would be prepared by the confirmation body and could not possibly be submitted by the project proponent prior to confirmation. We recommend creating a separate list of items that the confirmation body would create as part of the confirmation process, and moving these three items to that list.

- Section 8.2 - There are two references to records being kept in "Hard Copy" format. We recommend clarifying that hard copies must be retained only for documents that were originally created in hard copy form and for which the original hard copy is significant because it bears original signatures or other evidence of authenticity – e.g., an executed attestation of title. We recommend clarifying that there is otherwise no requirement to retain hard copies of other documents that exist in electronic form, or to print and store documents that originated in electronic form.

- Section 8.2, Record Keeping – The methodology requires "Copies of all permits, formal notices of regulatory violations, and any relevant administrative or legal consent orders dating back at least 3 years prior to the implementation of the project" be retained. We suggest that this retention requirement should be limited to the period for which the project proponent has owned the property in question, as the proponent is unlikely to have such documents for the period preceding its ownership.

- Section 8.3, Reporting and Confirmation Period – The last paragraph states that confirmation activities cannot start until at least one year following the beginning of the project's implementation. This is inconsistent with the prior paragraph, which states that the confirmation period begins with the project start date, and appears to be inapplicable to the MFM Methodology. We recommend deleting the text, "and at least one year following the beginning of project implementation."

- Section 9.2, ISO standard reference in the last paragraph – The MFM Methodology requires the confirmation body to assess a proposed sampling plan based on the requirements in Section 4.3.3 of ISO 14064-3. Because this proprietary standard must be purchased, and may change or be replaced over the life of a project, we recommend the intended requirements be incorporated as plain text in the MFM Methodology without the reference to an ISO standard.

- Section 9.4.3 – This section lacks specifics on the number of passing plots needed to satisfy the sequential sampling test.

- Section 9.4.3.1 – We recommend that "Soil" be removed from the sequential sampling test, as carbon stocks in soil are not counted as part of the MFM Methodology.

  The methodology states that the diameter and height sequential sampling tests may be employed for the unpaired test. We request clarification as to how these tests are utilized for an unpaired test where the Confirmation Body (CB) is

collecting their own data. In that case there is no project data to use in place of the CB's DBH and Height measurements.

- Section 10, Project proponent definition – The term "Activity proponents" is included in the definition and nowhere else in the methodology. We believe this is a hold over from some previous version and should be changed to "project proponents."

- Appendix A, Table A2.1, Height –Item #3, "Inventory methodology must describe site tree selection requirements and measurement procedures," implies that site index must be sampled as a part of the inventory. We recommend clarifying whether this is the intent.

- Appendix A, Table A2.1, Weight (Plot Area and Forest Strata)- Given that this is an ex-ante methodology, we recommend that Appendix A be revised such that the process for updating forest strata need not be included.

- Appendix A, A2.5 Quantification of Carbon in Live Trees from Project Data – We request clarification of whether the Cairns equation is intended to be used at the plot level or at the tree level.

We look forward to working with the Reserve to discuss these comments and work towards finalizing the MFM Methodology.

Sincerely,

James D. Clark