

## RESPONSE TO PUBLIC COMMENTS



An *Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on U.S. Timberlands* was developed by Finite Carbon Corporation and submitted to the American Carbon Registry (ACR) for approval through ACR’s public consultation and scientific peer review process.

The methodology was first reviewed internally by Winrock for consistency with ACR requirements. A revised draft was then posted for public comment in July 2010 and a second revision prepared in response to public comments. Public comments and responses are compiled below by section of the methodology.

The revised methodology was then submitted to three anonymous scientific peer reviewers, experts in the field of forest carbon methodologies and improved forest management in the United States. Two rounds of peer reviewers’ comments and responses by Finite are summarized in a separate document.

**APPLICABILITY CONDITIONS (A2)**..... 1

**PROJECT TEMPORAL BOUNDARY (B3)** ..... 2

**IDENTIFICATION OF BASELINE (C1)** ..... 2

**BASELINE STRATIFICATION (C2)**..... 4

**MONITORING OF ACTIVITY SHIFTING LEAKAGE (D6)** ..... 4

**ESTIMATION OF EMISSIONS DUE TO MARKET LEAKAGE (D7)** ..... 4

### Applicability Conditions (A2)

	Comment	Response
1	The limitation of the methodology to ownerships of 1,000 acres or larger seems to be an artificial construct of the methodology aimed at placing a lower bound on timbered ownerships which manage their timberlands based on an optimization of NPV. It is conceivable that a landowner with less than 1,000 acres of timberland would still manage to maximize NPV. In the North Coast of California, redwood dominated ownerships less than 1,000 acres in size have the potential to generate significant value from the sale of timber. We question the need for any limit on project acreage especially for high value timberland ownerships.	The 1,000 acre threshold is designed to conservatively apply the methodology to ownerships that manage under an industrial timber management model and who most likely choose to manage carbon stocks for maximum economic benefit. It is widely recognized that most small landowners have different priorities and objectives than larger landowners. Those objectives may include recreation and aesthetic priorities. Conservative applicability criteria are needed to be sure the methodology is applied to landowners who manage lands according to the baseline definition.
2	Point of clarification - would programs that include the aggregation of several smaller landowners (each parcel less than 1000 acres)	Language has been added to state that each individual property in the pool must meet eligibility requirements.

	Comment	Response
	where the total land area exceeds 1000 acres qualify under this meth? Might include language to make this clearer...	

### Project Temporal Boundary (B3)

	Comment	Response
1	Projects with start dates more than one year prior to submission of a GHG plan under this methodology must provide evidence that GHG mitigation was a project objective from Project inception; however, no guidance as to the nature of the evidence is provided. This requirement is in conflict with the explicit language of the ACR Forest Carbon Project Standard, Chapter 4(A), where explicit documentation of GHG mitigation as an original project objective is only required for projects initiated before November 1, 1997. If this requirement is retained in the methodology, clear guidance regarding the nature of acceptable documentation of GHG mitigation as a project objective should be explicitly defined.	Language regarding acceptable documentation has been added.
2	[Commenter] has a similar intent requirement for projects as well. Might be good to include some examples of what acceptable documentation of intent would be, so that project developers have a better idea whether they can adequately demonstrate intent (doesn't need to be comprehensive). Some examples of acceptable documentations that [commenter] has specified are: carbon studies for the project or region, an easement containing carbon language, purchase agreement containing carbon language or a financial plan indicating carbon revenue as a potential source of funding.	The following language has been added:  If the project start date is more than one year before submission of the GHG plan, the project proponent shall provide evidence that GHG mitigation was seriously considered in the decision to proceed with the project activity. Evidence shall be based on official, legal and/or other corporate documentation. Early actors undertaking voluntary activities to increase forest carbon sequestration prior to the release of this requirement may submit as evidence recorded conservation easements or other deed restrictions that affect onsite carbon stocks.

### Identification of Baseline (C1)

	Comment	Response
--	---------	----------

	Comment	Response
1	<p>This section uses terms such as “life of the project”, “perpetual”, and “through the crediting period” almost interchangeably. The baseline is the average carbon stocks over the first 20-year crediting period based on a concept of an optimized perpetual harvest. The baseline calculated over this 20-year period will need to be re-evaluated half way through the project’s minimum 40-year life. It is my assumption that the baseline is run over a 100-year period with the average of the first 20-year segment (the first crediting period) of the analysis constituting the initial project baseline. In this case, the average carbon stocks over the first 20 years of the NPV analysis period could be above or below the average carbon stocks over the longer “perpetual” analysis period.</p> <p>The last sentence of the second paragraph states that “The Baseline scenarios shall cover the same period of time as the project.” This language is in conflict with the concept of the baseline represented elsewhere in the methodology as pertaining to the 20-year crediting period.</p>	<p>Terminology related to the length of the crediting and project period has been clarified throughout the methodology. The baseline is projected over the first 20-year period, not a 100-year period.</p>
2	<p>What is the rationale behind the 6% discount rate?</p>	<p>This is based on industry surveys, common practice by appraisers, and testimonials. Maximum NPV is very sensitive to the discount rate and significant fluctuations could result if project developers were choosing unrealistic discount rates.</p>
3	<p>What is the reasoning behind allowing baseline information proprietary? If the baseline is derived from an estimate of maximum NPV, using public data on timber pricing, and an optimization model, why should that be allowed to be private?</p>	<p>Total wood volume and grades are proprietary and used in the analysis. Many large landowners use this information for competitive reasons and should not be required to share this sensitive information with their competitors in the marketplace.</p>
4	<p>We would be interested to see some safeguards included here which take into account the actual prior management activities. One could imagine a situation where the actual prior practice on a piece of land might have been very minimal harvest (more sustainable than “common practice”), but the project developer could submit a baseline that was less</p>	<p>Applicability requirements and required additional testing is contained within the methodology to provide safeguards against unrealistic outcomes.</p>

	Comment	Response
	sustainable, yet maximizing NPV - resulting in hot air.	

### Baseline Stratification (C2)

	Comment	Response
1	Project participants are not afforded the opportunity to justify a lack of inventory stratification for the baseline analysis, as allowed under Section D1 for the project analysis. I feel that this allowance should be consistent between the baseline and project scenarios.	The methodology is designed to determine the baseline scenario. The proponent can manage a property differently than the baseline and may chose to stratify according to their management scenario.

### Monitoring of Activity Shifting Leakage (D6)

	Comment	Response
1	This doesn't seem to consider the situation where land is acquired from another entity that has historically practiced intense or destructive harvesting practices, which are then changed when the new owner acquires the land (as is the case with many of [commenter's] projects). The way it is worded, the current owner would be required to self audit, but in reality it would be more appropriate to audit the previous owner in such a situation. We would recommend considering this situation in the meth.	Project proponents must assess activity shifting leakage as a result of their management practices, not other or past owner's practices. The methodology text has been edited to clarify the requirements for activity shifting leakage.

### Estimation of Emissions due to Market Leakage (D7)

	Comment	Response
1	The leakage deduction criteria require further clarification. As the baseline is only calculated for one 20-year crediting period at a time, it is not possible within the computational confines of the methodology to adequately assess market leakage over the "life of the project". This begs the question as to whether a longer "project life" analysis period would reduce the potential for leakage as the project proponent	The leakage deduction sources have been referenced and a new equation added to consider the case where more than one forest types exists on project lands. Other clarifying language has been added regarding term over which leakage must be calculated.  When wood products are harvested, the tops and branches and below-ground portions also

	<b>Comment</b>	<b>Response</b>
	<p>could claim that short term reductions in harvesting from the project will be balanced with future increased harvesting. The methodology should specifically define the period of time over which the market leakage calculations must be conducted.</p> <p>The ACR Forest Carbon Project Standard allows a methodology to define how leakage will be assessed. This methodology should adopt a market leakage accounting procedure similar to that incorporated in Version 3.1 of CAR’s Forest Project Protocol, where the potential impact of market leakage is limited to the difference between the projects projected wood products production, and the wood products production which would have occurred in the absence of the project (the baseline scenario). Applying the leakage deduction to the total difference in carbon stocks of the baseline and project has the potential to greatly overestimate the impacts of market leakage. Under this scenario, a project that harvests 75% of the baseline level has the same leakage deduction as a project which includes no harvesting.</p> <p>The basis for the PML values listed by Forest type group should be disclosed. It appears that the PML figure for the Redwood Forest Type Group is based on 100% pure stands of redwood. This will result in higher leakage calculations as redwood stands containing a significant proportion of Douglas-fir (over 25%) would have a PML greater than 15% of the PML for the Redwood Forest Type Group.</p> <p>It appears that PML is calculated as a weighted average for the project based on PML values for each stratum, and that there is only one test of PML and PMP for the project as a whole. If that is in fact the case, the methodology should provide more specific instructions as to how the test is performed. It is unclear whether each stratum is tested against the most representative Forest Type Group, or if the project is assigned to one Forest Type Group against which all stratum are compared.</p>	<p>considered GHG emissions. When harvest is displaced to other forest types, those pools are also affected and must be accounted.</p>

	<b>Comment</b>	<b>Response</b>
2	Is it always going to be possible for project developers to show what sort of species are in the area that activities are displaced to? If so, please clarify how this would be determined. What would a project developer do in the case that it is not?	Language has been added to clarify that harvest displacement is expected to occur on similar forest types.