Appendix 5: Summary of Comments and Agency Response

T. Compliance Offset Program

T-1 Offset Project Listing

T-1.1 Comment:

Consider any project with a COD after 2020 that has applied and participated in LCFS eligible to participate in Cap and Invest

Under current regulations, for a project to be eligible to participate in the Cap and Invest Program, listing information must be submitted no later than one year after the offset project commencement date, per Section 95975(g). CalBio acknowledges that this policy is in place to demonstrate additionality, supporting the concept that the project would not have been built in the absence of an incentive program. However, the Cap and Invest regulation, as currently written, would prohibit a project which was originally developed with the intention of participating in the LCFS regulation from being eligible to participate in the compliance offset program. Therefore, CalBio highly recommends that the regulation be updated such that any project with a commencement date on or after January 1, 2020 and has generated credits in the LCFS program is eligible to be listed in and transition to the Cap and Invest program. This is particularly important as many dairy RNG projects developed for LCFS purposes are struggling to find offtake in the CNG market as demand for RNG has become saturated. The California LCFS and Cap and Invest represent two of the most significant crediting programs in the world. Ultimately, this proposed update would not just maintain the effectiveness of market-based mechanisms designed to combat climate change, but further the aims of both programs by increasing flexibility while simultaneously reducing risk to project development. (45d-CBLLC-387.3)

Agency Response:

No change was made in response to this comment. The comment refers to section 95975(g), but the referenced text is actually in section 95975(h). This comment's recommendation may be a change that CARB staff can evaluate further in conjunction with updating the Livestock compliance offset protocol. Projects that are starting to participate in the LCFS program and that want to retain their long-term eligibility in the Compliance Offset Program should submit compliance offset project listing information within the required timeline from the project commencement date and satisfy their annual reporting requirements such that their offset project does not terminate.

T-1.2a Comment:

Section 95975(h) requires that listing information be submitted within one year of Offset Project Commencement or within one year of meeting the requirements of §95975(l). Projects that fail to meet this deadline become permanently ineligible for listing and cannot receive registry offset credits or ARB Offset Credits.

This requirement unintentionally excludes reforestation projects that commenced prior to the 2017 regulatory amendment establishing the one-year listing deadline. Before that change, reforestation projects could be listed at any time after commencement. For wildfire-driven reforestation, commencement occurs when planting begins following a fire event. These projects were initiated under a regulatory framework that did not impose a one-year listing requirement.

Section 95975(h) currently states that projects failing to submit listing information within one year of commencement “will be ineligible to be listed under a Compliance Offset Protocol and will not be issued registry offset credits and ARB offset credits.”

Applying this deadline to projects initiated before the 2017 rule change creates a retroactive eligibility barrier unrelated to carbon integrity. Reforestation projects are particularly well suited to verification even years after commencement. CalFire maintains detailed wildfire perimeter records, and verification bodies can confirm whether planted areas coincide with documented fire footprints. In addition, the reforestation protocol credits only the carbon attributable to newly planted trees, which remain identifiable in the field.

The protocol itself recognizes the biological timeline of forests by allowing deferral of the second verification cycle for up to twelve Reporting Periods for reforestation and urban forest projects (§ 95977(c)). Applying a strict one-year listing deadline retroactively to earlier projects is inconsistent with that design and may exclude legitimate carbon sequestration efforts undertaken following wildfire recovery.

Allowing a limited exemption for reforestation projects commenced prior to the 2017 amendment would not weaken program integrity. Those projects would still be subject to full protocol eligibility, verification, and crediting requirements.

Conclusion / Requested Change: To address this unintended consequence, we recommend a narrow grandfathering provision allowing reforestation projects commenced prior to the 2017 amendment to be listed within a defined transition window.

Proposed redline (add the following sentence to § 95975(h)):

Notwithstanding the above, Reforestation Projects with an Offset Project Commencement occurring between January 1, 2001 and January 1, 2018 may be listed *under a Compliance Offset Protocol provided that the Offset Project Operator submits listing information pursuant to section 95975(e) within three (3) years of the effective date of this subsection and the project otherwise meets all applicable protocol eligibility and verification requirements.*

This modification preserves the one-year listing requirement for future projects while ensuring that legitimate reforestation efforts initiated under the pre-2017 regulatory framework remain eligible to participate in the offset program. (45d-CFCC-436.4)

Agency Response:

No change was made in response to this comment. Staff did not propose changes to section 95975(h) so this comment is out of scope for this rulemaking. Staff maintain that requiring listing information within one year of offset project commencement remains an important screen for ensuring additionality.

T-1.2b Comment

A Listing-related item which remains on CFCC's record from March 9 is a narrow grandfathering provision allowing reforestation projects with commencement dates between 2001 and the 2017 listing-deadline amendment to be listed within a defined transition window. This is an administrative improvement that does not weaken environmental integrity and would meaningfully reduce friction in real-world project administration. (15d-CFCC-122.16)

Agency Response:

No change was made in response to this comment. This comment is out of scope since it does not refer to any proposed change in the 15-day Notice. See Agency Response to Comment T-1.2a.

T-1.3a Comment:

The U.S. Forest Projects Compliance Offset Protocol prohibits projects from taking place on land that was part of a previously listed compliance offset forest project, unless termination occurred due to an unintentional reversal or an early action transition.

This anti-double-counting safeguard is appropriate once credits have been issued. However, the rule applies even where a project lists but never proceeds to verification, quantification, or issuance of ARB offset credits.

As a result, listings that never generate credits can effectively "lock" acreage from future participation, despite no carbon accounting having occurred. The Regulation provides no clear mechanism for an Offset Project Operator (OPO) to voluntarily withdraw a listing prior to issuance. This creates unnecessary administrative backlog and discourages project development.

Where no ARB offset credits have been issued, there is no double-counting risk. A limited withdrawal pathway would preserve program integrity while improving administrative efficiency.

Conclusion / Requested Change. Add a voluntary withdrawal subsection.

Proposed redline (add to § 95975):

(p) Voluntary Withdrawal of Listing. An Offset Project Operator may withdraw an offset project listing prior to issuance of any ARB offset credits by submitting a withdrawal request to the Offset Project Registry, provided that:

(1) no ARB offset credits have been issued for the project; and

(2) the Offset Project Operator attests under penalty of perjury that no registry offset credits have been issued.

(3) Withdrawal pursuant to this subsection shall not preclude future listing of a new offset project on the same project area, subject to applicable protocol requirements.

This is a low-risk administrative improvement that makes the program more workable. (45d-CFCC-436.5)

Agency Response:

No change was made in response to these comments. Allowing listed projects to be withdrawn would alter the public transparency that CARB maintains for all projects with an approved listing. The Cap-and-Invest Regulation requires listings to be maintained, although the project status may be updated to "inactive" pursuant to section 95987(b)(3). Staff are aware of the concern about being able to include land from an "inactive" project in a future project and will evaluate that topic. Staff believe the appropriate way to address this issue would be through updates to the U.S. Forest Projects protocol and associated regulatory updates, which is outside the scope of this current rulemaking.

T-1.3b Comment:

A Listing-related item which remains on CFCC's record from March 9 is a voluntary withdrawal pathway in § 95975 for listings where no ARB offset credits have been issued. This is an administrative improvement that does not weaken environmental integrity and would meaningfully reduce friction in real-world project administration. (15d-CFCC-122.15)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-1.3a.

T-2 Offset Project Crediting Period Renewal

T-2.1 Comment:

ACR supports the amendments in section 95975(j) that provide direction on how to apply for a crediting period renewal. We suggest the following further amendments to provide a fixed deadline (often aligned with the revised timeline proposed by CARB), as some projects will have a final reporting period that exceeds 12 months:

The Offset Project Operator or Authorized Project Designee must submit ~~the~~ information ~~in section 95975(e)~~ for a renewed crediting period to CARB or an Offset Project Registry no earlier than ~~18 months~~ when the Offset Project Data Report is submitted for the penultimate reporting period of the current crediting period and no later than ~~93~~9 months ~~before conclusion of the~~ after the start of the last reporting period of the current crediting period. (45d-ACR-412.2)

Agency Response:

No change was made in response to this comment (although there are other proposed changes to section 95975(j)). For a project that opts to have its final reporting period of its initial crediting period last longer than the standard 12 months, CARB staff do not believe that there should be a renewal deadline relative to the end date of the initial crediting period that is earlier than projects that have the standard 12-month duration for their final reporting period. CARB staff appreciate that the change suggested in the comment would provide more certainty to offset project registries about whether renewed listing information was submitted within the prescribed timeframe since the end date of the initial crediting period may be subject to change until its verification is approved. For a project seeking to extend the duration of its final reporting period in the initial crediting period beyond the standard 12 months, the commenter’s proposed regulatory language would mean that credit period renewal information would have an earlier deadline relative to the end of the crediting period than projects with the standard 12-month reporting period. That would increase the risk that a project developer would miss its window to submit renewal information. In this tradeoff between certainty for offset project registries and risk for offset projects being unable to renew for an additional crediting period, staff seek to provide flexibility to project developers and so have not proposed the commenter’s suggested change.

T-2.2 Comment:

ACR requests that the following part of the second full sentence in section 95975(j) be separated into a separate sentence and re-phrased, as the current wording in such a long sentence is unclear. (45d-ACR-412.3)

Agency Response:

Changes were made in response to this comment. The second full sentence was modified by breaking it into two separate sentences to improve clarity.

T-2.3 Comment:

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. (45d-CAR-319.13)

Agency Response:

No change was made in response to this comment. Staff appreciates the commenters' support for the Proposed Amendments.

T-2.4 Comment:

Include language detailing how to extend the final Reporting Period in the first Crediting Period

CalBio appreciates the expansion of Section 95975 (j) in the Proposed Amendments, which clearly outlines the process for applying for a Renewed Crediting Period. As the deadline for applying for a Renewed Crediting Period is contingent upon the end date of the current crediting period, CalBio advises detailing the process for lengthening a final reporting period. As it stands, "offset projects that submitted a first reporting period in the initial crediting period that was less than 24 consecutive months may include any months not included in the first reporting period in the final reporting period of the initial crediting period, such that the combined duration of the initial and final reporting periods in the initial crediting period do not exceed 36 months total," (pg. 43). However, there is no further language on extending a final reporting period. Because the OPO or APD must submit information for a Renewed Crediting Period no later than 3 months before the conclusion of the current crediting period, clarifying the procedure for extending a final reporting period would not only streamline the process, but it would also ensure that the deadline for a Renewed Crediting Period is clear and understood by all parties.

CalBio recommends that notice to lengthen the final reporting period must be submitted to an Offset Project Registry no later than 8 months after the close of the penultimate reporting period. The notice should include the following:

(1) Offset project name and both its CARB project identification number and Offset Project Registry project identification number;

(2) Name of the OPO and, if applicable, APD;

(3) Start date and end date for the current final reporting period;

(4) Start date and end date for the lengthened final reporting period;

(5) Start date of the crediting period;

(6) Signature of a primary or alternative account representative of the Offset Project Operator, along with their printed name, title, and date signed.

Should the project with the lengthened final reporting period remain in compliance with the Regulation, CARB should issue written confirmation of the lengthened final reporting period. (45d-CBLLC-387.5)

> **Agency Response:**
> No change was made in response to this comment. This change is unnecessary. Staff understand stakeholder concern, and project developers may certainly send an update to CARB staff with the information suggested by this commenter. However, staff are not seeking to require project developers to submit this information to avoid imposing an additional requirement on them when they opt for a final reporting period in their initial crediting period that is longer than the standard 12 months.

T-3 Sequestration Offset Project Ownership Transfer

T-3.1a Comment:

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. (45d-CAR-319.3)

> **Agency Response:**
> No change was made in response to this comment. Once notified of a transfer of ownership for any portion of a registered sequestration offset project, CARB staff will work with new owners to aid in the transition. Staff appreciates the commenters' support for the Proposed Amendments.

T-3.1b Comment:

The Reserve supports the new requirements in Section 95975.1 for sellers to disclose issued credits and 100-year permanence obligations to buyers prior to title transfer. We further support the extended notification timelines in the 15-day amendment for notifying CARB of a transfer to be within 60 days after the transfer; however, while noting that this is an improvement compared to the 45-day amendment, this may still present administrative challenges for new landowners and encourage ongoing review and flexibility to work with new landowners. (15d-CAR-63.11)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-3.1a.

T-3.2 Comment:

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. (45d-CAR-319.4)

Agency Response:

No changes were made in response to this comment. Free, Prior, and Informed Consent is specific to the rights of Indigenous peoples to give or withhold consent to project or decisions affecting their lands, resources, and lives, ensuring participation without coercion, in advance, and with full information. The requirements throughout section 95975.1 are intended to ensure any person or entity acquiring land that contains an offset project is informed of and accepts the program requirements.

T-3.3 Comment:

The Initial Statement of Reasons states that section 95975.1 (“Notice and Disclosures for Offset Project Ownership Transfer”) is for sequestration projects only, but the formatting and wording of this section of the Regulation does not always make this clear. For example, section 95975.1(a) explicitly mentions sequestration projects, but section 95975.1(b), (c), and (d) do not specify that they’re specific to sequestration projects. Updating the section title to “<u>Notice and Disclosures for Sequestration Offset Project Ownership Transfer</u>” would reduce possible confusion.

ACR further encourages CARB to be explicit about what information needs to be made public or kept confidential and, to minimize the risk of disclosure of sensitive information, avoid circumstances where those classes of information are presented together in a single document requiring redaction. We also encourage CARB to consider and align with data privacy rules in California and other jurisdictions when establishing the requirements so that the Regulation does not require an OPR to host information in a way that would conflict with applicable law.

Finally, we observe and draw your attention to a reference to the “Cap-and-*Trade* Regulation” present in newly added text. (45d-ACR-412.4)

Agency Response:

Changes were made in response to the comment requesting clarity on what projects these provisions are applicable to. In the 15-day Amendments, the title of section 95975.1 is changed to include the term "Sequestration," which clarifies that the requirements of this section apply only to sequestration offset projects. In addition, "sequestration offset project" was added to sections 95975.1(b), and "forest owner(s)" was added to sections 95975.1(c) and (d).

No changes were made in response to the comments about what information needs to be made public or kept confidential since the Proposed Amendments do not require any new information be collected by the Offset Project Registry. All information submitted pursuant to the new provisions is either submitted to CARB directly or already required under the existing regulation. CARB is already aligned with data privacy rules in California and other jurisdictions, where applicable, as well as access to information rules (e.g., Information Practices Act, California Public Records Act, Cal. Code Regs., tit. 17, 91000 et seq.); the commenter provides no further information regarding any misalignment, so no further response is required or able to be provided.

Changes were made to update the term "Cap-and-Trade" to "Cap-and-Invest" in the regulatory text.

T-3.4a Multiple Comments:

For section 95975.1, Anew supports CARB's objective of ensuring clear and continuous accountability for offset project obligations following a transfer of project ownership or project land. Ensuring that a responsible party is identified and able to meet permanence, reporting, and reversal obligations is critical to maintaining the integrity of the Program. As drafted, however, Section 95975.1 establishes compliance consequences that may be disproportionate to the nature of certain administrative deficiencies and that do not adequately reflect the practical realities of large-scale timberland transactions. We are particularly concerned that the proposed requirements could result in project termination or loss of eligibility due to timing or disclosure issues that are common and often unavoidable in bona fide transactions, rather than due to substantive non-compliance with offset obligations. With respect to Section 95975.1(a)(2), we note that it is not realistic or appropriate for private entities to submit detailed buyer and seller information associated with large private transactions to a public regulator prior to or contemporaneous with closing, particularly where such information is subject to confidentiality obligations.

We recommend that notification to CARB of the occurrence of a sale be sufficient at the time of transfer, with a requirement that new owner contact information and responsible party details be provided within a defined period following closing.

With respect to Section 95975.1(a)(3), we strongly recommend that CARB reconsider automatic project termination as a consequence of administrative or paperwork errors. Terminating an offset project for failure to meet a procedural requirement, absent any failure to meet substantive offset obligations, is not a reasonable or proportionate outcome. Instead, CARB should provide a clearly defined grace or cure period, during which the new owner may demonstrate compliance. Following expiration of that period, CARB could impose reasonable and appropriate penalties or enforcement actions that are targeted at the new owner, thereby creating incentives for timely compliance without unnecessarily terminating otherwise high-quality projects.

Section 95975.1(b) would benefit from clarification regarding its intended scope and application. It is unclear whether this provision is intended to apply solely in cases of intentional project termination or more broadly to ownership transfers generally. Clarifying how 95975.1(b) interacts with the rest of 95975.1 would reduce interpretive uncertainty and support consistent implementation.

Finally, to the extent that Section 95975.1(d) or other provisions within 95975.1 require CARB administrative review, approval, or processing, we encourage CARB to explicitly consider its own internal timelines when establishing compliance deadlines and consequences. Projects should not be placed at risk of termination or adverse determination due to delays that arise from CARB processing rather than from project or owner inaction.

Anew recommends that CARB incorporate a structured grace period, clarify disclosure expectations, and align compliance consequences with the best positioned party to address deficiencies. (45d-AC-396.14)

Comment:

As drafted, § 95975.1 could result in compliance consequences that may not align with the nature or severity of certain administrative deficiencies and do not adequately reflect the practical realities of large-scale timberland transactions. In particular, the proposed requirements risk project termination or loss of eligibility due to timing and disclosure issues that are common and often unavoidable in bona fide transactions, rather than due to substantive non-compliance with offset obligations. For example, § 95975.1(a)(2) contemplates disclosure of detailed buyer and seller information that is frequently subject to confidentiality constraints and cannot reasonably be provided to a public regulator prior to or contemporaneous with closing. Notification to CARB that a transaction has occurred should be sufficient at the time of transfer, with required disclosure of new owner contact and responsible-party information within a defined post-closing period.

Similarly, § 95975.1(a)(3) could result in project termination as a consequence of administrative or paperwork errors without an opportunity for cure. A structured grace or cure period would allow a new owner to demonstrate compliance while preserving appropriate enforcement authority. In addition, § 95975.1(b) would benefit from clarification as to whether it applies solely to intentional project termination or more broadly to ownership transfers, as ambiguity regarding its scope creates unnecessary interpretive uncertainty. Finally, to the extent § 95975.1(d) or related provisions require CARB review or processing, compliance timelines should account for CARB's own administrative timeframes to support projects are not penalized for delays outside the control of project owners.

Recommendation: Revise § 95975.1 to incorporate a defined grace or cure period for ownership transfers, clarify disclosure expectations to reflect transactional realities, and align compliance consequences with the party best positioned to remedy deficiencies. These changes would preserve accountability and Program integrity while avoiding unnecessary termination of otherwise high-quality forest offset projects. (45d-NF-409.6)

Comment:

CARB has added a major new ownership transfer disclosure framework. CFCC does not dispute disclosure value, but the current text creates a hard termination trigger that may be disproportionate in common escrow scenarios.

CARB requires pre-transfer disclosures (e.g., "current market price of one ARB offset credit," and "deadlines… over the next 15 years"). The section also requires CARB notice and attestations. The proposed regulation states: if a transfer occurs "prior to CARB receiving notification" meeting criteria, "the project will terminate and the Offset Project Operator will be responsible for compensation."

The ISOR confirms this intent and explains the section's purpose and termination logic.

The disclosure list is comprehensive and likely helpful. It forces a "CARB-aware closing checklist," which may be good discipline. Still, the termination trigger is blunt. Escrows can fail, recordation can be delayed, ownership can change through inheritance or entity restructuring, and the operator may be acting in good faith but miss a step.

A short cure period would preserve CARB's leverage while preventing unnecessary project failure. It also reduces harm to buyers, who may otherwise inherit an immediate termination situation due to paperwork timing rather than carbon risk.

A separate termination trigger also applies where the new Offset Project Operator fails to update listing information within 60 days of the title transfer date (§ 95975.1(d)(3)).

Conclusion / Requested Change. Add (1) a cure period, and (2) definitional clarity on "transfer of title."

Proposed redline (revise § 95975.1(a)(3)):

If a sale or transfer of any real property interest containing an offset project boundary occurs ~~prior to CARB receiving notification that all of the criteria of section 95975.1(a)(1) and (2)~~ <u>without the Offset Project Operator first satisfying the notice requirements of this section</u>, ~~the project will terminate~~ <u>CARB shall provide written notice and allow a cure period of thirty (30) calendar days to submit compliant notice and attestations.If the Offset Project Operator fails to cure within 30 days, the project shall terminate and the Offset Project Operator shall be responsible for compensation</u>.

Proposed redline (add definition, in § 95802 or § 95975.1):

“Transfer of title” means a recorded conveyance of a real property interest. <u>Unexercised options, unrecorded purchase agreements, or failed escrows shall not constitute a transfer of title.</u>

This refinement keeps CARB’s substantive protections intact while reducing accidental “death by paperwork.” (45d-CFCC-436.7)

Agency Response:

Changes were made to section 95975.1(a)(3) of the 45-day Amendments (now section 95975.1(c) in the 15-day Amendments) to make it clear that the termination and compensation requirements apply to the seller (not the buyer) if the disclosure, attestation, and notice requirements are not met by the seller. Additionally, the requirement to provide the attestations and notice to CARB are now required after the sale to allow additional time to process paperwork.

Changes were made in response to the comment that section 95975.1(b) in the 45-day Amendments would benefit from clarification as to whether it applies solely to intentional project termination or more broadly to ownership transfers. While this provision falls under section 95975.1 Notice and Disclosures for Sequestration Offset Project Ownership Transfer and therefore applies to project terminations that occur due to land transfers that will not or do not meet the requirements of the section, it was removed and integrated into section 95975.1(c) in the 15-day Amendments. One notice, regardless of outcome, is sufficient.

No changes were made in response to the suggestion that timelines in section 95975.1(d) in the 45-day Amendments (section 95975.1(e) in the 15-day Amendments) or related provisions that require CARB review or processing, account for CARB’s own administrative timeframes so that projects are not penalized for delays outside the control of project owners. None of the requirements in section 95975.1(d) in the 45-day Amendments depend on the timing of CARB review as they do not require CARB approval.

No changes were made to provide for an additional grace period. The 60 days after sale requirement is already a significant grace period. The actions to meet the requirement for the seller to submit a notice and for the new owner to update listing information are not complicated processes, and 60 days is not only sufficient timing, but necessary for effective program implementation. Given that every project has set deadlines for monitoring, verification, and reporting, it is necessary to accurately update the legal ownership records in a timely fashion as the impacts for not updating could result in significant programmatic challenges.

T-3.4b Comment:

A Listing-related item which remains on CFCC's record from March 9 is a defined cure or grace period in §95975.1 prior to automatic termination for procedural deficiencies in ownership transfer disclosures. This is an administrative improvement that does not weaken environmental integrity and would meaningfully reduce friction in real-world project administration. (15d-CFCC-122.14)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-3.4a.

T-3.5 Comment:

CFCC appreciates the following adjustment staff have made in the 15-Day text as it is responsive to comments raised by CFCC, by aligned stakeholders including Anew Climate, the Verified Emission Reduction Association (VERA), and New Forests, or by all of us. §95802. New definition of "Transfer of Title." CARB's addition of a definition for "Transfer of Title," applied to the new ownership transfer notice provisions in §95975.1, is a meaningful improvement and tracks the request CFCC made on March 9. Anchoring the term to a recorded conveyance, rather than to options, unrecorded purchase agreements, or escrows that have not closed, reduces the risk that good-faith projects are caught by termination triggers tied to transactional steps that have not actually occurred. We support this change. (15d-CFCC-122.1)

Agency Response:

No change was made in response to this comment. Staff appreciates the commenters' support for the Proposed Amendments.

T-3.6 Comment:

TNC supports the suggested changes in the sequestration offset provisions for clarity and suggests guidance be developed in the future to clarify how liability may be assigned among forest owners

TNC appreciates CARB’s efforts to provide further clarifications to the sequestration offset provisions. Overall, they provide the direction needed in areas that were confusing or inconsistent. The adjustments to the language in section 95975.1(c) that clarify that liability for lack of adherence to the notice and disclosure requirements applies to forest project owner(s), and not just Offset Project Operators, highlights the need and opportunity for additional guidance on how forest owners may assign liability for offset responsibilities when there is more than one forest owner currently or in the future. We encourage CARB to consider including this kind of guidance in future regulatory proceedings and updates to the offset protocols. (15d-TNC-202.1)

Agency Response:

No change was made in response to this comment. The 15-day Amendments include a clarification in section 95975.1(c) that liability is among the forest owners and not just the offset project operator. The offset project operator is required to be a forest owner, but there may be other forest owners as well. This clarification made the responsibility for compensation for a forest offset project in new section 95975.1(c) consistent with responsibility in section 95983. Staff appreciates the support for the 15-day Amendments.

T-4 Alternative Monitoring Methods

T-4.1 Comment (two submissions):

We were surprised to see the removal of remote sensing as an option for alternative methods. While we agree that remote sensing should only be used if feasible, there have been many technological and data product updates over the last several years that could make this approach economical and applicable for MRV. The deletion of remote sensing and its categorization as an alternative method sends the wrong market signal – essentially conveying a message that bringing forth new technological developments is discouraged and should be referred to an uncertain approval process…. Without a clearer definition of what remoted sensing would require additional approvals and what would be permitted, the amendment lacks sufficient clarity. Staff should review these changes with fresh eyes to ensure that they are not unintentionally limited the opportunity for DEBs in California. (45d-CC-45.2, 45d-CC-72.2)

Agency Response:

No change was made in response to this comment. Staff recognize that remote sensing technologies have advanced significantly in recent years and have potential to be used for inventory purposes. However, the complexity and variety of remote sensing approaches, including different sensor types, calibration methods, algorithms, and validation protocols, makes case-by-case assessments of individual methodologies under section 95976(g) potentially inconsistent and resource-intensive for both applicants and CARB staff. Before remote sensing can be routinely approved, CARB needs to work through a public process to develop a comprehensive and standardized framework that addresses not only monitoring methodology but also related protocol requirements, including requirements for verification and stratification approaches, that may need adjustment to align with remote sensing methods. Section 95976(g) maintains regulatory flexibility through technology-neutral language that allows for the use of remote sensing as ancillary information to provide forest/landscape attributes useful for stratification and disturbance timing. The technology-neutral language in section 95976(g) preserves the pathway for future approval once such a framework is established.

T-4.2 Comment:

Arbos recommends that CARB:

1. Retain a technology-neutral alternate methods pathway within §95976(g) that allows for the consideration and approval of remote sensing and other emerging technologies, subject to appropriate validation requirements.

2. Establish standardized evaluation criteria for alternate method applications, including minimum accuracy thresholds, required field calibration protocols, and peer review or technical panel review processes, to ensure consistency and reduce agency burden.

3. Provide explicit transition language confirming that forest offset projects with previously CARB approved LiDAR-based inventories may continue to rely on those inventories for ongoing reporting and verification purposes.

4. Consider a structured pilot program for alternate methods that would allow controlled evaluation of emerging technologies without requiring blanket regulatory approval. (45d-A-47.1)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-4.1. Projects with previously approved inventories that incorporate LiDAR-based attributes may continue with that approach under existing approval terms. The interim approval provision for technology-neutral methods in section 95976(g)(2) preserves this pathway.

T-4.3a Comment:

We urge CARB to preserve regulatory flexibility within § 95976 to allow consideration of technological advancements in forest inventory and monitoring. Eliminating this pathway risks increasing compliance costs, particularly for small and mid-sized landowners, family forests, tribal nations, and community organizations. The Proposed Amendments also create regulatory asymmetry by relying on remote sensing to determine reversal discovery dates under § 95983, while deeming the same technologies unsuitable for measurement and monitoring. (45d-VERA-366.14)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-4.1.

Regarding regulatory asymmetry, sections 95976 and 95983(d) serve different purposes. Remote sensing can provide landscape/forest attributes and evidence to distinguish disturbance timing under section 95983(d), but direct inventory quantification under section 95976 requires a higher level of rigor and validation equivalent to the requirements already in place.

T-4.3b Comment:

Although §95976(g) itself was not modified in the 15-Day Amendments, new language added to §95977.1(b)(3)(D)2.i bears directly on the March 9 comments on remote sensing. That modified provision requires out-of-state sequestration projects to provide documentation to the verification body of activities upon which direct environmental benefits in the State designation were contingent," such as photographs, GIS data, and remote sensing data" (emphasis added). This is the second provision in the Proposed Amendments in which CARB treats remote sensing data as adequate evidence for compliance purposes. The first is the existing reliance on remote sensing to establish the date of discovery for unintentional reversals under § 95983. Taken together, these two provisions treat remote sensing as sufficiently reliable to trigger or document compliance obligations, while § 95976(g) proposes to remove the same class of technology from the alternate methods pathway for measuring forest carbon stocks.

The March 9 comments explain in detail, including with empirical evidence from the only CARB-approved LiDAR alternate method inventory to have completed site visit verification with unpaired sequential sampling under the Compliance Offset Protocol, why remote sensing — paired with appropriate field calibration and validated through CARB's existing verification framework — does not compromise inventory accuracy. The 15-Day Amendments' continued and expanded use of remote sensing data for compliance documentation purposes further underscores the internal inconsistency of the proposed removal. Arbos renews the March 9 recommendations on § 95976(g) and encourages CARB, at minimum, to preserve a technology-neutral alternate methods pathway for future evaluation of remote sensing approaches. (15d-A-18.10)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-4.3a.

T-4.4 Comment:

We are concerned about the revision to Section 95976(g) that removes "remote sensing methods for forestry" from the methods approved for alternate monitoring and measurement, particularly in light of projects that may already have had a remote sensing methodology approved by ARB, which are currently being used. We urge ARB staff to preserve regulatory flexibility within Section 95976 to allow consideration of technological advancements in forest inventory and monitoring. We do, however, support explicitly including remote sensing as proposed in CARB Draft Language in Section 95983(d) as part of the evidence an OPO or APD can provide in an effort to quantify and verify disturbances. While every effort is made to get into the field to quantify a reversal as soon as possible after the disturbance, it is often difficult to get a team into the field immediately after an unintentional reversal, like a wildfire or hurricane, due to safety concerns. In such a case, it is good to explicitly note remote sensing data can be leveraged.

We suggested that CARB: (1) retain a technology-neutral alternate methods pathway in Section 95976(g) and Section 95983(d); (2) establish standardized evaluation criteria, including calibration and accuracy requirements; and (3) consider structured pilot programs to allow controlled evaluation of emerging technologies while maintaining regulatory oversight. (45d-AC-396.13)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-4.1. Staff supports the technology-neutral pathway in section 95976(g) and the use of remote sensing evidence under section 95983(d), including for the wildfire and hurricane use cases. The distinction between sections 95976(g) and 95983(d) reflects different accuracy requirements for comprehensive quantification versus disturbance timing evidence.

T-4.5a Comment:

We urge CARB to preserve regulatory flexibility within § 95976 to allow for the consideration and future integration of technological advancements in forest inventory and monitoring.

Remote sensing technologies, particularly LiDAR calibrated with field plots, have advanced significantly since the alternate methods framework was first established. Wall-to-wall coverage enables improved stratification, variance reduction, and population-level estimation that can enhance confidence in carbon stock estimates. Preserving a technology-neutral pathway for alternate methods is in the interest of regulators, project developers, and the long-term efficiency and durability of the Program.

The direction of the Proposed Amendments differs from approaches being explored in other carbon market programs, where leading standards bodies have moved toward structured integration rather than exclusion of remote sensing. These efforts reflect an understanding that remote sensing, when paired with field calibration, transparent uncertainty treatment, and independent verification, can enhance rather than compromise environmental integrity. As the American Carbon Registry (ACR) has articulated, the objective is not to replace field-based measurement but to integrate remote sensing through disciplined validation and verification, which is precisely the type of framework § 95976(g) should preserve.

Removing remote sensing from the alternate monitoring and measurement provisions risks foreclosing the use of technologies that could meaningfully reduce compliance costs across forest offset projects of all sizes. Forest inventory and remeasurement represent one of the most significant recurring costs for forest projects, and these costs can be prohibitive for small and mid-sized landowners, including family forest owners, tribal nations, and community-based organizations. Validated remote sensing approaches have been reported in the literature to achieve per-acre cost reductions on the order of 40-60 percent while maintaining or improving measurement precision. Eliminating the regulatory pathway for these approaches would disproportionately affect the landowners least able to absorb traditional inventory costs and could reduce participation and geographic diversity within the Program.

The Proposed Amendments remove remote sensing from the alternate methods framework without addressing the treatment of existing forest offset projects that relied on CARB-approved LiDAR methodologies to establish baseline inventories or monitoring systems. While, consistent with applicable rulemaking procedures, CARB has authority to revise measurement requirements prospectively, the absence of transition language creates uncertainty for projects developed, listed, and verified in reliance on prior CARB approvals. The Proposed Amendments do not clarify whether previously approved LiDAR-based inventories may continue to be used, whether hybrid inventory approaches remain acceptable, or whether projects may be required to reconcile LiDAR-derived baselines with protocol-standard plot inventories.

Recommendation: (i) Retain a technology-neutral alternate methods pathway within § 95976(g) that allows consideration and approval of remote sensing and other emerging technologies, subject to appropriate validation requirements; (ii) establish standardized evaluation criteria for alternate methods, including accuracy thresholds, field-calibration requirements, and structured technical review processes to manage agency workload; (iii) provide explicit transition provisions clarifying the treatment of projects with previously CARB-approved LiDAR-based inventories; and (iv) consider a structured pilot framework to allow controlled evaluation of new technologies without requiring blanket regulatory approval. (45d-NF-409.7)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-4.2.

T-4.5b Comment:

The proposed framework under § 95976(g) removes remote sensing from alternate monitoring and measurement, notwithstanding advancements in applicable technologies since the framework was established. Remote sensing methodologies, including LiDAR calibrated with field measurements, are now widely used to improve stratification, reduce variance, and enhance measurement precision when subject to appropriate validation and independent verification. Eliminating a technology-neutral pathway may unduly constrain regulatory flexibility and be difficult to reconcile with the continued reliance on remote sensing for other regulatory purposes, including establishment of discovery dates for unintentional reversals under § 95983. Further, the absence of transition provisions creates uncertainty for existing projects that were developed, listed, and verified in reliance on prior CARB approvals of LiDAR-based inventories. Retaining a technology-neutral alternate methods pathway and adopting explicit transition language may promote regulatory coherence and implementation certainty. (15d-NF-198.3)

Agency Response:

No change was made in response to these comments. See Agency Response to comments T-4.1 and T-4.2.

T-4.6a Comment:

CFCC understands that CARB proposes to remove the reference to remote sensing for forestry in § 95976(g) because staff have concluded such methods are currently infeasible for compliance use. CFCC nevertheless encourages CARB to preserve a clear pathway for future consideration of validated remote sensing methods as technical feasibility evolves. At minimum, CARB should clarify the evaluation criteria and transition expectations for projects that have invested in remote-sensing-based inventory development, pilot work, or related methodological advancement.

Remote sensing technologies, particularly LiDAR calibrated with field plots, have advanced significantly since the alternate methods framework was established. CARB's proposed direction contrasts with the broader carbon market, where leading standards and integrity bodies, including Verra, American Carbon Registry, and the Integrity Council for the Voluntary Carbon Market, have integrated remote sensing into recently approved forest carbon methodologies. These developments reflect a growing consensus that validated remote sensing enhances, rather than compromises, environmental integrity.

Eliminating this pathway risks increasing compliance costs, particularly for small and mid-sized landowners, family forests, tribal nations, and community organizations. Validated remote sensing approaches have demonstrated per-acre cost reductions of 40–60% while maintaining or improving precision, and their exclusion may reduce participation and geographic diversity.

The Proposed Amendments also create regulatory asymmetry by relying on remote sensing to determine reversal discovery dates under § 95983, while deeming the same technologies unsuitable for measurement and monitoring. Additionally, the absence of transition language creates uncertainty for projects that have invested in remote-sensing-based inventory development or related methodological work in anticipation of future approval pathways.

Conclusion / Requested Change. (1) Retain a technology-neutral alternate methods pathway in § 95976(g); (2) establish standardized evaluation criteria, including calibration and accuracy requirements; (3) provide explicit transition or grandfathering provisions for projects with previously approved LiDAR-based inventories; and (4) consider structured pilot programs to allow controlled evaluation of emerging technologies while maintaining regulatory oversight. (45d-CFCC-436.8)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-4.1, T-4.2, and T-4.3a.

T-4.6b Comment:

CFCC continues to ask CARB to retain a technology-neutral alternate methods pathway in §95976(g) and to address the treatment of projects that have already invested in CARB-approved LiDAR-based inventories or remote-sensing pilot work.20 The proposed change creates an asymmetry between §95983, which relies on remote sensing to set discovery dates, and §95976, which would withdraw remote sensing as a method for the underlying measurement and monitoring.... A transparent regulatory on-ramp for technical-method updates, including forest growth and-yield model modernization beyond the 2015 model freeze, would help align protocol implementation with the best available science and reduce the case-by-case ambiguity project operators currently face. (15d-CFCC-122.12)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-4.6a.

T-5 Reporting During Sequestration Projects Monitoring Period

T-5.1a Multiple Comments:

For Section 95976(h) Anew recognizes that the 100-year permanence obligation for forest sequestration projects is a foundational element of the Compliance Offset Program and is already well established through the U.S. Forest Projects Protocol. We do not seek to revisit or weaken this permanence requirement, and we support CARB's objective of ensuring long-term stewardship and oversight of credited sequestration benefits.

We encourage CARB, however, to consider how monitoring and reporting expectations under Section 95976(h) are structured over the full monitoring period. It would be helpful to distinguish between more intensive monitoring and reporting requirements during the active crediting phase and appropriately scaled requirements during the long-term monitoring phase, when project risks, activities, and information needs may be materially different.

Recent international experience is instructive in this regard. In late 2025, the Article 6.4 Supervisory Body initially proposed a 100-year monitoring period with annual monitoring requirements for land-based activities but subsequently deferred that approach for further methodological development following substantial feedback from the land sector regarding the impracticality and burden of annual reporting over such a longtime horizon. This experience highlights the importance of designing monitoring frameworks that preserve permanence and environmental integrity while remaining administratively feasible and affordable over decades.

We, therefore, encourage CARB to consider allowing reduced or less frequent reporting requirements during the long-term monitoring phase, consistent with project risk, management activity, and the underlying protocol framework. A graduated approach to monitoring would help ensure durability of credited sequestration while avoiding unnecessary administrative burden that could undermine long term project participation and stewardship.

More specifically, we recommend CARB adopt a graduated monitoring framework that distinguishes between the active crediting phase and the post-crediting monitoring phase. During the post-crediting phase, monitoring and reporting requirements could transition from the current annual or biennial cycle to a less frequent interval (e.g. every five years), provided that: (a) the project maintains compliance with permanence obligations and deed restrictions; (b) no reversal event has occurred since the last reporting period; and (c) the project operator provides an annual attestation confirming continued compliance with material project requirements. This approach would preserve the permanence guarantee while reducing the long-term administrative and financial burden that may otherwise discourage project participation over multi-decade timeframes. (45d-AC-396.16)

Comment:

We encourage CARB to consider how monitoring and reporting requirements under § 95976(h) are structured over the full monitoring period. Project risks, management activities, and information needs differ materially between the active crediting phase and the post-crediting monitoring phase, and a single reporting intensity applied uniformly over a 100-year period may impose unnecessary administrative burden without commensurate integrity benefits. Recent international experience is instructive. In late 2025, the Article 6.4 Supervisory Body requested the secretariat develop a simplified template for monitoring in the post-credit monitoring period, following substantial stakeholder feedback regarding feasibility and cost.

Recommendation: Adopt a graduated monitoring framework that distinguishes between the active crediting phase and the post-crediting monitoring phase. During the post-crediting phase, consider allowing reduced reporting frequency, provided permanence obligations remain in force, no reversal event has occurred, and the project operator attests annually to continued compliance. This approach would preserve the permanence guarantee while improving long-term administrative feasibility and program durability. (45d-NF-409.9)

Agency Response:

No change was made in response to these comments. Staff anticipate continuing to engage with stakeholders on this topic during the next opportunity to update the U.S. Forest Projects protocol, which is outside the scope of this rulemaking. Staff appreciate stakeholder concern for ongoing monitoring, reporting, and verification costs, but staff also recognize the importance of ensuring that the GHG removal enhancements for which projects have been credited are permanent as required by statute and necessary for program implication. Staff did not propose any changes to current reporting or verification requirements for sequestration projects beyond specifying the consequences for not completing a verification with an approved positive verification opinion and clarifying the timeline to attempt another verification if a verification concludes with an adverse verification opinion.

T-5.1b Multiple Comments:

The 100-year permanence obligation for forest sequestration projects is a foundational element of the Compliance Offset Program. Monitoring and reporting requirements under § 95976(h) would benefit, however, from being structured to distinguish between the active crediting phase and the post-crediting monitoring phase. Project risk profiles, management activities, and informational needs differ materially across these phases, and uniformly applying the same reporting intensity over the full 100-year period may impose unnecessary administrative burden without corresponding gains in program integrity. A graduated monitoring framework that preserves the permanence obligation while allowing reduced reporting frequency during the post-crediting period may improve long-term administrability and program durability. (15d-NF-198.7)

Comment:

CFCC continues to support a graduated monitoring framework that distinguishes the active crediting phase from the post-crediting monitoring phase, with reduced reporting frequency in the latter, conditioned on continued permanence compliance and absence of reversal events. Recent international experience supports this approach. (15d-CFCC-122.22)

Comment:

The 45-day cure period in the new §95976(h)(2) addresses the immediate risk of termination following a single administrative lapse but does not reach the underlying concern raised in the March 9 comments: annual Offset Project Data Report submittals persist throughout the 100-year post-crediting monitoring phase, including in years when verification is deferred under § 95977(d). Over a multi-generational horizon, this creates substantial cumulative reporting burden that is not commensurate with the environmental risk during years when no disturbance has occurred. Arbos reiterates the March 9 recommendation that OPDR submittals during the post-crediting monitoring phase be aligned with the graduated verification schedule — that is, submitted in years when verification is scheduled or when triggered by a reversal event. (15d-A-18.11)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-5.1a.

T-5.2 Comment:

CFCC emphasizes that some compliance failures are procedural and localized, yet consequences can become project-wide and severe. The monitoring period is a pressure point, because it extends long after credit issuance.

CARB clarifies that sequestration projects must continue monitoring and reporting obligations in the monitoring period, and failure to submit OPDRs can lead to termination and compensation.

It is not hard to see why CARB wants clear obligations. Still, it is worth separating (a) a missed filing deadline from (b) concealment of carbon loss. When a monitoring period report is late, CARB can require submission and restrict certain actions without immediately terminating a 100-year obligation.

A cure mechanism with escalation authority for repeated or willful failure strikes a more reasonable balance. It also acknowledges verifier and registry capacity constraints, which we note as a practical bottleneck.

Conclusion / Requested Change. Add a notice-and-cure mechanism to monitoring-period OPDR failures, with escalation when risk is real.

Proposed redline (add to § 95976(h) monitoring provisions):

If the Offset Project Operator fails to submit an Offset Project Data Report, ~~the offset project shall terminate~~ CARB shall provide written notice and allow a cure period of sixty (60) calendar days to submit the required report. If cured within 60 days, the project shall not terminate. If not cured, or if CARB determines the failure materially obscured evidence of carbon stock loss, the project shall terminate and compensation shall be required.

This preserves CARB's ability to act decisively when permanence risk is implicated. (45d-CFCC-436.9)

Agency Response:

Changes were made in response to this comment. The 15-day Amendments allow for a cure period to submit an Offset Project Data Report (OPDR) when the initial deadline for submitting an OPDR is not met during a sequestration project's monitoring period. The cure period is 45 calendar days from the date of notification from CARB or the offset project registry about the missed initial deadline. The cure period to avoid project termination is available during the monitoring period but not the crediting period.

T-5.3 Multiple Comments:

In Section 95976: Monitoring, Reporting, and Record Retention Requirements for Offset Projects, section 95976(h) highlights the monitoring period for sequestration projects. In this section, CARB states that a "Sequestration Operator must continue to monitor, report and verify information for the full duration of the project life, which includes the 100-year period after the final offset credit issuance."

Ag Council congratulates CARB on creating the state's first ever 100-year reporting requirement; however, this provision may deter private sector investment as many companies could be reluctant to commit to any specific type of project over the course of a century. (45d-ACC-433.9)

Comment:

Section 95976(h) highlights the monitoring period for sequestration projects. In this section, CARB states that a "Sequestration Operator must continue to monitor, report and verify information for the full duration of the project life, which includes the 100-year period after the final offset credit issuance." Ag Council and Dairy Institute understand the need to ensure project viability; however, this provision may deter private sector investment as many companies could be reluctant to commit to any specific type of project over the course of a century. We urge CARB to create ways to incentivize offset projects, not deter them. (15d-ACC-102.9)

Agency Response:

No change was made in response to these comments. Although section 95976(h) newly added to the Regulation by the 45-day Amendments and 15-day Amendments, the cited 100-year requirement is not a new requirement. It is the length of time specified both in the definition of "Permanent" in section 95802(a) and in the U.S. Forest Projects protocol. All GHG reductions or removals for which compliance offset credits are issued are statutorily required to be permanent.

T-5.4 Comment:

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. (45d-CAR-319.7)

Agency Response:

No change was made in response to this comment. Staff appreciate this input. While these comments are out of scope for this rulemaking process, this input can be considered for part of future rulemaking processes, including the updates to the U.S. Forests Projects protocol.

T-5.5 Comment:

Arbos recommends that CARB:

1. Reduce the frequency of OPDR submissions during the post-crediting monitoring phase to align with the graduated verification schedule (e.g., requiring OPDRs only in years when verification is scheduled or triggered by a reversal event).

2. Distinguish between administrative non-compliance (missed reports in the absence of a reversal) and substantive non-compliance (failure to address an actual reversal or permanence violation) when applying termination provisions.

3. Consider whether the 15-period termination trigger is appropriately calibrated for the monitoring phase, where projects are no longer generating credits and the primary obligation is permanence maintenance. (45d-A-47.4)

Agency Response:

No changes were made in response to this comment. The comment on the frequency of offset project data report submissions during the monitoring period is out of scope for this rulemaking and may be considered as part of a future regulatory updates, including updates to the U.S. Forest Projects protocol. See Agency Response to comment T-5.2 regarding changes made in response to comments about distinguishing between administrative non-compliance and substantive non-compliance.

The requirement in section 95977(d)(2) for a positive verification opinion at least every 15 reporting periods clarifies for project developers and other stakeholders what it means to undergo a required verification at a regular interval, given the possibility that a verification may not result in a positive verification opinion. Verification requirements during the monitoring period support ensuring the credited GHG reductions and removals are permanent as required by statute. As projects enter their monitoring periods, staff will gain implementation experience and additional information to support evaluating the 15-reporting period requirement.

T-5.6 Multiple Comments:

Arbos supports the 15-Day Amendment for §95976(h)(2) — 45-day cure period for missed reporting during the monitoring period. The new provision notifying a project operator of a missed reporting deadline and providing 45 additional calendar days before termination directly addresses the risk, flagged in the March 9 comments, of projects being terminated for administrative lapses during a multi-generational monitoring obligation. (15d-A-18.1)

Comment:

The 45-day cure period in the new §95976(h)(2) addresses the immediate risk of termination following a single administrative lapse. (15d-A-18.9).

> **Agency Response:**
> No change was made in response to this comment. Staff appreciates the support for the Proposed Amendments.

T-6 Notice of Offset Verification Services

T-6.1 Comment:

The amendments to section 95977.1(b)(1) remove the ability of Offset Project Registries (OPRs) as an auditing entity to approve site visits less than 40 calendar days after the Notice for Offset Verification submittal and only grant the authority to CARB to approve earlier site visits. Since OPRs also attend site visits as part audits, ACR requests the following 15-day change to add a sentence to 95977.1(b)(1):

"<u>An earlier site visit at least 15 calendar days after the Notice of Offset Verification Services submittal may be conducted if CARB approves in writing the earlier site visit date.</u> <u>Approval may instead be provided by an Offset Project Registry, if applicable, if CARB does not intend to audit the verification.</u>" (45d-ACR-412.6)

> **Agency Response:**
> Changes were made in response to this comment. To support flexibility, changes to section 95977.1(b)(1) in the 15-day Amendments allow both offset project registries and CARB to approve an earlier site visit when auditing offset verification services.

T-6.2 Comment:

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. (45d-CAR-319.14)

> **Agency Response:**
> No change was made in response to this comment. Staff appreciates the support for the Proposed Amendments.

T-6.3 Multiple Comments:

Notice of Offset Verification Services for Offset Projects Timing – Section 95977.1(b)(1) – We understand the intent of this proposed change in timing is to allow CARB the opportunity to signal to project proponents a CARB audit may be initiated. VERA doesn't have a concern with CARB's audit process frequency, but this change impacts every single project irrespective of CARB's ability or desire to conduct additional audits. This change is global, but the rationale seems more targeted.

VERA is opposed to administrative changes, this one in particular, which lengthen the time it takes to complete a project verification. The global nature of this proposed amendment will, by default, impact every project. CARB's proposal recognizes that project proponents may want/need to begin earlier and therefore provides a mechanism to seek approval in writing. We believe that the proposed change will have the inverse impact CARB is looking for, as it will create more work for both projects and CARB by creating an incentive for every project to request an exception to the 40-day notice of offset verification services. Therefore, we suggest repealing the proposed amendment, reverting to the existing language, but inserting language such that all parties are aware of CARB's intention to audit a particular project, which would then extend the site visit start date to a maximum of 40 days.

We know audits will occur and welcome them to protect the integrity of the program. The concern is the global change. VERA is supportive of a mechanism being added to the regulation that allows CARB to delay the site visit, if/when an audit may be scheduled. (45d-VERA-366.12)

Comment:

We understand the intent of the Draft Language in Section 95977.1(b)(1) is to allow CARB the opportunity to signal to project proponents a CARB audit may be initiated. Anew doesn't have a concern with CARB's audit process frequency, but Anew is opposed to administrative changes that lengthen the time it takes to complete a project verification. The global nature of this proposed amendment will, by default, impact every project. CARB's Draft Language recognizes that project proponents may want/need to begin earlier, and, therefore, provides a mechanism to seek approval in writing. We believe that the proposed change will have the inverse impact CARB is looking for, as it will create more work for both projects and CARB by creating an incentive for every project to request an exception to the 40-day notice of offset verification services. Therefore, we suggest repealing the proposed amendment, reverting back to the existing language, but inserting language such that all parties are aware of CARB's intention to audit, a particular project, which would then extend the site visit start date to a maximum of 40 days.

We know audits will occur and welcome them to protect the integrity of the program. Anew is supportive of a mechanism be added to the regulation that allows CARB to delay the site visit, if/when an audit may be scheduled. (45d-AC-396.12)

Agency Response:

Changes were made in response to these comments. Text in section 95977.1(b)(1) of the 15-day Amendments no longer requires verification bodies to request an exception to the 40-day notice. The updated regulatory text grants the exception any time the verification body is not notified of an audit by CARB or the offset project registry. This updated requirement should not lengthen the time needed to conduct verification as verifications are typically planned and scheduled far in advance of the notification date.

T-6.4 Comment:

Arbos supports the 15-Day Amendment for §95977.1(b)(1) — Earlier site visits and pre-report verification initiation for reversal cases. Removing the requirement for CARB pre-approval of earlier site visits when verification services are not being audited, and permitting verification services to begin before Offset Project Data Report submittal when CARB has been notified of an unintentional reversal, will reduce timing friction and better enable pre-salvage field observation. Both changes partially address the verifier-capacity concerns raised in the March 9 comments. (15d-A-18.5)

Agency Response:

No change was made in response to this comment. Staff appreciates the support for the Proposed Amendments.

T-6.5 Multiple Comments:

The proposed change in §95977.1(b)(1) extending the standard notice-of-verification-services period to forty days appears, in CFCC's view, likely to slow every verification rather than only those CARB intends to audit. CFCC and aligned stakeholders proposed in March that the existing notice period be retained, with a separate mechanism allowing CARB to delay a site visit when an audit is contemplated. (15d-CFCC-122.9)

Agency Response:

No change was made in response to this comment. In written comments regarding the 45-day Amendments, this commenter did not comment on changes to section 95977.1(b)(1). Staff understand that the other two comments cited by this commenter were opposed to changes in section 95977.1(b)(1) in the 45-day Amendments but were open to additional changes if they could satisfy both staff and stakeholder concerns. Staff understand that stakeholders were concerned that the current notice period could raise concerns if CARB or an offset project registry decided to audit the verification—a decision which in turn could delay the planned site visit. The Proposed Amendments aim to remove this perception while making the process as seamless and feasible as possible for verifiers and project developers.

T-7 Correctable Errors During Verification

T-7.1 Comment:

ACR supports the addition of a definition for "correctable error" to the Regulation, but notes that the wording of the definition *vis a vis* the wording in section 95977.1(b)(3)(M) adds confusion on if/when errors with up to 3% overstatement must be corrected. We suggest that a cross-reference to section 95977.1(b)(3)(M) within the definition would minimize confusion, for instance:

"'Correctable error' means, in the context of offset projects, an error or omission identified by the verification team in the offset project data report, including its supporting files, being verified by the verification team that contributes to a non-conservative estimate of GHG emissions reductions or GHG removal enhancements. A correctable error resulting from a nonconformance with this article, a Compliance Offset Protocol, or any underlying documented technical procedure(s), such as inventory, modeling, or calculation methods, relevant to the given quantification method must be corrected <u>except as allowed for in section 95977.1(b)(3)(M)</u> before the verification team submits an Offset Verification Statement." (45d-ACR-412.1)

> **Agency Response:**
>
> Changes were made in response to this comment. CARB staff agrees that the text in the 45-day Amendments was potentially confusing and made changes in the 15-day Amendments to the definition of "Correctable Error" in section 95802(a) and to section 95977.1(b)(3)(M) to clarify when errors must be corrected. The changes in the 15-day Amendments ensure consistency between section 95977.1(b)(3)(M) and the definition in section 95802.

T-7.2 Comment:

The changes to 95977.1(b)(3)(M) specify that correctable errors (as now defined by the Regulation) within the 3% overstatement of greenhouse gas emission reductions or removal enhancements must be fixed in the subsequent reporting period. ACR requests clarification on how to deal with correctable errors within the 3% overstatement on projects carried out under the Ozone Depleting Substances Protocol, as these projects only have one reporting period. CARB may consider adding applicability:

"Errors subject to the three percent exception still constitute errors for purposes of this Regulation <u>and they must be fixed in the subsequent reporting period, if applicable,</u> and the Offset Project Operator and Authorized Project Designee, if applicable, are still subject to the requirements of sections 96013 and 96014(d). (45d-ACR-412.7)

Agency Response:

No changes were made in response to this comment. Staff appreciates the concern related to handling correctable errors for single-reporting period offset projects. Staff has not observed any past issues with ODS project developers declining to fix correctable errors. For project developers with multiple projects, staff expects that project developers will fix similar errors in other projects if those projects have yet to begin verification or remain early in their verification process (e.g., for non-sequestration projects, before the site visit or before an Issues Log has been shared).

T-7.3 Comment:

VERA would like to highlight an issue with these proposed changes for staff's awareness. The new definition of "Correctable Error" does not correspond with the provisions of Section 95977.1(b)(3)(M) in terms of timing or magnitude. It is our understanding that staff's proposal is attempting to clarify that correctable errors are to be corrected in a timely manner, i.e. don't repeat each reporting period. VERA supports this goal and is willing to work with staff on amendment language that is internally consistent, while achieving the staff intent. We would like to recommend adding an additional clause to the definition of "Correctable Error", so that the provisions in section 95977.1(b)(3)(M) do not contradict the definition. For example:

A correctable error resulting from a nonconformance with this article, a Compliance Offset Protocol, or any underlying documented technical procedure(s), such as inventory, modeling, or calculation methods, relevant to the given quantification method must be corrected before the verification team submits an Offset Verification Statement, unless otherwise stated in this Chapter. (45d-VERA-366.3)

Agency Response:

Changes were made in response to this comment to clarify the regulatory text. In section 95802(a) of the 15-day Amendments, the definition of "Correctable Error" was modified to directly refer to exceptions identified in section 95977(b)(3)(M). Additionally, modifications to section 95977(b)(3)(M) further clarify the reporting periods and other circumstances in which correctable errors must be corrected.

T-7.4 Comment:

"The new definition of "Correctable Error" is problematic because it does not correspond with the provisions of Section 95977.1(b)(3)(M) in terms of timing or magnitude. It is our understanding that the intended purpose of this change is to clarify that correctable errors are to be corrected in a timely manner, i.e. don't repeat each reporting period. Anew supports this goal and would like to work with staff on amendment language that is internally consistent, while achieving the intent.

Also, Anew recommends adding supplementary language to the definition of “Correctable Error”, to prevent any contradiction between 95977.1(b)(3)(M) and the definition. For example:

A correctable error resulting from a nonconformance with this article, a Compliance Offset Protocol, or any underlying documented technical procedure(s), such as inventory, modeling, or calculation methods, relevant to the given quantification method must be corrected before the verification team submits an Offset Verification Statement, unless otherwise stated in this Chapter.

Further, we are concerned about the timing and the scope of how correctable errors are defined in the amendments. Ideally, an OPO should be able to correct errors discovered in one Reporting Period, even if the error when summed is below the 3% threshold, because such an error could increase to more than 3% in aggregate by the time a full verification takes place, which is likely to occur in the case of a forestry project that does not verify every year. Allowing more flexibility in both timing and scope would better reflect the practical realities of forest carbon accounting, where discrepancies are often discovered through subsequent inventory cycles or QA/QC processes, and would support accurate correction without creating unnecessary compliance risk. We suggest that additional language be added that clearly gives developers the option to fix such an error (even if below the 3% error). Clarifying this issue will help to avoid a situation where an OPO wants to correct an error, but CARB does not allow the correction because it does not meet the 3% threshold in the definition of correctable error." (45d-AC-396.10)

Agency Response:

Changes were made in response to this comment. Changes to section 95977(b)(3)(M) in the 15-day Amendments clarify the reporting period and other circumstances in which correctable errors must be addressed. Additionally, the definition of “Correctable Error” in section 95802(a) of the 15-day Amendments was modified to directly refer to exceptions identified in section 95977(b)(3)(M).

These changes are intended to clarify that correctable errors must be corrected in the reporting periods under verification, unless they are below the 3% threshold in which case they must be corrected in future reporting periods. Project developers still retain the ability to address correctable errors regardless of whether they are required, at least until an Offset Verification Statement is submitted.

T-7.5 Comment:

We are concerned about the timing and the scope of how correctable errors are defined in the amendments. Ideally, an OPO should be able to correct errors discovered in one

Reporting Period, even if the error is below the 3% threshold, because such an error could increase to more than 3% in aggregate by the time a full verification takes place, which is likely to occur in the case of a forestry project that does not verify every year. Allowing flexibility in both timing and scope would better reflect the practical realities of forest carbon accounting, where discrepancies are often discovered through subsequent inventory cycles or QA/QC processes, and would support accurate correction without creating unnecessary compliance risk. (45d-VERA-366.4)

Agency Response:

No change was made in response to this comment. This comment reflects a misunderstanding of correctable errors. Project developers retain the ability to address errors that are correctable, regardless of whether they are more or less than 3%, at least until an Offset Verification Statement is submitted. The 3% threshold clarifies when a project developer is not required to fix a correctable (quantification) error and may opt to not correct it in the reporting period(s) currently undergoing verification. While the comment expresses concern about errors “in aggregate,” this does not conform to how the offset material misstatement equation is applied. Offset material misstatement is calculated individually for each reporting period. If the misstatement is over 3% in any reporting period, then the error must be corrected in that reporting period. When the verification covers multiple reporting periods, a project developer may correct the error in all reporting periods undergoing verification, even if the misstatement is under 3% in some of the reporting periods.

T-7.6 Comment:

New Forests supports CARB’s objective in clarifying the definition of “Correctable Error” to promote timely resolution of immaterial discrepancies and to prevent the recurrence of known errors across reporting periods.

As proposed, however, the revised definition of “Correctable Error” does not align cleanly with the operative verification provisions, including § 95977.1(b)(3)(M), and introduces ambiguity regarding timing, scope, and materiality. In particular, the definition risks discouraging good-faith correction of errors that fall below the materiality threshold in a single reporting period but may become material in aggregate by the time a full verification occurs, an issue that is especially relevant for forest offset projects that do not undergo annual verification. Absent clarification, this inconsistency could create unnecessary compliance risk and disincentivize proactive correction, contrary to CARB’s stated intent.

Recommendation: (i) Revise the definition of “Correctable Error” to explicitly include non-conformances with the regulation, an applicable Compliance Offset Protocol, or underlying technical procedures that can be remedied prior to submission of an Offset

Verification Statement; (ii) further clarify that correctable errors may be addressed proactively by project operators, even where an individual discrepancy falls below the materiality threshold in a single reporting period; and (iii) align the definition with the verification provisions in § 95977.1, which may promote timely correction, preserve internal consistency, and strengthen overall program integrity without increasing enforcement risk for well-managed forest offset projects. (45d-NF-409.4)

Agency Response:

Changes were made in response to this comment to clarify the regulatory text. In section 95802(a) of the 15-day Amendments, the definition of "Correctable Error" was modified to directly refer to exceptions identified in section 95977(b)(3)(M). Additionally, modifications to section 95977(b)(3)(M) further clarify the reporting periods and other circumstances in which correctable errors must be corrected.

No changes were made in response to the suggestions to explicitly include non-conformances in the "Correctable Error" definition and to clarify that correctable errors may be addressed by project developers. Staff did not include non-conformances in the definition because many types of non-conformances (e.g., non-quantification errors) are not covered by the 3.00% threshold and must be addressed to receive a positive Offset Verification Statement. The existing regulatory text is already clear that project developers retain the ability to address correctable errors until the time an Offset Verification Statement is submitted. It is the role of verifiers to note correctable errors, which they are required to include in their Issues Log. The role of verifiers, though, does not extend to deciding whether to fix the errors (which would be consulting instead of verification). The role of fixing errors lies with a project developer, with the exception that after an Offset Verification Statement is submitted, revisions to an Offset Project Data Report can be made only upon request from the offset project registry or CARB.

T-7.7 Multiple Comments:

While we support the inclusion of the definition for correctable errors, we encourage CARB to clarify that errors below 3% in a given Reporting Period may optionally be addressed to avoid errors accumulating across Reporting Periods even when remaining under 3% in any given Reporting Period. (15d-CAR-63.9)

Comment:

CFCC appreciates the following adjustment staff have made in the 15-Day text as it is responsive to comments raised by CFCC, by aligned stakeholders including Anew Climate, the Verified Emission Reduction Association (VERA), and New Forests, or by all of us. §95802. Cross-reference in the "Correctable Error" definition to §95977.1(b)(3)(M). The added clause "except as allowed for in section

95977.1(b)(3)(M)" addresses the internal inconsistency that CFCC, Anew, VERA, and New Forests all flagged in March. The cross-reference resolves the timing and magnitude conflict between the definition and the operative verification provision, which is a constructive step. As discussed in Part II below, however, CFCC believes the deeper question, whether project operators may proactively correct errors that fall below the materiality threshold in a single reporting period, remains and should be taken up in the SB 840 protocol update process. (15d-CFCC-122.2)

Comment:

The added cross-reference in "Correctable Error" in §95802 resolves the internal conflict, but the underlying materiality question remains. CFCC supports the addition of "except as allowed for in section 95977.1(b)(3)(M)" to the "Correctable Error" definition. The cross-reference resolves the inconsistency between the §95802 definition and the operative verification provision in §95977.1(b)(3)(M), which CFCC and aligned stakeholders flagged in March.

A related concern remains, however, and is worth noting on this record. In its current form, the "Correctable Error" framework still leaves uncertainty about whether a project operator may proactively correct an error discovered in a single reporting period when the magnitude of that error, viewed in isolation, falls below the 3 percent materiality threshold. The practical concern is straightforward: forest offset projects often do not verify every reporting period, and an error that appears immaterial in one period can grow in aggregate before the next full verification cycle. Allowing operators to fix small errors as they are discovered, rather than wait, would reduce compliance risk and improve overall data quality. CFCC requests that this materiality and timing question be queued for the workshops described in Part IV. Anew Climate, VERA, and New Forests raised the same point in March, and we expect to coordinate on a common redline in the protocol update process. (15d-CFCC-122.6)

Agency Response:

No changes were made in response to these comments. Staff appreciates the support for the changes to the definition of "Correctable Error." Regarding the ability of a project operator to proactively address correctable errors, see Agency Response to comment T-7.6.

T-8 Offset Verification Services Miscellaneous

T-8.1 Comment:

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. (45d-CAR-319.6)

Agency Response:

No change was made in response to this comment. The cited text is not new to the regulation as that text in section 95977(d) of the Proposed Amendments was previously included in section 95977(c). Staff appreciates the support for these existing regulatory provisions.

T-8.2 Comment:

We appreciate CARB's changes from the term "year" when intended to mean "Reporting Period". We understand from past guidance that this change would also apply to the use of "years" in 95977.1(a)(2).

"An Offset Project Operator or Authorized Project Designee that has deferred the second verification for 6 to 12 ~~years~~ Reporting Periods may have up to 13 Offset Project Data Reports verified by the same verification body and offset verification team member(s). If an Offset Project Operator or Authorized Project Designee has not deferred the second verification for more than 6 ~~years~~ Reporting Periods, the requirements in section 95977.1(a) for rotation of verification bodies and offset verification team member(s) shall apply." (45d-ACR-412.5)

Agency Response:

No changes were made in response to this comment. The commenter is correct that "years" in section 95977.1(a)(2) may be understood as "reporting periods." However, since the second through 24th reporting periods of a reforestation project would all be exactly 12 months, there is no difference between which term is used in section 95977.1(a)(2).

T-8.3 Comment:

In 95977.1(b)(3)(D) CARB can specify that virtual site visits are permitted in cases where the Verification Body / Offset Project-Specific Verifier has completed X number of in-person site visits to the project activity location in the past 5 years, or something similar. Site Visits to non-sequestration offset project boundary locations under the Ozone Depleting Substance (ODS) and Mine Methane Capture (MMC) protocols occur frequently and repeatedly to the same locations. (45d-Chan-15.2)

Agency Response:

No change was made in response to this comment. This comment is out of scope for this rulemaking since no regulatory changes were proposed about whether or when to require a site visit as part of verification. The existing site visit requirements support thorough verification of each offset project on a regular basis while balancing costs.

T-8.5a Comment:

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. (45d-CAR-319.11)

Agency Response:

No change was made in response to this comment. Staff appreciates the support for the Proposed Amendments.

T-8.5b Comment:

For the Verifiability Petition Deadline the Reserve supports the added clarification and intent behind the 8-month limit to verification petitions. (15d-CAR-63.5)

Agency Response:

No change was made in response to this comment. Staff appreciates the support for the Proposed Amendments.

T-9 Offset Verification Body Capacity

T-9.1 Multiple Comments:

§95985(b)(2) now requires that the second verification (for reduced invalidation period eligibility) be performed not merely by a different accredited verification body, but by entirely different individual team members. In a small and specialized verifier pool, this requirement further narrows the available options for project operators seeking timely verification. Regulatory changes that add procedural complexity, narrow verifier roles, or impose rigid timelines without accounting for this reality risk creating compliance and invalidation exposure driven by verifier scarcity rather than by substantive project deficiencies.

Arbos recommends that CARB take a coordinated, program-wide view of verifier capacity when finalizing amendments across these sections, ensuring that timelines, evidentiary requirements, and enforcement backstops are calibrated to practical verifier availability. (45d-A-47.3)

Comment:

The 15-Day Amendments modify numerous provisions of § 95985 but leave § 95985(b)(2) unchanged. That provision continues to require, for reduced invalidation period eligibility, that the second verification team "both be affiliated with a different company and comprise completely different verification team members," with the further requirement that "no verification team member may be part of both verification teams." Within the small and specialized pool of CARB-accredited forest offset verification teams, this requirement materially narrows the available options for project operators and, as discussed in the March 9 comments, risks creating invalidation exposure driven by verifier scarcity rather than substantive project deficiencies. The 15-Day Amendments elsewhere acknowledge program-wide verifier capacity realities through the streamlined site-visit scheduling in § 95977.1(b)(1); § 95985(b)(2) moves in the opposite direction.

Arbos recommends that CARB revise §95985(b)(2) to require a different verification body and a different lead verifier, while permitting individual team-member overlap where no conflict of interest under § 95979 exists. This revision would preserve the independence rationale for the second verification while avoiding invalidation exposure caused by pool size rather than project quality. (15d-A-18.6)

Agency Response:

No change was made in response to these comments. Having an individual who participated in an initial verification also participate in a second verification that reduces the invalidation period for an earlier reporting period, even if the verifications are conducted by different verification bodies, would be inappropriate because it would undermine the independence of the verification processes that justifies reducing the invalidation period. The Proposed Amendments prevent a similar verification team from verifying a subsequent reporting period of a project to reduce the invalidation period of offset credits issued for a previous reporting period simply because the verifiers now work for a different corporate entity. This provision will ensure reductions in invalidation periods continue to be well-justified due to multiple independent verifications, and staff expect it will not significantly affect verifier capacity beyond existing concerns related to verifier rotation and conflict-of-interest requirements.

T-9.2a Comment:

New Forests encourages CARB to consider the practical interaction between invalidation provisions and the availability of CARB-accredited verification bodies. In practice, resolution of potential invalidation issues, including material misstatements, corrective actions, or documentation deficiencies, often depends on timely access to qualified verifiers. The current pool of accredited forest offset verifiers is severely limited, and verifier availability is already a significant bottleneck for many projects. Regulatory changes that further restrict verifier services, increase procedural complexity, or impose rigid timelines without accounting for verifier capacity risk increasing invalidation exposure for otherwise compliant projects due to factors outside a project operator's control.

Recommendation: Address verifier capacity as a system-level consideration when implementing § 95985, rather than evaluating invalidation provisions in isolation. Aligning timelines and procedural expectations with practical verifier availability may help support that the Proposed Amendments strengthen program integrity without unintentionally creating implementation bottlenecks. (45d-NF-409.11)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-9.1.

T-9.2b Comment:

The Proposed 15-Day Amendments clarify invalidation provisions under § 95985 and reinforce the importance of clear and predictable standards to ensure that offset credits continue to represent real, permanent, quantifiable, and verifiable greenhouse gas benefits. Effective implementation of these provisions, however, is closely linked to the availability of CARB-accredited verification bodies. Verifier availability for forest offset projects, however, is already constrained. Regulatory changes that increase procedural complexity or impose rigid timelines without accounting for verifier capacity risk elevating invalidation exposure for otherwise compliant projects due to factors outside a project operator's control. Addressing verifier capacity as a system-level consideration and aligning procedural expectations accordingly may support program integrity while avoiding unintended implementation bottlenecks. (15d-NF-198.9)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-9.1.

T-9.3a Multiple Comments:

In practice, forest offset projects frequently require verifier involvement to address reversals, corrective actions, potential invalidation issues, post-disturbance assessments, and complex verification judgments. As the CARB Draft Language makes a number of changes to these sections of the Regulation, we urge CARB to consider the impact of these regulatory changes on verifiers, which are already in short supply and significantly capacity constrained.

The current pool of CARB accredited forest offset verifiers is severely limited, and verifier availability is often constrained during periods of heightened demand, including following large disturbance events or during overlapping verification cycles. Regulatory changes that add procedural complexity, narrow verifier roles, or impose rigid timelines without accounting for this reality will risk creating compliance and invalidation exposure driven by verifier scarcity rather than by substantive project deficiencies.

This concern is particularly relevant where Section 95983 and Section 95985 rely on verification outcomes to resolve reversals or invalidation risks, and where Section 95977 and Section 95978 govern the timing, scope, and content of verification services needed to demonstrate continued compliance. If projects are unable to secure timely verifier engagement due to capacity limitations, they may face prolonged uncertainty, elevated costs, or adverse regulatory outcomes despite good faith efforts to comply with Program requirements.

We, therefore, encourage CARB to take a coordinated, program-wide view of verifier capacity when finalizing and implementing amendments across these sections. This includes ensuring that timelines, evidentiary requirements, and enforcement backstops are calibrated to practical verifier availability; avoiding unnecessary restrictions on verifier services that could further strain limited resources; and maintaining sufficient flexibility to allow projects to resolve issues without undue risk of termination or invalidation where delays are outside a project's control.

Anew recommends that CARB address verifier capacity as a system-level consideration, rather than within individual sections in isolation to ensure that the proposed amendments enhance environmental integrity and program confidence without unintentionally creating bottlenecks that undermine effective implementation. As we have also recommended before, we also urge CARB to hold additional lead verifier trainings for the forestry protocol to enable new verifiers to attain the appropriate accreditations. (45d-AC-396.3)

Comment:

Across § 95977 (Verification of GHG Emission Reductions and GHG Removal Enhancements), § 95978 (Verification Statements), § 95983 (Forestry Offset Reversals), and § 95985 (Invalidation of ARB Offset Credits), the Proposed Amendments place increased reliance on timely, repeated, and, in some cases, sequential engagement by CARB-accredited verification bodies. New Forests supports CARB's objective of strengthening oversight, clarity, and environmental integrity through these provisions. It is important to recognize, however, that verifier availability, particularly for forest offset projects, is a serious constraint within the Program.

The current pool of CARB-accredited forest offset verifiers is limited, and availability is often constrained during periods of heightened demand, including following large disturbance events or during overlapping verification cycles. Regulatory changes that add procedural complexity, restrict verifier services, or impose rigid timelines without accounting for this reality could have the unintended effect of increasing compliance and invalidation exposure due to verifier availability constraints rather than underlying issues with project design or environmental performance.

Recommendation: Take a coordinated, program-wide approach to verifier capacity when finalizing and implementing amendments across these sections. This includes calibrating timelines and evidentiary requirements to practical verifier availability, avoiding unnecessary constraints on verifier services, and maintaining flexibility where delays arise from capacity limitations rather than project non-compliance. (45d-NF-409.2)

Agency Response:

No change was made in response comments advocating for a “system-level” or “coordinated, program-wide” approach to addressing verifier capacity, which is a valid recommendation but is out of scope for this rulemaking. Staff note that in an effort to enhance verifier capacity, CARB’s compliance offset program offers verifier training on an on-going basis instead of on an occasional or less-frequent basis. To enhance verifier capacity, the Proposed Amendments adjust a conflict-of-interest provision in section 95979(b)(2) for sequestration projects.

There is one specific change in the Proposed Amendments responsive to these comments. In section 95977.1(b)(3)(R)7., new regulatory text specifies the timing to resolve outstanding issues as part of a verifiability petition. In proposing these amendments, staff, recognizing concerns related to forest verifier capacity, proposed new text specifying that the eight-month timeline will go into force for petitions made after March 31, 2027 and petitions before that date will have a longer timeline to resolve outstanding issues (if any).

T-9.3b Comment:

Verifier capacity should be addressed as a program-wide constraint rather than evaluated section-by-section, consistent with comments from Anew Climate, New Forests, and others. (15d-CFCC-122.11)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-9.3a.

T-9.4a Comment:

The pool of accredited forestry verifiers is relatively small, and scheduling constraints can create delays that are largely unrelated to project risk or data quality. In that context, CFCC recommends that CARB consider expedited review timelines for established projects, particularly during subsequent verification cycles where the project presents lower apparent integrity risk. The point is not to weaken verification standards. Rather, it is to align the depth and timing of review with the actual risk profile of the project.

Projects with long compliance histories, stable forest conditions, and repeated positive verification outcomes appear to present lower integrity risk than newly listed projects or those undergoing significant operational changes. A verification approach that recognizes those differences, especially during subsequent verification cycles where the project presents lower apparent integrity risk, would allow CARB and verification bodies to focus resources where they matter most while reducing unnecessary administrative delays for projects that have consistently demonstrated reliable reporting and carbon performance.

CARB's proposed regulation revises verification timing and replaces "years" with "Reporting Periods." For sequestration projects, verification must be performed following the first Reporting Period, then "at least once every six… Reporting Periods," with limited deferrals for certain project types.

The transition to "Reporting Periods" is a sensible clarity improvement. But the schedule is still structurally rigid. If verifier capacity is constrained, a project can be in technical noncompliance due to market scarcity rather than project risk. That dynamic is corrosive. It makes the program feel like a compliance trap.

CARB already acknowledges risk-based approaches in verifier guidance, and external verification manuals describe "risk-based review" and sampling plans as standard practice.1516 CARB can incorporate a narrow extension authority tied to documented good-faith efforts, without creating a loophole.

Conclusion / Requested Change. Add narrow discretion for extensions where verifier availability is the cause, not nonconformance.

Proposed redline (add to § 95977(e) timing provisions):

OPOs may petition CARB for a reasonable extension of the OVS submission deadline if the OPO can demonstrate (1) good-faith efforts to obtain verification services within eleven months after the end of the applicable Reporting Period, and (2) that any delays are attributable to verifier availability constraints rather than project nonconformance. Supporting documentation may include, but is not limited to, one or more of the *following: timestamped communications (e.g., email or text messages), an affidavit, or a letter on official letterhead from either the OPO or the OVB.*

This is a small clause that can prevent disproportionate harm. (45d-CFCC-436.10)

Agency Response:

No change was made in response to this comment. The comment is out of scope for this rulemaking. The recommended change to add an exception to meeting regulatory deadlines due to lack of verifier availability is neither necessary nor feasible for program implementation. Such a provision would require staff to assess the extent to which any delays are appropriately attributed to verifier constraints as opposed to other factors. It is also unclear how staff could determine the level of verifier constraints or what constitutes a good-faith effort to obtain verification services. For a project struggling to meet its offset verification statement submittal deadline, the offset project data report verifiability petition pursuant to section 95977.1(b)(3)(R) remains an option to consider.

T-9.4b Comment:

CFCC also continues to support a narrow extension authority for verification timelines tied to documented good-faith efforts where verifier scarcity, rather than project nonconformance, is the cause of delay, together with risk-based review tiers and scope-stability protections within an established verification cycle. (15d-CFCC-122.10)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-9.4a.

T-10 Forest Offset Project Accounting

T-10.1 Comment:

CARB's draft language weighs in on several highly technical and complicated forest accounting topics. In a number of instances, the draft language constitutes a significant change in how accounting has been done by stakeholders to date, particularly on topics where the protocol and regulations were not previously explicit, leading to a variety of interpretations and practices that have resulted in issued ARBOCs.

IETA strongly encourages CARB to launch workshops and/or a working group with project developers, verifiers, registries, and forest carbon experts on these topics to foster greater feedback, collaboration, and discussion on implementing the regulatory amendments. (45d-IETA-341.7)

Agency Response:

No changes were made in response to this comment. The comment does not express specific elements of concern, only that some text in the 45-day Amendments relates to forest accounting topics that are technical and complicated and that some of that text changes how accounting has been done by projects to date. The Proposed Amendments do not make any changes to specific quantification or accounting procedures. The Proposed Amendments add siderails to clarify what data and information should be included or excluded from existing accounting requirements and specify the time period that the data and information should cover, particularly as it relates to a reporting period that may have a reversal. The Proposed Amendments aim to ensure consistency in how these elements are treated but do not prescribe specific any quantification procedures. See also Agency Response to comment T-10.6.

T-10.2 Comment:

IETA recommends that CARB consider our previous comments on the forestry protocols at a later time when all the offset protocols are reconsidered. For now, we encourage CARB to continue to focus on priority amendments (e.g., increasing stringency of the program, alignment with legislative direction) through the current rulemaking to remain on track for approval at the May 28 Board Meeting. (15d-IETA-86.5)

Agency Response:

No changes were made in response to this comment. CARB staff appreciates the input on the priority that should be given to comments that were previously submitted by this commenter.

T-10.3 Comment:

CARB's Draft Language weighs in on several very technical and complicated carbon forest accounting topics. In a number of instances, the Draft Language significantly changes how accounting has been done by stakeholders to date, particularly on topics where the protocol and regulations were not previously explicit, leading to a variety of interpretations and practices that have resulted in issued ARBOCs. In some cases, CARB's Draft Language appears to ignore industry standards and principles that promote project feasibility. While CARB signaled that they would make updates to some of these sections in the workshop held in April 2024, Anew's and other stakeholder comments at the time asked for more detail to be able to properly evaluate the proposed changes. However, little detail was shared until the CARB Draft Language was released.

We strongly encourage CARB to launch workshops and/or a working group with project developers, verifiers, registries, and forest carbon experts on these topics to foster greater feedback, collaboration, and discussion and to ensure practical and implementable regulatory amendments moving forward. (45d-AC-396.1)

Agency Response:

No changes were made in response to these comments. See Agency Response to comment T-10.1. See also Agency Response to comment T-10.6.

T-10.4 Comment:

Accounting for standing dead can be done in many ways in practice and is a common cause of issues during verification. It would be helpful for project development, monitoring, and verification if there was a single set of methods that all projects must use to quantify standing dead, especially regarding broken tops, defect, and form. (45d-Sahara-10.1)

Agency Response:

No changes were made in response to this comment. Staff appreciates this feedback on aspects of quantification that could benefit from standardization. The quantification of carbon in standing dead trees is part of a project's inventory methodology procedures under the U.S. Forest Projects protocol. There are no changs to the U.S. Forest Projects protocol as part of this rulemaking process, therefore this comment is out of scope for this rulemaking but it could be considered during future updates to the U.S. Forest Projects protocol.

T-10.5 Comment:

Regarding the initial crediting period and baseline modelling, there is a large incentive for project developers to develop aggressive baseline models to maximize the delta between initial carbon stocks and baseline carbon stocks, thereby maximizing near-term profits. Baseline models are complicated and underpinned by many assumptions regarding timber markets, growth in carbon stocks, and regulatory constraints. Forest dynamics are complex, and growth is difficult to model "accurately", even using local site and ecological data. Changes in environmental conditions over 100 years are impossible to know. Because of the inherent complexity in baseline modelling over long periods, it is difficult for verification bodies to be able to present strong and compelling evidence if they feel a baseline model is too aggressive, and it is an area that project developers can exploit to their advantage. Project developers often exit a project in 5-10 years, having developed a sophisticated project that is challenging for landowners to understand fully, and which may saddle the landowner with unrealistic growth expectations. This can lead to annual project reversals because actual project growth is not enough to overcome the project's baseline market responses to wood production changes and secondary effects reductions, and these reversals are then considered at least partially intentional because they result from poor modelling of the baseline, although they are often combined with extenuating circumstances like drought, pest infestations, or fire-fighting responses (e.g. emergency fuel break construction). Unfortunately for the landowner, the project developer has often exited from their contractual responsibilities when reversals appear and the landowner is left trying to understand a pay for project reversals due to lower than expected growth, often due to natural causes, but exacerbated by high baseline deductions. I have spoken to and worked with landowners whose project stocks are verifiably greater each year (i.e., project stocks increase annually), but still face negative QRy when all accounting is completed. One avenue to minimize aggressive baseline modelling would be to spread the initial avoided emissions carbon credits over a longer period of time, like 10 to 20 years. This would also provide the project a buffer if project stocks do not grow at the rate initially modelled. (45d-Sahara-14.1)

Agency Response:

No changes were made in response to this comment. CARB staff appreciates the feedback on implementation challenges, including potential long-term effects of baseline modeling on crediting and reversals. This comment is out of scope for this rulemaking as it does not pertain to any changes in the Proposed Amendments. CARB staff look forward to continued discussions on these topics with stakeholders.

T-10.6 Multiple Comments:

We believe that staff's attempt to improve aspects of the rule with respect to forest projects has fallen short, both in terms of outcomes and public process. It has been almost two years since CARB asked for developer (public) input on these issues. The last workshop was in April of 2024 where only high-level “initial concepts” were presented without sufficient details to see their actual impacts. Presenting a set of detailed, significant, and wide-ranging changes for the first time in a 45-day package is problematic. This timing does not allow a venue to work through the minutiae of something as complex as a compliance offset protocol, forestry or otherwise. Public comments within a 45-day, or 15-day, package are constrained at best, and too late at worst to be effective.

As an organization, VERA's main objective is to promote and protect the broader policy framework associated with implementation of all CARB's offset protocols. Our 45-day ISOR comments discussed this issue of process, focusing on the need for rulemaking over ad-hoc guidance documents to change policy. An important corollary is at play here—that the rulemakings, and protocol updates, need to be robust and of sufficient time to allow for meaningful dialogue prior to entering into formal rulemaking documents, where even necessary changes are difficult to achieve.

In terms of details, VERA supports and defers to our individual forestry developer comment letters regarding the actual details and proposed changes impacting the Forest Offset protocol. VERA strongly disagrees with any assertion that sufficient process was conducted for changes of this significance, and therefore recommends an additional opportunity for impacted stakeholders to address their concerns before this portion of the rulemaking is finalized. (15d-VERA-117.2)

Comment:

While we are strong supporters of CARB and the Cap-and-Invest Program overall, and very much appreciate CARB's efforts to address concerns for a number of the offset program provisions in the latest rulemaking package, as well as their engagement with offset developers like Anew and the VERA coalition to understand and address our concerns, we are taking the position of Support if Amended. We are supportive of CARB Board adoption of the 15-day rulemaking package moving forward if, and only if, CARB either A) addresses significant concerns Anew and other stakeholders raised on the 45-day amendments to the forestry reversal section (95983), which have not been addressed in the 15-day Language, or B) delays making the amendments to Section 95983 until a later date when greater public engagement and input can inform the amendments. Recognizing that CARB will be embarking on a process to update the forestry protocol to meet the requirements of SB 840 imminently, we urge CARB to roll the currently proposed amendments into that process, so that they can receive the same consideration, workshops, and engagement as the rest of the protocol.

As a market participant, we understand and the importance that completing the current rulemaking will have to help create certainty in the market. However, we are disappointed and concerned about the lack of any meaningful changes to the problematic amendments to the forestry reversal section of the regulation, and we believe pushing ahead with these amendments will significantly hinder future investment in the offset program. Anew has been an active participant in California's Cap-and-Trade Program and its offset program since its inception and have developed over 25 compliance projects, all but one of them forestry, generating over 28 million credits to date. However, the amendments are concerning enough that Anew will strongly reconsider plans for any future investment in compliance forestry projects. We believe other developers will do the same. We strongly believe that the amendments to the forestry reversal section (95983) are problematic and that the public process to develop those amendments was insufficient. It has been almost two years since CARB asked for developer (public) input on these issues. The last workshop was in April of 2024 where only high-level "initial concepts" were presented without sufficient details to see their actual impacts. Presenting for the first time a set of detailed, significant and wide-ranging changes in a 45-day package is problematic.

This timing does not allow a venue to work through the minutiae of something as complex as a compliance offset protocol, forestry or otherwise. Public comments within a 45-day, or 15-day, package is constrained at best, and, at worst, too late to be effective. In sum, CARB imply did not allow for enough public input via workshops or stakeholder engagement on these topics.

As noted in our previous comments, CARB's Draft Language weighs in on several very technical and complicated carbon forest accounting topics that require broader stakeholder engagement to get right. While some minor changes were made to Section 95983 in the 15-Day package, our concerns largely remain. In a number of instances, the 15-Day Language significantly changes how accounting has been done by stakeholders to date, particularly on topics where the protocol and regulations were not previously explicit. In some cases, CARB's 15-Day Language appears to ignore industry standards and principles that promote project feasibility. While we appreciate CARB's intent is to tighten the regulatory language to address the range of interpretations, robust stakeholder engagement is critically important. Early stakeholder engagement allows CARB to test assumptions, identify unintended impacts, and evaluate feasible alternatives before requirements are finalized. This in turn improves regulatory clarity, supports effective implementation, and strengthens the durability and defensibility of the program, consistent with California's rulemaking principles and the intent of the Program.

However, that engagement with forest offset developers and practitioners has simply not happened. As noted above, these amendments were first proposed in concept at an April 2024 workshop, but little to no detail was shared or discussed with stakeholders until the CARB 45-Day Package was released in January, making that the first time stakeholders saw this language. And now, when stakeholders like Anew have reviewed and commented on these changes in the 45-Day Package, none of the concerns we raised on the amendments to the forest offset reversal section were addressed.

In our previous comments, we strongly encouraged CARB to launch workshops and/or a working group with project developers, verifiers, registries, and forest carbon experts on these topics to foster greater feedback, collaboration, and discussion and to ensure practical and implementable regulatory amendments moving forward. Today, we take that a step further: we urge CARB to hold off on the regulatory amendments on forest offset reversals until such time when such workshops and/or working groups can take place, possibly as part of the process to update the forestry protocol to meet SB 840 requirements, at which time CARB will be reopening the regulation again. As we said in our previous comments, we look forward to engaging in the process to update these protocols in a future rulemaking, and we also stand ready to engage informally as well, to support the shared goal of a stronger Program. (15d-AC-43.1)

Agency Response:

No changes were made in response to these comments. The process for adopting the Proposed Amendments adhered to all requirements of the Administrative Procedure Act. See Agency Response to comment V-2.1.

The comments do not express specific elements of concern, only that some text in the 45-day Amendments relates to forest accounting topics that are technical and complicated and that some of that text changes how accounting has been done by projects to date. The proposed amendments in section 95983 restate and clarify principles to reinforce existing regulatory and Protocol requirements and ensure that they are properly applied and verified, but do not change or prescribe any specific quantification procedures not already required by the Protocol. For example, the Protocol already requires (1) annual accounting of harvests and other disturbances, and (2) a QRy that includes mortality on an annual basis. The proposed updates are fundamentally focused on verifiability. For example, section 95983(b)(1) clarifies the discovery date window for unintentional reversals on a timeframe consistent with the existing annual monitoring requirements which will ensure verifiability. Section 95983(b)(5) requires that there be verifiable evidence as to when a reversal occurred to be eligible for compensation by the Forest Buffer Account, which is a core principle of the program.

It is important to differentiate between disturbances in general and disturbances significant enough to generate an unintentional reversal. Many disturbances that are part of a forest's natural disturbance regime are small enough in size or severity that they would not result in a reversal and therefore would not require a reversal estimate or documentation needed for verification. This is true of some fast-moving disturbances (e.g., small wildfires or windthrow) as well as some "slow-moving" forest pests and disease. Sub-reversal mortality from a slow-moving mortality agent cannot be grouped into the reversal estimate, just as a sub-reversal wildfire is not aggregated into a multi-year wildfire estimate. Disturbances such as these would not trigger a full verification, as they would be accounted for in annual growth models. In fact, those growth models are required to account for local conditions, so under the existing regulatory requirements they should already include, or be updated to reflect, such conditions.

It is worth noting that the newly proposed amendments in sections 95983(b)(1) and 95983(b)(5) do not require projects to annually conduct a full inventory to meet the requirements. Section 95983(b)(1) defines the discovery date for the reversal (on a reporting period basis) and section 95983(b)(5) requires verifiable evidence of the reversal in a given reporting period. Such evidence could include project-generated documentation such as dated remotely sensed imagery, time-series vegetation indices, and dated field reconnaissance records.

CARB staff is committed to working with forest project developers to identify practical and cost-effective approaches for identifying and verifying reversals.

T-11 Forest Owner Definition

T-11.1a Multiple Comments:

California Council of Land Trusts (CCLT) requests that the California Air Resources Board (CARB) revise the definition of Forest Owner in proposed section 94802(a) so that conservation easement holders do not bear an undue burden for Intentional Reversals where those easement holders have not contributed to the reversal. As drafted, the proposed Cap and Invest regulations: (1) define Forest Owner to include all holders of real property interests in property involved in a forest offset project (except for government agency third party beneficiaries of conservation easements) in section 95802(a)(definition of Forest Owner), (2) state that fee owners and easement holder are collectively considered the Forest Owners in section 95802(a)(definition of Forest Owner), and (3) provide that current Forest Owners are liable for project termination and required to replace any credits that are Intentionally Reversed in section 95983(c)(3). On its face and as clearly drafted, this means that a land trust that holds a conservation easement on project land could be liable for an Intentional Reversal, even if the land trust did not contribute to the reversal. Several land trusts in California hold conservation easements on forestlands that are subject to offset projects and this poses an undue burden on the land trust community.

To reflect this change, we propose the following revision in blue to the definition of “Forest Owner” in section 95802(a): “Forest Owner” means the owner of any interest in the real (as opposed to personal) property involved in a forest offset project, excluding a government agency third party beneficiaries of conservation easements. Generally, a Forest Owner is the owner in fee of the real property involved in a forest offset project. In some cases, one entity may be the owner in fee while another entity may have an interest in the trees or the timber on the property, in which case all entities or individuals with interest in the real property are collectively considered the Forest Owners, however, a single Forest Owner must be identified as the Offset Project Operator. *For the purpose of determining liability for Intentional Reversals, the term “Forest Owner” will not include holders of easement interests in the real property, where such easement holder did not contribute to the Intentional Reversal by gross negligence or willful intent.* (45d-CCLT-397.1)

Comment:

Our comment pertains to the definition of “Forest Owner” contained in the draft Amendments under § 95802. Definitions (a):

The Compliance Offsets Protocol Task Force Final Recommendations (March 2, 2021), included a Recommendation on this Definition, which PFT endorses and is summarized here: to “[b]etter scope the definition of Forest Owner so that responsibility and liability for offset projects is clearly assigned to parties that have direct title to or control of property, its forest and land management, germane to offset project permanence and integrity; exclude third parties whose limited rights and exercise thereof have no impact on the offset project. Specifically change Forest Owner definition to include only fee title owner(s) and owner(s) of timber and/or carbon rights; and exclude conservation easements and other similar interests.”

Including the fee title owner and any timber or carbon rights holders as a Forest Owner makes sense given the parties’ ability to control the land through active management activities. However, the current regulatory definition also includes any other entity that holds a real property interest (except, for government agency third-party beneficiaries of conservation easements) even if it has no rights that impact management of the property. Road easements or other rights if exercised that may have some impact on land management are already carefully quantified and incorporated into calculations of the Project Baseline and Activity.

The overly broad and illogical definition of Forest Owner included in the Proposed Amendments creates joint and several liability for project compliance and intentional reversals, sweeping every party equally into this web of liability regardless of their actual ability to impact the project. Neither the Regulations nor the Protocols address the allocation of liability for intentional reversals among all the various potential Forest Owners as defined. It creates a chilling effect on project development by making innocent third parties potentially liable for project deficiencies, including reversals, over which they have no control, nor, typically any knowledge of as they are not party to the property’s fee ownership or management nor that of the Offset Project.

In particular, the proposed Definition and current Regulation provide an exclusion for government agency third party beneficiaries of conservation easements but not for non-profit organizations holding the same or similar rights under conservation easements. This structure is not only illogical but unfair and unjustifiable. Both governmental and non-governmental grantees of conservation easements hold the same negative interests in properties and have zero affirmative rights to remove trees, construct improvements or undertake any of the typical actions associated with land management. The affirmative rights granted in a conservation easement to its grantee are to access the Property (typically once a year), to document conditions and to enforce the terms of the conservation easement. As the Regulation rightly recognizes that government agency beneficiaries, with a direct or successor interest, have no impact on the Offset Project; so too should non-governmental organizations be recognized.

Continuing with the current Definition of Forest Owner is a great error and contravenes California's many policies and programs, including the Offset Program, that support and fund the acquisition and stewardship of conservation easements on forestland. Indeed, conservation easements achieve permanent protection of forests and should be better aligned with Forest Offset Projects to secure durable emissions reductions. Changing this Definition to exclude non-governmental grantees of conservation easements is a good start.

Therefore, we propose the following changes to the draft Regulation's Definition of Forest Owner:

"Forest Owner" means the owner of any interest in the real (as opposed to personal) property involved in a forest offset project, excluding a [sic] government agency third party beneficiaries <u>or non-profit organization grantees </u>of a [sic] conservation easements. Generally, a Forest Owner is the owner in fee of the real property involved in a forest offset project. In some cases, one entity may be the owner in fee while another entity may have an <u>ownership or management </u>interest in the trees or the timber on the property, in which case all entities or individuals with <u>such ownership or management</u> interest<u>s</u> in the real property are collectively considered the Forest Owners, however, a single Forest Owner must be identified as the Offset Project Operator.

The Task Force Recommendations report includes an extensive discussion of the issues and statutory considerations on pages 60-63 to which I refer you. (45d-PFT-448.1)

Comment:

The current definition of Forest Owner in the Regulation is overly broad and creates joint and several liability for project compliance and intentional reversals for all entities (potentially including conservation easement holders, road easement holder, water right holders, and preceding owners), in addition to the current fee title owner and timber rights holders. This ambiguity leaves open the possibility that a preceding Forest Owner could be subject to enforcement action on account of the failures of a successor owner, notwithstanding the language elsewhere in the Regulation to the effect that a successor Forest Owner is liable for all the obligations of a predecessor Forest Owner. The Regulation should define and use the term Forest Owner so that responsibility and liability for offset projects is assigned to parties that have current, direct title to, or control of property, its forest and land management, as it relates to a forest carbon offset project and its integrity. We also propose to exclude all conservation easement holders (i.e., "third party beneficiaries of conservation easements"), as it should not be limited to "government agency" easement holders, but rather any valid easement conservation easement holder under California Civil Code section 815.3 (including 501(c)(3)s, government entities, and California Native American tribes).

Proposed Redline

"Forest Owner" means the *current* owner of any interest in the real (as opposed to personal) property involved in a forest offset project, excluding ~~government agency~~ third party beneficiaries of conservation easements. Generally, a Forest Owner is the owner in fee of the real property involved in a forest offset project. In some cases, one entity may be the owner in fee while another entity may have an interest in the trees or the timber on the property, in which case all entities or individuals with interest in the real property are collectively considered the Forest Owners, however, a single Forest Owner must be identified as the Offset Project Operator. (45d-CFCC-436.2)

Agency Response:

No changes were made in response to these comments. Changes to the definition of "Forest Owner" are outside the scope of this rulemaking because no changes have been proposed to the definition. There can be many forest holders and carbon pools and sources involved in a forest offset project, such that it is not feasible for CARB to be the party that determines who is liable for each activity that is undertaken on forest land. Such liability issues must be worked out among the relevant parties through contractual agreements. CARB must ensure the enforceability of the regulation, and Staff believe the current definition of "Forest Owner" supports appropriate enforcement by CARB against parties that are responsible for offset project reversals and offset credit invalidations.

T-11.1b Comment:

The Forest Owner definition in §95802 was not modified in either the 45-Day or 15-Day text. CFCC continues to support a narrowed definition that assigns responsibility and liability to parties with current title to or control of property, its forest, and its land management, and that excludes all conservation easement holders, including non-profit grantees holding the same negative interests as government agency third-party beneficiaries. The Pacific Forest Trust's March 9 letter offered a specific redline along these lines, which CFCC supports. The current definition's joint-and-several reach to parties with no operational role in offset project performance is, in our view, a significant chilling factor for project development and conservation easement partnerships, and it should be addressed in the SB 840 protocol update process. (15d-CFCC-122.13)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-11.1a.

T-12 Forest Reversal Date of Discovery

T-12.1a Multiple Comments:

Discovery Date Construct
The proposed "discovery date" construct relies on disturbance end dates "reported or implied" by external sources, which may not reflect conditions on the ground, may not be consistently defined across events, and may start compliance timelines before safe site access is feasible. Multi-stage disturbance events — such as multi-year drought, bark beetle outbreaks, or repeated fire entries — further complicate the application of a single discovery date.

Mixed Disturbance Classification
The Proposed Amendments add new provisions under §95983(d) for reporting periods in which both intentional and unintentional disturbances occur simultaneously. This addition appropriately recognizes that disturbance classification in real forest systems is not binary. However, the same recognition should extend to the discovery date construct: if CARB acknowledges that multiple disturbance types can co-occur within a single reporting period, it follows that external data sources may not be able to cleanly attribute timing to a specific disturbance type, further supporting the need for operator-presented evidence and on-the-ground assessment.

Natural Forest Dynamics
The proposed reversal provisions do not explicitly address whether routine natural forest dynamics —including background mortality, self-thinning, small-scale wind events, endemic insect activity, and age-related senescence — fall within or outside the scope of reportable reversals. These processes are inherent to forest ecosystems and are already accounted for within the growth and yield models and baseline projections required by the U.S. Forest Projects Protocol. They do not represent a loss of credited greenhouse gas benefits relative to baseline; rather, they are part of the modeled trajectory against which project performance is measured.

If the proposed language is not intended to capture routine ecological variation as reversals, explicit clarification would prevent misapplication and avoid creating perverse incentives for projects to overstate baseline mortality assumptions in order to avoid future reversal determinations.

Arbos recommends that CARB:

1. Clarify the hierarchy of acceptable evidence sources for establishing the date of discovery, with preference given to on-the-ground assessments where feasible.

2. Provide explicit guidance on how multi-stage or prolonged disturbance events are treated for discovery date purposes.

3. Establish a process by which project operators may present evidence of a different discovery date where externally reported dates are incomplete, inconsistent, or do not reflect actual site conditions.

4. Confirm that background levels of tree mortality and natural forest dynamics, as modeled within protocol-required growth and yield projections, do not constitute unintentional reversals. (45d-A-47.2)

Comment

New Forests encourages CARB to refine several aspects of the proposed framework to better reflect on-the-ground conditions and verification realities. In particular, the proposed “discovery date” construct appears to rely on disturbance end dates “reported or implied” by external sources, which may not accurately reflect site conditions, may vary across event types, and may initiate compliance timelines before safe access or quantification is feasible. Clarification would be helpful regarding the hierarchy of acceptable evidence, the treatment of multi-stage or prolonged disturbances, and the ability of project operators to demonstrate an alternative discovery date where publicly reported information is incomplete or inconsistent. In addition, implementation of the “assigned reversal level” backstop should account for practical verification constraints and be applied in a manner that reflects best available information and good-faith compliance efforts, particularly in complex disturbance years and during the post-crediting monitoring phase.

New Forests also encourages CARB to clarify that routine forest dynamics (e.g. background mortality, self-thinning, small-scale wind events, endemic insect activity, and age-related senescence) do not constitute reversals. These processes are inherent to forest ecosystems and are already incorporated into the growth-and-yield modeling and baseline projections required by the U.S. Forest Projects Protocol. Treating routine ecological variation as a reversal would be inconsistent with the protocol framework and could create perverse incentives without improving environmental integrity.

Recommendation: (i) Clarify the evidentiary framework for establishing discovery date, with preference for site-specific information where feasible; (ii) provide guidance on the treatment of multi-stage or prolonged disturbances; (iii) allow project operators to present evidence supporting an alternative discovery date when external data are insufficient; and (iv) confirm that background forest dynamics modeled under the U.S. Forest Projects Protocol do not constitute unintentional reversals. (45d-NF-409.10)

Agency Response:

Changes were made in response to these comments.

The 15-day Amendments clarify acceptable evidence in cases of certain wildfires. CARB staff were unable to identify specific cases where the hierarchy of acceptable evidence was unclear. Staff did not modify regulatory text to give preference to on-the-ground assessments by project operators or other project developers because CARB has no control over when project developers schedule field assessments. A project developer may request guidance from CARB for specific projects and reversal events when safe site access has a meaningful impact on verification timelines.

No changes were made to modify the discovery date procedures for cases of multiple disturbances or prolonged disturbances. In both cases, it is important for the verification to occur in a timely manner so that attribution can occur for each reporting period.

No changes were made to formalize a process for an offset project operator to suggest changes to the discovery date of a disturbance. The extension of the verification deadline for such cases from one year to 23 months in the 2016 Amendments to the Regulation, and the further extension to 30 months in the 45-day Amendments provides additional time for the verification to be completed to address the general concern without increasing complexity of the discovery date determination. The 30-month deadline applies to all projects rather than creating a separate standard for projects with issues related to site access. The deadlines for reporting and verification now are long to provide ample time for these processes, even in complex cases.

Staff agree that routine forest dynamics do not constitute an unintentional reversal. Natural forest dynamics must be incorporated into the approved growth and yield models and accounted for in a project’s existing inventory. The Regulation (all protocol versions) specifies this requirement in multiple existing sections including (1) in the inventory requirements in Appendix A of the protocols, which require that mortality be incorporated into annual inventories, (2) in the modeling requirements in Appendix B, which require that local conditions be factored in to growth estimates, and (3) in the verification requirement that each unintentional reversal must be verified to be attributed to one of the causes already listed in the definition of “Unintentional Reversal” in Section 95802. The routine forest dynamic events identified by these comments do not qualify as a pest or disease outbreak, catastrophic weather event, or wildfire that would fit under the definition of “Unintentional Reversal.”

T-12.1b Multiple Comments:

The 15-Day Amendments for Natural Forest Dynamics and the Discovery-Date Framework (§95983(b)(1)) clarify evidentiary sources for wildfire discovery dates but do not add an explicit operator-presented evidence pathway for establishing a different discovery date where externally reported dates are incomplete, inconsistent, or do not reflect actual site conditions. The amendments also remain silent on whether background tree mortality and routine natural forest dynamics — processes already accounted for within the growth-and-yield models and baseline projections required by the U.S. Forest Projects Protocol — fall within the scope of reportable unintentional reversals. Explicit clarification that modeled background mortality is not a reversal would prevent misapplication and would avoid creating perverse incentives for projects to overstate baseline mortality assumptions. Arbos reiterates Recommendation \4 from the March 9 comments on this point. (15d-A-18.7)

Comment

The proposed framework in § 95983 relies on a “discovery date” construct tied to disturbance end dates “reported or implied” by external sources that may not reliably correspond to site-specific conditions, may vary substantially across event types, and may trigger reporting and compliance obligations before a disturbance has been confirmed through safe access, field verification, or sufficient evidence. Requiring reporting before the existence, scope, or significance of a disturbance is known may introduce compliance risk, increase administrative burden, and undermine confidence in reversal determinations. Additional clarification is warranted regarding evidentiary hierarchy, treatment of extended or multi-stage disturbance processes, and the ability of project operators to substantiate an alternative discovery date where publicly available data are delayed, incomplete, or inconsistent with observed site conditions. Routine forest dynamics are already incorporated into growth, yield, and baseline modeling under the U.S. Forest Projects Protocol and should be excluded from the definition of reversals. (15d-NF-198.2)

> **Agency Response:**
>
> No changes were made in response to these comments. See the Agency Response to comment T-12.1a.

T-12.2 Multiple Comments:

The Proposed Amendments simultaneously rely on remote sensing data to establish the “date of discovery” for unintentional reversals under §95983, treating remote sensing as sufficiently reliable to trigger compliance obligations and enforcement timelines. If remote sensing is reliable enough to determine when a reversal has occurred and to start a compliance clock, it is difficult to maintain that the same class of technology is categorically unsuitable for measuring forest carbon stocks, particularly when combined with field-based calibration and validation. (45d-A-47.5)

Comment:

The Proposed Amendments introduce an asymmetry by relying on remote sensing data to establish the “date of discovery” for unintentional reversals under § 95983, while simultaneously considering the same class of technology unsuitable for measurement and monitoring under § 95976. This creates a potential tension between how remote sensing data are relied upon for different regulatory purposes, which merits clarification. (45d-NF-409.8)

Agency Response:

No changes were made in response to these comments. Using remote sensing data to corroborate a discovery date is a categorically different use than estimating carbon stocks; the former relates to identifying events and setting procedural deadlines, while the latter relates to quantifying GHG emission reductions and GHG removal enhancements and quantifying offset credit issuance and compensations from the Forest Buffer Account. The latter use case requires a substantially higher degree of accuracy and field verification compared to the use case of identifying when an event happened. The different treatment of remote sensing technologies for these different use cases reflects the different levels of risk associated with deploying remote sensing technologies for these different purposes.

T-12.3 Comment:

While the amendment in Section 95983(b) extends the time for an OPO or APD to notify CARB and the Offset Project Registry of a reversal from 30 days to 2 months of its discovery date, seemingly with the intent to allow the OPO or APD more time to report a reversal, the proposed definition of discovery date in Section 95983(b)(1) creates inconsistency with that intent and will likely cause practical and cost burdens by triggering reporting obligations before reversals can be properly measured and quantified. We suggest revising the discovery date definition as the date when OPO or APD completes data collection and QA/QC of the carbon inventory, and, through quantification, determines that a reversal has occurred, rather than to the initial observation of a disturbance.

Even when following industry management standards of practice, it is common and reasonable that forestry projects will not discover a reversal on a project until after the reporting period ends because project owners need to: (1) account for remaining growth and long-lived wood products during the reporting period, and (2) safely revisit areas affected to be able to survey impacted areas. Simply because a forest experiences a disturbance (whether it be fire, insect, disease, or wind event) does not immediately indicate tree mortality, let alone a net carbon loss (or reversal).

Instead of the language proposed by CARB in Section 95983 (b)(1), we propose the following revised definition for discovery date:

The discovery date will be assumed to be the last day of the season in which the carbon losses or associated mortality was observed via field sampling, reconnaissance or remotely sensed data. The data collected via field sampling, reconnaissance, or remote sensing can be used to quantify the unintentional reversals from mortality that occurred in prior reporting periods. (45d-VERA-366.6)

Agency Response:

No changes were made in response to this comment. The concerns described in the comment are due in part to a conflation of the discovery and the verified estimate processes. Once a potential reversal is discovered and reported to CARB, there is a 24-month period to quantify and report the reversal estimate. Most of the activities described in this comment would occur after the discovery date.

Note that only potential reversals need to be reported. Background mortality that is not attributable to one of the disturbance types in the definition of “Unintentional Reversal” do not need to be reported. Therefore, the requirements in section 95983(b)(1) apply only to specific types of mortality that are sizable enough to impact credited carbon.

The Proposed Amendments align regulatory text with annual monitoring requirements that already exist in the U.S. Forest Projects protocols. If a reversal could be discovered years after the end of the reporting period in which it occurred, that would effectively negate the annual monitoring requirement in the U.S. Forest Projects protocols. That would be untenable because if too much time has passed since the reversal occurred, a verification body may be unable to verify the attribution of mortality to disturbances meeting the criteria for an Unintentional Reversal.

Regarding the regulatory text for section 95983(b)(1) proposed in the comment, the Proposed Amendments do not tie a discovery date to site reconnaissance or remote sensing; however, it is essential that a third-party report (in the case of shorter disturbances) or an end-of-reporting-period deadline (in the case of longer disturbances) also be in place to ensure that discovery dates do not extend beyond the time in which the reversal is reliably attributable and verifiable.

T-12.4a Comment:

While the Draft Language in Section 95983(b) extends the time for an OPO or APD to notify CARB and the Offset Project Registry of a reversal from 30 days to 2 months of its discovery date, with the apparent intent to allow the OPO or APD more time to report a reversal, the proposed definition of discovery date in Section 95983(b)(1) creates inconsistency with that intent and will likely cause practical and cost burdens by triggering reporting obligations before reversals can be properly measured and quantified. We suggest revising the discovery date definition as the date when OPO or APD completes data collection and QA/QC of the carbon inventory, and, through quantification, determines that a reversal has occurred, rather than to the initial observation of a disturbance.

Even when following industry management standards of practice, it is common and reasonable that forestry projects will not discover a reversal on a project until after the reporting period ends because project owners need to: (1) account for remaining growth and long-lived wood products during the reporting period, and (2) safely revisit areas affected to be able to survey impacted areas. Simply because a forest experiences a disturbance (whether it be fire, insect, disease, or wind event) that disturbance does not immediately indicate tree mortality, let alone a net carbon loss (or reversal).

For better clarity, we provide two examples:

<u>In the case of a fire</u>: even if a wildfire is widely reported to have impacted a project area, until a team can get into the field to inventory the trees, determining the scale of tree mortality, it would be impossible to know with certainty the scale of carbon loss. Often an inventory is not possible immediately after a wildfire for safety reasons. Further, any fire-impacted trees that are salvageable can maintain carbon through long-lived wood products. Defining the date a fire is contained as the discovery date for a reversal does not reflect the process necessary to quantify that reversal, nor does it provide enough information to determine if a reversal has in fact occurred.

<u>In the case of an insect or disease</u>, which may impact the project area slowly over a 10-20 year period or longer, applying the new regulatory language would be even harder. A landowner might discover the presence of an insect pest (e.g. ash borer) but not yet have found any dead ash trees. At this stage, it would not make sense to report a reversal, as no reversal has occurred. Over the next 20 years, some ash trees might die (a carbon stock loss) each year, but without inventorying the entire property, it would be impossible to know exactly how many and when each individual ash died. However, the amended regulation would require the landowner to report the unintentional reversal every year and re-inventory the entire property every year to quantify how much ash mortality occurred every year. This is impractical and cost prohibitive; forest inventories cost upwards of $100,000. Further, if the landowner was salvaging any of the dying ash

this would likely be deemed an intentional project terminating reversal, despite this not being negligent behavior and being good forest management that reduces other risks, such as wildfire. While we recognize that the timing of carbon losses is important for quantification and vintage purposes, it is critical that the regulatory updates balance the need for accuracy with practicality and feasibility. The current proposal is untenable and would be prohibitive for any projects with pests or disease.

Considering these concerns, instead of the language proposed by CARB in Section 95983 (b)(1), we propose the following revised definition for discovery date:

The discovery date will be assumed to be the last day of the season in which the carbon losses or associated mortality was observed via field sampling, reconnaissance or remotely sensed data. The data collected via field sampling, reconnaissance, or remote sensing can be used to quantify the unintentional reversals from mortality that occurred in prior reporting periods. (45d-AC-396.5)

Agency Response:

No changes were made in response to these comments. Please see the Agency Response to comment T-12.3 for a response to the conceptual issues raised by commenter and the importance of the discovery date as it relates to the verifiability of an unintentional reversal. See Agency Response to comment T-12.1 regarding the deadline to provide a verified estimate of a reversal.

The intent of ensuring that salvaged material is accounted for prior to the unintentional reversal estimate is to ensure that carbon entering long-term storage in harvested wood products is not also contributing to the reversal and is not compensated from the Forest Buffer Account. This should not affect whether a landowner chooses to pursue salvage harvest nor whether that salvage harvest could lead to a project-terminating intentional reversal. In fact, material diverted to long-term carbon storage would effectively reduce the reversal estimate.

Staff appreciates the difficulties in accounting for a slow-moving disturbance; however, the intent of the proposed language is to clarify how the timelines for quantifying reversals align with annual monitoring requirements in the U.S. Forest Projects protocols. The U.S. Forest Projects protocols already include requirements to account for harvest and disturbance in an annual estimate of the Net GHG Reductions and GHG Removal Enhancements (QRy). Note that the requirements in section 95983(b) are limited to certain types of disturbances identified in the definition of “Unintentional Reversal” that are substantial enough to lead to a reversal within a reporting period.

T-12.4b Comment:

While the unchanged 45-Day Language in Section 95983(b) extends the time for an OPO or APD to notify CARB and the Offset Project Registry of a reversal from 30 days to 2 months of its discovery date, with the apparent intent to allow the OPO or APD more time to report a reversal, which is an improvement, the biggest concern here (unaddressed in the 15-Day Language) is the proposed definition of discovery date in Section 95983(b)(1), which creates inconsistency with that intent and will likely cause practical and cost burdens by triggering reporting obligations before reversals can be properly confirmed, measured and quantified. We suggest revising the discovery date definition as the date when OPO or APD completes data collection and analysis of the carbon inventory, and, through quantification, determines that a reversal has occurred, rather than to the initial observation of a disturbance.

When following industry management standards of practice, it is common and reasonable that forestry projects will not discover a reversal on a project until after the reporting period ends because project owners need to: (1) account for remaining growth and long-lived wood products during the reporting period, and (2) safely revisit areas affected to be able to survey impacted areas. Simply because a forest experiences a disturbance (whether it be fire, insect, disease, or wind event) that disturbance does not immediately indicate tree mortality, let alone a net carbon loss (or reversal).

For better clarity, we provide two examples:

In the case of a fire: even if a wildfire is widely reported to have impacted a project area, until a team can get into the field to inventory the trees, determining the scale of tree mortality, it would be impossible to know with certainty the scale of carbon loss. Often an inventory is not possible immediately after a wildfire for safety reasons. Further, any fire-impacted trees that are salvageable can maintain carbon through long-lived wood products. Defining the date a fire is contained as the discovery date for a reversal does not reflect the process necessary to quantify that reversal, nor does it provide enough information to determine if a reversal has in fact occurred.

In the case of an insect or disease, which may impact the project area slowly over multiple years, applying the new regulatory language would be even harder. A landowner might discover the presence of an insect pest (e.g. ash borer) but not yet have found any dead ash trees. At this stage, it would not make sense to report a reversal, as no reversal has occurred. Over the next 20 years, some ash trees might die (a carbon stock loss) each year, but without inventorying the entire property, it would be impossible to know exactly how many and when each individual ash died. However, the amended regulation would require the landowner to report the unintentional reversal every year and re-inventory the entire property every year to quantify how much ash mortality occurred every year. This is impractical and cost prohibitive; forest inventories typically cost upwards of $100,000 (and in some localities much more). Further, if the landowner was salvaging any of the dying ash this would likely be deemed an intentional project-terminating reversal, despite this not being negligent behavior and, rather, *being good forest management that reduces other risks*, such as wildfire. While we recognize that the timing of carbon losses is important for quantification and vintage purposes, it is critical that the regulatory updates balance the need for accuracy with practicality and feasibility. The current proposal is untenable and would be prohibitive for any projects with pests or disease.

Considering these concerns, instead of the language proposed by CARB in Section 95983 (b)(1), we propose the following revised definition for discovery date:

The discovery date will be assumed to be the date on which the carbon losses or associated mortality is confirmed following the completion of field data collection, analysis, and any required modeling. The data collected via field sampling, reconnaissance, or remote sensing can be used to quantify the unintentional reversals from mortality that occurred in prior reporting periods. (15d-AC-43.3)

Agency Response:

No changes were made in response to these comments. See Agency Response to comment T-12.4a.

T-13 Forest Offset Project Reversals

T-13.1 Comment:

We support the added clarity provided for the definitions and timing requirements related to intentional and unintentional reversals. (45d-CAR-319.8)

Agency Response:

No changes were made in response to this comment. Staff appreciate the support for the Proposed Amendments.

T-13.2 Comment:

While we support the revisions to the first sentence of the definition of conservative, we are not supportive of the full amendment in the current CARB Draft Language, for the following reasons.

The overestimation of carbon stocks is fundamentally incorrect in this case, as it requires projects to understate the damage caused by reversal events and does not fairly compensate for the GHG emissions released. While uncertainty should not result in excessive buffer pool withdrawals, applying a directional upward bias to onsite carbon estimates could unintentionally suppress legitimate reversal determinations if actual losses are understated. Conservativeness should not introduce systematic bias into point estimates; rather, it should be applied through transparent and statistically sound treatment of uncertainty in the same consistent way of quantifying GHG emission reduction/removal enhancements. Further, it is worth noting that the ISOR offers no explanation as to intent behind the remainder of the proposed revision to this definition.

As such, we suggest the definition be amended as follows:

"Conservative" means, in the context of offsets, that offset projects must utilize assumptions, emission factors, and methodologies that are more likely than not to understate the calculation or measurement of net GHG reductions or GHG removal enhancements for crediting. (45d-AC-396.14)

Agency Response:

Changes were made in response to this comment. The definition of "Conservative" in section 95802(a) of the 45-day Amendments clarified how the principle of conservativeness applies for the measurement and calculation of carbon stocks when assessing the GHG removal benefits and that the calculation must err on the side of understating, not overstating, the environmental benefits/outcomes. In the existing Regulation (effective April 1, 2019), "Conservative" is defined only in the context of offset crediting. The "Proposed Amendments" further define "Conservative" in the context of unintentional reversals and project termination determinations such that offset projects must use methodologies that are more likely than not to overstate actual onsite carbon stocks in those circumstances. The overarching goal in the context of unintentional reversals and project termination determinations is to ensure that retirements from the Forest Buffer Account are real and not the result of overstating loss or statistical artifacts. Erring on the side of carbon stock overstatement reduces the likelihood that compensation by the Forest Buffer Account includes statistical artifacts that overstate loss.

T-13.3 Comment:

The bifurcated "Conservative" definition in §95802 introduces a directional bias in reversal accounting that warrants further technical work. The 45-Day text, and the existing regulation, applied a single conservatism principle to offsets: assumptions, emission or removal factors, and methodologies "more likely than not to understate the calculation or measurement of net GHG emission reductions or GHG removal enhancements." The 15-Day text retains that framing for the offset crediting context. It then adds a second context, governing "termination determinations, or unintentional reversals and project termination determinations," in which methodologies used to quantify onsite carbon "must err on the side of overestimating actual onsite carbon stocks, to minimize the likelihood that credits are taken out of the buffer pool due to higher uncertainty."

CFCC understands the policy goal. Buffer-pool integrity matters, and we share staff's interest in avoiding over-withdrawals on the basis of soft estimates. The mechanism, however, has a structural implication that deserves attention. Requiring directional overestimation of onsite carbon stocks in a reversal context is mathematically equivalent to requiring underestimation of carbon stock loss. Each unit of carbon preserved in the model is a unit of loss that is not recognized, and not compensated for, in the reversal accounting. Where actual stock loss is real, that gap is not buffer-pool protection. It is unrecognized atmospheric harm.

Anew Climate addressed this question in its March 9 letter and reached a similar conclusion, observing that conservativeness "should not introduce systematic bias into point estimates" and that the policy goal of buffer integrity is better achieved through "transparent and statistically sound treatment of uncertainty in the same consistent way of quantifying GHG emission reduction/removal enhancements." The distinction matters. Statistical treatment of uncertainty is a methodological tool, applied symmetrically across estimation tasks. A directional bias in point estimates is something else: a thumb on the scale, applied in one direction only.

CFCC's request is limited. We do not seek a revision before May 28. We ask that the reversal-context portion of the "Conservative" definition be specifically queued for the stakeholder workshops described in Part IV, that CARB's Final Statement of Reasons acknowledge the directional-bias question as an open technical issue, and that staff carry this issue forward into the SB 840 protocol update process and any follow-on rulemaking. We expect to develop redline alternatives in that process consistent with the analysis Anew Climate offered in March. (15d-CFCC-122.5)

> **Agency Response:**
> No changes were made in response to this comment. Staff look forward to continuing discussions on this topic with stakeholders as part of a future rulemaking. See also Agency Response to comment T-13.3.

T-13.4a Multiple Comments:

95983(a)(5) – We are concerned the changes made to this section (i) do not accurately reflect the reality of how many causes of slow-moving tree mortality spread through a forest over many years and (ii) do not allow for projects to practically quantify the many types of unintentional reversals that occur over the course of several reporting periods.

Staff's proposed language would have made it effectively impossible to classify and quantify the impacts from pests, diseases, or other slow-moving mortality events as unintentional reversals that can be compensated from the buffer pool, because these mortality events take place over the course of many years. We see this as an opportunity to improve how the protocol and regulation quantify unintentional reversals of different kinds (fire, windthrow, insects, pests, disease, drought) and issue specific guidance on how to deal with different kinds of unintentional reversals. As currently written, only fast-moving mortality events such as fire or windthrow (hurricanes) will be able be to be quantified and classified as unintentional reversals in one given reporting period, whereas all other slow moving mortality events would not be feasible to quantify since they take place over several reporting periods. We propose draft language, instead of CARB's current draft language in Section 95983(a)(5), as follows:

For an unintentional reversal, there must be sufficient verifiable evidence to demonstrate carbon stock losses occurred in the reporting period and prior reporting periods to be eligible for compensation from the Forest Buffer Account in the reporting period. (45d-VERA-366.5)

Comment:

In Section 95983(a)(5) we are concerned the changes made to this section (i) do not accurately reflect the reality of the causes of slow-moving tree mortality and how it spreads through a forest over many years, and (ii) do not allow for projects to practically quantify the different types of unintentional reversals that occur over the course of several reporting periods. More specifically, the Draft Language makes it effectively impossible to classify and quantify the impacts from pests, diseases, or other slow-moving mortality events as unintentional reversals that can be compensated from the buffer pool because these mortality events take place over the course of many reporting periods. We see this as an opportunity to improve how the protocol and regulation quantify unintentional reversals of different kinds (fire, windthrow, insects, pests, disease, drought) and to clarify specifically how to manage and quantify different kinds of unintentional reversals. As currently written, only fast-moving mortality events such as fire or windthrow (hurricanes) will be able be to be quantified and classified as unintentional reversals in one given reporting period, whereas all other slow moving mortality events would not be feasible to quantify since they take place over several reporting periods.

Anew proposes the following language in place of CARB's Draft Language in Section 95983(a)(5), as follows:

For an unintentional reversal, there must be sufficient verifiable evidence to demonstrate carbon stock losses occurred in the reporting period and prior reporting periods to be eligible for compensation from the Forest Buffer Account in the reporting period. (45d-AC-396.4)

Agency Response:

No changes were made in response to these comments. The Proposed Amendments (in section 95983(a)(5) of the 45-day Amendments and in section

95983(b)(5) of the 15-day Amendments) clarify how the timelines for quantifying reversals align with annual monitoring requirements and the Net GHG Reductions and GHG Emission Removals ("QRy") equation already present in the U.S. Forest Projects protocols. In the U.S. Forest Projects protocols, annual monitoring must include updating inventories to account for harvest and other disturbances. Text in the Proposed Amendments therefore clarifies that if a reversal was not discovered within the timelines already established for monitoring and reporting, there is no additional time allowance for the reversal to be considered unintentional and eligible for compensation by the Forest Buffer Account. Adhering to these timelines is important to maintain the verifiability of attributing mortality to causes meeting the definition of "Unintentional Reversal." The QRy equation is specific to a single year or a single reporting period and does not offer a mechanism for grouping mortality that happens slowly over multiple reporting periods.

Staff understands the stated concerns on the difficulties and expense of quantifying potential reversals that occur repeatedly. Changes to the annual monitoring procedures and QRy equation (e.g., the proposed language in the comments that would aggregate losses from multiple reporting periods into a single reporting period) are outside the scope of this rulemaking process as they are described within the U.S. Forest Projects protocols.

T-13.4b Comment:

Despite CARB moving this new text to 95983(b)(5) instead of (a)(5), there is otherwise no change in the language. These changes are concerning because they (i) do not accurately reflect the reality of the causes of slow-moving tree mortality and how it spreads through a forest over many years, and (ii) do not allow for projects to practically quantify the different types of unintentional reversals that occur over the course of several reporting periods. More specifically, the 15-Day Language makes it effectively impossible to classify and quantify the impacts from pests, diseases, or other slow-moving mortality events as unintentional reversals that can be compensated from the buffer pool because these mortality events take place over the course of many reporting periods. As currently written, only fast-moving mortality events such as fire or windthrow (hurricanes) will be able be to be quantified and classified as unintentional reversals in one given reporting period, whereas all other slow moving mortality events would not be feasible to quantify since they take place over several reporting periods. Anew proposes the following language in place of CARB's Draft Language in Section 95983(b)(5), as follows:

For an unintentional reversal, there must be sufficient verifiable evidence to demonstrate carbon stock losses occurred in the reporting period and prior reporting periods to be eligible for compensation from the Forest Buffer Account in the reporting period.

Given more time and stakeholder engagement, we see this section as an opportunity to improve how the protocol and regulation quantify unintentional reversals of different kinds (fire, windthrow, insects, pests, disease, drought) and to clarify specifically how to manage and quantify different kinds of unintentional reversals. However, at minimum, the above proposed change would address our most significant concerns in the immediate near-term. (15d-AC-43.2)

Agency Response:

No changes were made in response to this comment. See Agency Response to comment T-13.4a.

T-13.5 Comment:

IETA has two main concerns with the proposed amendments to Section 95983 on forestry offset reversals, particularly as they relate to unintentional reversals:

i. Section 95983(a)(5)

We are concerned the changes made to this section (i) do not accurately reflect the reality of the causes of slow-moving tree mortality and how it spreads through a forest over many years, and (ii) do not allow for projects to practically quantify the different types of unintentional reversals that occur over the course of several reporting periods.

ii. Reporting Periods in which both Unintentional and Intentional Reversals occurred - 95983(d)

The draft language proposed in Section 95983(d) does not provide enough direction on how to properly quantify unintentional versus intentional reversals that occur in the same reporting period. Neither does it accurately reflect feasible carbon forest management practices, even at conservative levels, as currently defined. IETA recommends that CARB, with input from all stakeholders, develop and adopt clear, rigorous accounting guidelines that specify how to quantify harvests and salvage harvests under the context of unintentional and intentional reversal. (45d-IETA-341.8)

Agency Response:

Regarding slow-moving tree mortality, see Agency Response to comment T-13.4

No changes were made in response to the comment related to text in section 95983(d) about distinguishing among unintentional reversals and intentional reversals that occur in the same reporting period. In 15-day Amendments, some changes were made to streamline and clarify text in section 95983(d) and (d)(1). Quantification of reversals is generally project-specific, with the implementation and methodologies for each specific project reviewed by an accredited verification body. Changes to the quantification of reversals is outside the scope of this rulemaking process as quantification requirements are described within the U.S. Forest Projects protocols.

T-13.6a Multiple Comments:

We are also concerned with the addition of new language in 95983(b)(2) and recommend this new language be removed or, at minimum, that any stratification be made conditional, if deemed necessary. While disturbance areas must be measured and quantified to accurately determine the reversal, automatic establishment of a new stratum is not always statistically justified.

Stratification should be applied where it demonstrably improves precision and reflects materially distinct conditions between the area of the disturbance and other areas, rather than being required solely due to the occurrence of disturbance. If the reversal can be accurately quantified within the existing framework, requiring a new stratum may impose cost without improving accuracy. If post-disturbance conditions still fall within the distribution of the original stratum, then statistically it shall remain in the same population. Over-stratification can reduce efficiency and degrade data quality.

We recommend that CARB provide specific guidance on the measurement and quantification methods for unintentional reversals. The guidance and accuracy standards for unintentional reversals should be consistent with the measurement, quantification, and accuracy standards for reporting harvests, as harvests are a similar type of forest disturbance. Ideally, all types of forest disturbance (both harvests and natural disturbances) should be quantified and reported in a consistent manner. (45d-VERA-366.7)

Comment:

We are also concerned with the addition of new language in 95983(b)(2) and recommend this new language be removed or, at minimum, that any stratification be made conditional, if deemed necessary. While disturbance areas must be measured and quantified to accurately determine the reversal, automatic establishment of a new stratum is not always statistically justified. Stratification should be applied where it demonstrably improves precision and reflects materially distinct conditions between the area of the disturbance and other areas, rather than being required solely due to the occurrence of disturbance. If the reversal can be accurately quantified within the existing framework, requiring a new stratum may impose cost without improving accuracy. If post-disturbance conditions still fall within the distribution of the original stratum, then statistically it shall remain in the same population. Over-stratification can reduce efficiency and degrade data quality.

We recommend that CARB more clearly specify the measurement and quantification methods for unintentional reversals. The rules and accuracy standards for unintentional reversals should be consistent with the measurement, quantification, and accuracy standards for reporting harvests, as harvests are a similar type of forest disturbance. Ideally, all types of forest disturbance (both harvests and natural disturbances) should be quantified and reported in a consistent manner. (45d-AC-396.6)

Agency Response:

Changes were made in response to these comments. New text was added in section 95983(b)(2) of the 15-day Amendments that allows for the disturbed area to be moved to an existing stratum that can pass sequential sampling. It is important to differentiate between disturbances in general and disturbances that are significant enough to generate an unintentional reversal. In cases where a disturbance leads to an unintentional reversal, a restratification is necessary regardless of whether there are materially distinct conditions. This ensures that carbon losses are reflected in the portion of the project area affected by the disturbance that led to the unintentional reversal.

T-13.6b Comment:

We are also concerned with the addition of new language in 95983(b)(2) and recommend this new language be removed or, at minimum, that any stratification be made conditional, if deemed necessary. CARB's "Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information" states that "This change is necessary to support Program implementation and provides added flexibility when stratify in carbon stocks," yet an establishment of a new stratum or a change in existing stratification solely based on disturbance areas is not always statistically justified. Stratification should be applied where it demonstrably improves precision and reflects materially distinct conditions between the area of the disturbance and other areas, rather than being required solely due to the occurrence of disturbance. If the reversal can be accurately quantified within the existing framework, requiring a new stratum or moving areas of disturbance to a different stratum may impose cost without improving accuracy. If post-disturbance conditions still fall within the distribution of the original stratum, then for statistical accuracy, it must remain in the same population. Over-stratification can reduce efficiency and degrade data quality.

We recommend that CARB more clearly specify the measurement and quantification methods for unintentional reversals. The rules and accuracy standards for unintentional reversals should be consistent with the measurement, quantification, and accuracy standards for reporting harvests, as harvests are a similar type of forest disturbance. Ideally, all types of forest disturbance (both harvests and natural disturbances) should be quantified and reported in a consistent manner. (15d-AC-43.4)

Agency Response:

No changes were made in response to this comment. See Agency Response to comment T-13.6a.

T-13.7 Comment:

The Reserve supports the new option for project operators to move affected onsite carbon stocks into an existing stratum following an unintentional reversal, rather than being required to create a new one. (15d-CAR-63.7)

Agency Response:

No change was made in response to this comment. Staff appreciates the support for the Proposed Amendments.

T-13.8 Multiple Comments:

The Draft Language in Section 95983(b)(3) is too ambiguous. CARB should more specifically define *how* to quantify salvage harvest laws, as well as harvests and other disturbances. Accordingly, we recommend that CARB develop and adopt clear, rigorous accounting guidelines that specify how to quantify all disturbances, including both harvests and salvage harvests, under the context of unintentional and intentional reversal. (45d-VERA-366.8)

Comment:

While it is clear that CARB intends for project developers to account for logs delivered to a mill due to salvage harvest, the Draft Language in Section 95983(b)(3) is too ambiguous. As described above, CARB should more specifically define how to quantify salvage harvest laws, as well as harvests and other disturbances. It is insufficient to simply require that such events be accounted for, without specifying the methodological approach or statistical standards to be applied, which creates further ambiguity and uncertainty regarding compliance.

Accordingly, we recommend that CARB develop and adopt clear, rigorous accounting guidelines that specify how to quantify all disturbances, including both harvests and salvage harvests, under the context of unintentional and intentional reversal. (45d-AC-396.7)

Agency Response:

Changes were made in response to these comments. Specifically, some text in section 95983(b)(3) of the 45-day Amendments is deleted from the 15-day Amendments to avoid requirements that could be overly prescriptive or burdensome. The intent of the Proposed Amendments is to ensure that salvage harvest that goes into long-term wood storage is accounted for in the reversal estimate. The changes make explicit an element of accounting that is already required and do not add new requirements for disturbance quantification; projects may use existing estimation and verification procedures to produce estimates for all sources, sinks, and reservoirs. Changes to the quantification requirements are outside the scope of this rulemaking process as quantification requirements are described within the U.S. Forest Projects protocols.

T-13.9 Comment:

While we appreciate CARB's effort to refine the description of accounting for salvage harvest in the 15-Day Language in Section 95983(b)(3), it is still problematic, ambiguous and susceptible to multiple interpretations. It is unclear, for example, whether the deduction is meant to reduce the total reversal estimates through simple deduction or whether the long-term harvest wood product from salvage harvesting shall be excluded from the total harvest wood product pool. Without further clarification, project developers and verifiers may reach materially different conclusions from the same language, leading to inconsistent and inequitable outcomes across projects. We therefore reiterate the recommendation from our 45-Day comments that CARB provide more precise and unambiguous language that specifies exactly how this deduction is to be applied within the reversal accounting process, so that compliance obligations are clear and consistently enforceable.

Accordingly, we recommend that CARB develop and adopt clear, rigorous accounting guidelines that specify how to quantify all disturbances, including both harvests and salvage harvests, under the context of unintentional and intentional reversal. (15d-AC-43.5)

Agency Response:

No changes were made in response to this comment. The intent of the Proposed Amendments in section 95983(b)(3) is to ensure that salvaged biomass that goes into long-term wood storage is part of the reversal estimate calculation rather than potentially being credited in a subsequent reporting period. It is unclear how a simple deduction could be defined or implemented. It is not the intent of the Proposed Amendments to exclude long-term harvested wood products from the total harvested wood product pool.

The Proposed Amendments do not to modify existing accounting procedures but rather clarify an aspect of accounting that is already required—namely, that all harvested wood products associated with a disturbance generating an unintentional reversal should be accounted for in the unintentional reversal estimate.

T-13.10 Multiple Comments:

Salvage Harvest – 95983(b)(3)(A) [new] – Based on the ISOR, it appears some text is meant to be added here. However, this new section appears to be missing from the CARB Draft Language. Please provide any Draft Language proposed here and allow for timely notice and comment. (45d-VERA-366.9)

Comment:

Salvage Harvest – 95983(b)(3)(A) [new] – Based on the ISOR, it appears some text is meant to be added here. However, this new section appears to be missing from the CARB Draft Language. Please provide any Draft Language proposed here and allow for timely notice and comment. (45d-AC-396.8)

> **Agency Response:**
> Changes were made in response to these comments. The text that was proposed in section 95983(b)(3)(A) of the 45-day Amendments was deleted from the 15-day Amendments to avoid a requirement that could be overly prescriptive and could have resulted in the need for an additional pre-salvage verification site visit, which was not the intent and could be burdensome. The remaining text in the Proposed Amendments is sufficient to ensure salvage harvests and associated wood products are included in the final reversal estimate.

T-13.11 Comment:

CFCC asks for clearer guidance on prescribed fire liability and intent classification (“intentional or unintentional?”) and proposes a “negative carryover” approach so short-term management-driven carbon dips are not treated as intentional reversals.

The proposed regulation states that a properly documented wildfire response “will be treated as an unintentional reversal,” while “undocumented or unauthorized” response actions “will be treated as an intentional reversal.”19 The proposed regulation also requires salvage harvest logs delivered to mills be included in wood product storage accounting, and places the burden of verifiability of pre-treatment stocks on the operator. If pre-salvage stocks “cannot be verified,” the losses are treated as an intentional reversal and deducted from the total unintentional reversal estimate — reclassifying only the salvage affected footprint, not the entire reversal event.

The ISOR explains the salvage change: if pre-salvage losses “cannot be verified,” stocks “will be treated as an intentional reversal and deducted from the total unintentional reversal estimate.” It also indicates changes were needed to clarify evidence requirements in these scenarios.

CARB’s objective is integrity. Still, the salvage default is harsh. In a real wildfire footprint, salvage decisions often occur quickly for safety and economics. If the rule effectively requires "wait for a verifier site visit" as the safest path, it may discourage timely salvage that could finance reforestation, hazard reduction, and long-term carbon recovery.

The wildfire response language also creates an "authorization/documentation" hinge. That makes sense, but it may be too binary when documentation exists in multiple forms (WFDSS outputs, CAL FIRE communications, county fire logs, incident action plans). CARB can preserve the distinction while clarifying that alternative verifiable documentation is acceptable.

For prescribed fire, the literature increasingly suggests prescribed burning can reduce subsequent wildfire severity and net smoke impacts. A Stanford-led study summarized that prescribed burns reduced wildfire severity by an average of 16% and net smoke pollution by 14% in the western U.S. That's not a reason to excuse negligence, but it is a reason to avoid strict-liability "intent" classification when prescribed fire was conducted pursuant to approved plans.

Conclusion / Requested Change. Refine salvage and prescribed fire treatment while maintaining CARB's integrity safeguards.

Salvage harvest: allow verifiable alternative evidence (not just post-harvest site visit)

Proposed redline (revise salvage paragraph in § 95983):

(b)(3) The harvested area's onsite carbon stock losses must be treated as an intentional reversal … ~~if pre-salvage harvest onsite carbon stocks cannot be verified with reasonable assurance at a site visit occurring after salvage harvests~~ <u>only where the Offset Project Operator fails to provide verifiable alternative evidence of pre-salvage carbon stocks, including remotely sensed data, pre-disturbance inventories, harvest records, incident reports, or burn severity assessments</u>.

This keeps CARB's safeguard but avoids forcing impractical delays.

Prescribed fire safe harbor tied to gross negligence (not outcome)

Proposed redline (add new subsection under § 95983):

Prescribed Fire Safe Harbor. A reversal resulting from a prescribed fire conducted pursuant to an approved burn plan and in compliance with applicable state and local requirements shall not be classified as an intentional reversal unless CARB determines the Offset Project Operator engaged in gross negligence, or willful misconduct.

This clarifies the "intentional vs unintentional" question. (45d-CFCC-436.12)

Agency Response:

Changes were made in response to this comment. Regarding salvage harvest associated with an unintentional reversal, text in section 95983(b)(3) of the 45-day Amendments is deleted to avoid requirements that may be overly prescriptive or burdensome. This change addresses concerns about additional verification requirements and impacts to salvage harvest timelines. The intent of the Proposed Amendments is to ensure that salvaged biomass that goes into long-term wood storage is accounted for in the reversal estimate rather than potentially being credited in a subsequent reporting period.

Regarding prescribed fire, staff simplified and broadened the requirement related to jurisdictional oversight of fire containment, using the term “fire authority having jurisdiction” to include local or state agencies overseeing fire response. The text in section 95983(b)(1) of the Proposed Amendments requires authorization or permitting documentation from a fire authority to ensure that the fire was indeed prescribed but allowing that authorization and documentation to be from a variety of agencies that may oversee the property, which can differ across states. Valid documentation from the fire authority having jurisdiction qualifies an event as a prescribed fire that can be included in an unintentional reversal section pursuant to the definition of “Unintentional Reversal” in section 95802(a). The definition of “Unintentional Reversal” already excludes any fires that are the result of “negligence, gross negligence, or willful intent.”

Regarding response to wildfire documentation, staff agrees that requiring that documentation could be impractical. Text that required that documentation is removed from the Proposed Amendments since the documentation showing containment date will also establish a given event’s legitimacy as a wildfire. As with prescribed fire, the text in the definition of “Unintentional Reversal” excluding any fires that are the result of “negligence, gross negligence, or willful intent” applies.

T-13.12a Multiple Comments:

The Draft Language proposed in Section 95983(d) does not provide enough direction on how to properly quantify unintentional versus intentional reversals that occur in the same reporting period. Accordingly, we recommend that CARB, with input from all stakeholders, develop and adopt clear, rigorous accounting guidelines that specify how to quantify harvests and salvage harvests under the context of unintentional and intentional reversal. We encourage CARB to hold workshops and/or consider a working group on this topic, as the proposal fails to consider important and constraining factors. (45d-VERA-366.10)

Comment:

The Draft Language proposed in Section 95983(d) does not provide enough direction on how to properly quantify unintentional versus intentional reversals that occur in the same reporting period. Neither does it accurately reflect feasible carbon forest management practices, even at conservative levels, as currently defined. While the Draft Language indicates that harvests, reversals, and salvage logging must be accounted for, it does not clearly define how these activities are to be quantified. Simply requiring that such events be accounted for, without specifying the methodological approach or statistical standards to be applied, creates ambiguity and uncertainty regarding compliance. Accordingly, we recommend that CARB, with input from all stakeholders, develop and adopt clear, rigorous accounting guidelines that specify how to quantify harvests and salvage harvests under the context of unintentional and intentional reversal.

We strongly encourage CARB to hold workshops and/or consider a working group on this topic, as the proposal fails to consider important and constraining factors. (45d-AC-396.9)

Agency Response:

No changes were made in response to these comments about section 95983(d), although some modifications were made in the 15-day Amendments to streamline and clarify that text. Quantification of reversals is generally project-specific, with the implementation and methodologies for each specific project reviewed by an accredited verification body. Proposed Amendments regarding harvest and salvage logging in section 95983(b)(3) are clarify existing procedures rather than create a new framework. Changes to the quantification of reversals is outside the scope of this rulemaking process as quantification requirements are described within the U.S. Forest Projects protocols.

T-13.12b Comment:

The 15-Day Language (largely unchanged from the 45-Day Language) proposed in Section 95983(d) does not provide enough direction on how to properly quantify unintentional versus intentional reversals that occur in the same reporting period. Neither does it accurately reflect feasible carbon forest management practices, even at conservative levels, as currently defined. While the Draft Language indicates that harvests, reversals, and salvage logging must be accounted for, it does not clearly define how these activities are to be quantified. Simply requiring that such events be accounted for, without specifying the methodological approach or statistical standards to be applied, creates ambiguity and uncertainty regarding compliance. Accordingly, we recommend that CARB, with input from all stakeholders, develop and adopt clear, rigorous accounting guidelines that specify how to quantify harvests and salvage harvests under the context of unintentional and intentional reversal.

We strongly encourage CARB to hold workshops and/or consider a working group on this topic, as the proposal fails to consider important and constraining factors. Further, the fact that this section would benefit from better clarity as to a methodological approach lends itself to being a good candidate for the forthcoming protocol update process. (15d-AC-43.6)

Agency Response:

No changes were made in response to these comments. See Agency Response to T-13.12a.

T-13.13 Comment:

We support explicitly including remote sensing as proposed by CARB Draft Language in Section 95983(d). (45d-VERA-366.13)

Agency Response:

No changes were made in response to this comment. Staff appreciates the support for the Proposed Amendments. Staff also notes that the purpose of using remote sensing technologies in section 95983(d) is to corroborate the timing of mortality and the nature of the reversal, rather than for direct quantification. Quantification of carbon stocks must continue to be determined from plot-based inventories.

T-13.14 Comment:

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. (45d-CAR-319.5)

Agency Response:

Changes were made in response to this comment. Staff appreciates the support for the Proposed Amendments. The text that was proposed in section 95983(b)(3)(A) of the 45-day Amendments was deleted from the 15-day Amendments to avoid a requirement that could be overly prescriptive and could have resulted in the need for an additional pre-salvage verification site visit, which was not the intent and could be burdensome. The remaining text in the

Proposed Amendments is sufficient to ensure salvage harvests and associated wood products are included in the final reversal estimate.

T-13.15 Comment:

The Reserve supports the proposed inclusion of salvage harvests in reversal accounting in theory, as recognizing long-term carbon storage in wood products ensures accurate reversal estimates. We further support the 15-Day Amendment extending the deadline to account for salvage logs and submit the associated Offset Project Data Report to 24 months from the discovery date.

However, we maintain our recommendation that further guidance is required regarding how verifiers are to determine whether pre-salvage onsite stocks can be verified with "reasonable assurance". Without clearer technical parameters, verifiers may struggle to confirm these stocks, risking the punitive classification of salvaged areas as intentional reversals due to the inherent difficulties of post-disturbance quantification. Thus, without further guidance, we recommend withholding this change until the forthcoming review of the Compliance Offset Protocols to allow for further consultation and sufficient clarity to ensure robust accounting and verification is practically feasible. (15d-CAR-63.10)

Agency Response:

No changes were made in response to this comment. Staff appreciates the support for the Proposed Amendments. The U.S. Forest Projects protocols already require accounting for salvage harvest. The Proposed Amendments to section 95983(b)(3) make this explicit in the Regulation to ensure clarity and that salvage harvest is in fact accounted for.

Some text in section 95983(b)(3) of the 45-day Amendments is deleted from the 15-day Amendments to avoid requirements that could be overly prescriptive or burdensome, but the 15-day Amendments retain text to ensure that salvage harvest forest products are accounted and verified. CARB staff look forward to continued discussions with stakeholders about data sources and processes for verification during a future rulemaking in conjunction with updates to the U.S. Forest Projects protocol.

T-13.16 Comment:

CFCC describes "negative carryover" as a temporary harvest above annual growth that will "re-grow… in a short time period (say 6–10 years)." They give concrete examples: a landowner who enters "only once every ten years," and fuel breaks needed to reduce wildfire risk.

Proposed redline (add definition to § 95802 and new subsection to § 95983):

Definition (add to § 95802): *“Negative Carryover means a temporary reduction in onsite carbon stocks below the applicable baseline or required carbon stock level attributable to protocol-consistent forest management activities, where the Offset Project Operator demonstrates a credible plan to restore carbon stocks within a defined recovery period.”*

Mechanism (add to § 95983): *A decrease in onsite carbon stocks that would otherwise constitute an intentional reversal may be treated as Negative Carryover if:*

(1) it results from protocol-consistent management activities;

(2) a recovery plan is submitted and approved; and

(3) carbon stocks are restored within ten (10) years from the end of the reporting period.

If carbon stocks are not restored within the recovery period, the remaining deficit shall be treated as an intentional reversal as of the end of that period.

This reduces unnecessary buffer pool use and aligns incentives with responsible management, while preserving a firm backstop. (45d-CFCC-436.13)

Agency Response:

No changes were made in response to this comment. This comment is out of scope for this rulemaking as the Proposed Amendments focus on how reversals are to be reported and verified and not on whether a decline in carbon stocks constitutes a reversal. Staff appreciate the ideas for concrete mechanisms that may enable responsible forest management within the current annual accounting framework. This topic future may be considered in conjunction with updates to the U.S. Forest Projects protocol, which currently specifies that negative carryovers apply only to projects that have not yet been issued credits and therefore cannot have a reversal. The Forest Buffer Account is designed for compensating only unintentional reversals and not intentional reversals.

T-13.17 Multiple Comments:

Arbos supports the 15-Day Amendment for §95983(b)(1) — Official wildfire databases and "fire authority having jurisdiction.” Allowing an operator to establish a wildfire containment date from an official state wildfire database, rather than relying exclusively on a written statement from the state wildfire response agency, reduces delay and addresses practical access issues raised in the March 9 comments. The replacement of “legally authorized state or local government agency” with “fire authority having jurisdiction” appropriately accommodates federal and out-of-state fire response contexts. Removal of the Response to Wildfire documentation requirement is likewise a practical improvement. (15d-A-18.2)

Comment:

CFCC appreciates the following adjustment staff have made in the 15-Day text as it is responsive to comments raised by CFCC, by aligned stakeholders including Anew Climate, the Verified Emission Reduction Association (VERA), and New Forests, or by all of us. §95802. "Unintentional Reversal" revision. The replacement of "applicable regulatory agency" with "fire authority having jurisdiction" is a sensible adjustment and CFCC supports it. As staff note in the modifications summary, not all states have a regulatory agency that approves prescribed fires; tying the definition to the fire authority having jurisdiction better reflects on-the-ground decision-making in jurisdictions where prescribed burning is governed through fire-management channels rather than environmental regulators. (15d-CFCC-122.3)

Comment:

Arbos supports the 15-Day Amendment for §95983(b)(3) and (b)(4) — Extended post-disturbance deadlines. The extension of the salvage harvest accounting deadline to 24 months from the discovery date, the 24-month deadline for post-reversal Offset Project Data Report submittal, and the 30-month deadline for verification statement submittal directly respond to concerns about safe site access and operational feasibility following significant disturbance events. (15d-A-18.3)

Comment:

Arbos supports the 15-Day Amendment for §95983(b)(2) — Stratification flexibility. The option to move disturbed onsite carbon stocks to an existing stratum that can pass sequential sampling, as an alternative to creating a new stratum, is a sensible recognition of inventory design constraints. (15d-A-18.4)

Comment:

We support the flexibility for developers to use official state wildfire databases to identify containment dates rather than relying solely on fire agency letters. Furthermore, we support the removal of the requirement to provide specific "Response to Wildfire" documentation, which is often impractical to obtain. (15d-CAR-63.6)

Agency Response:

No change was made in response to these comments. Staff appreciates the support for the Proposed Amendments.

T-13.18 Comment:

In §95983(b)(5) about Verifiable-Evidence Standard for Operator-Presented Documentation, the clarification that verifiable evidence of reporting-period carbon stock losses may include documentation ”such as” severe weather events or a specific pest or disease from a state or local authority is a welcome concrete illustration, and the ”such as” framing indicates that the listed examples are not intended as an exhaustive enumeration. Arbos recommends that CARB confirm, in the Final Statement of Reasons or in implementation guidance, that project-generated evidence — including dated remotely sensed imagery, time-series vegetation indices, and dated field reconnaissance records — satisfies the verifiable-evidence standard where documented by the operator rather than by a state or local authority. This confirmation would give projects a workable path to documenting timing in cases, such as endemic insect activity or drought-related mortality, where state or local authorities do not issue formal determinations. (15d-A-18.8)

Agency Response:

No change was made in response to this comment. Project-generated evidence, such as dated remotely sensed imagery, time-series vegetation indices, and dated field reconnaissance records, may be submitted to support verification.

T-13.19 Comment:

Several issues remain in the §95983 framework as proposed. The "discovery date" definition in §95983(b)(1) ties reporting obligations to the initial observation of disturbance rather than to the completion of inventory and quantification, which CFCC and aligned stakeholders have noted is inconsistent with how mortality from fire, wind, drought, insects, and disease actually presents in the field. The new stratification requirement in §95983(b)(2) imposes a methodological default, a separate stratum following any disturbance, that is not always statistically justified. The salvage-harvest provisions in §95983(b)(3) and (b)(3)(A) remain ambiguous, and the (b)(3)(A) text appears not to have been fully included in the 45-Day notice and was not addressed in the 15-Day text. The §95983(d) framework for reporting periods containing both unintentional and intentional reversals lacks the methodological detail needed to apply it in practice. CFCC's March 9 letter proposed a wildfire-response and prescribed-fire framework grounded in alternative verifiable evidence and a "negative carryover" concept for short-duration management-driven stock fluctuations that are recoverable within a defined period. We continue to support that framework and the redlines proposed by aligned stakeholders. The reversal-context portion of the §95802 "Conservative" definition discussed in Part II.A above is closely related and should be taken up in the same workshop track. (15d-CFCC-122.8)

Agency Response:

No change was made in response to this comment. The discovery date in the 15-day Amendments for section 95983(b)(1) triggers a reversal estimation and verification procedure that ensures verifiability. None of the disturbance types require reporting at the disturbance onset. For wildfires, the discovery date is the wildfire containment date, not the date of its initial observation. Most wildfire management teams are conservative about declaring containment, which means that the wildfire containment date (which is now the "discovery date") is often weeks after the fire in much of the fire area has stopped spreading, and is often months after ignition for large fires. Using the wildfire containment date as the discovery date, along with the extra time to account for salvage (24 months), allows the operator substantially more flexibility and time to submit a verifiable Offset Project Data Report.

Related to section 95983(b)(2), a new stratum is not necessarily required if an appropriate existing stratum for the post fire area can be identified. The 15-day Amendments specifically allow for a post-disturbance area to be moved to either a new stratum or an existing stratum. The clarification points out that, whatever stratification is used for the post-disturbance landscape, the strata carbon densities must verifiably represent the post-disturbance carbon density, as testable statistically with sequential sampling at the plot scale, which has always been the regulatory requirement.

Some text in section 95983(b)(3), and all text in section 95983(b)(3)(A), of the 45-day Amendments is deleted from the 15-day Amendments to avoid requirements that could be overly prescriptive or burdensome. The intent of the Proposed Amendments is to ensure that salvage harvest that goes into long-term wood storage is accounted for in reversal estimates. The changes make explicit an element of accounting that is already required and do not add new requirements for disturbance quantification; projects may use existing estimation and verification procedures to produce estimates for all sources, sinks, and reservoirs. This ensures that any harvest wood products for which the operator can receive credit is not compensated from the Forest Buffer Account.

The Proposed Amendments in section 95983(d) ensure verifiability of needed outcomes rather than prescribe a specific process, given the scope of the current rulemaking process. Changes to the quantification requirements are outside the scope of this rulemaking process as quantification requirements are described within the U.S. Forest Projects protocols.

T-14 Offset Project Registry Requirements

T-14.1 Comment:

ACR supports the additional specificity from the language added to 95987(b)(2). We are currently interpreting the new text as being applicable to the Offset Project Registry's determinations of second verifications to reduce the invalidation timeframe or other reviews of verification reports in which zero emission reductions are claimed. ACR suggests making that explicit to avoid confusion and suggests looking at the full text in the context of a determination to deny issuance of Registry Offset Credits (i.e., negative determination). A negative determination may be followed by a petition and review process, and documents may not be final within 10 working days. We do not think an Offset Project Registry should make such documents public until the conclusion of a petition and review process. (45d-ACR-412.9)

Agency Response:

Changes were made in response to this comment. CARB staff appreciates the comment and agrees with the perspective it provides. The concern that the 45-day Amendment text could be understood to require an offset project registry to make project documentation publicly available in situations when the registry concludes its review without being able to approve the verification, which has never been required, was not the intent of the 45-day Amendment text. To address this concern, 15-day Amendments in section 95987(b)(2) clarify that documentation is not made publicly available when the offset project registry reaches a negative determination. The offset project registry makes project documentation publicly available upon registry offset credit issuance and when the registry approves a verification that does not result in offset credit issuance, such as a verification of a forest project reversal.

T-14.2 Comment:

We are proposing one additional change to the Regulation to clarify wording in section 95987(b)(2) to exclude negative determinations from the 10-business day deadline to make certain information publicly available (proposed text is **underlined and bolded**):

"Within 10 working days of the Offset Project Registry either making a determination of registry offset credit issuance pursuant to section 95980(b) or approving a ~~otherwise concluding its review of a detailed~~ verification report for offset verification services that does not result in issuing registry offset credits**, excluding credit denials pursuant to 95980.1(d)(2)**. (15d-ACR-20.2)

Agency Response:

No changes were made in response to this comment. The Proposed Amendments in section 95987(b)(2) do not require an offset project registry to make information publicly available within 10 business days when it makes a negative determination.

T-14.3a Comment:

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. (45d-CAR-319.12)

Agency Response:

No changes were made in response to these comments. Staff appreciates the support for the Proposed Amendments.

T-14.3b Comment:

We support the clarification that the requirement for registries to make project documentation public does not apply if a registry reaches a negative determination. (15d-CAR-63.3)

Agency Response:

No changes were made in response to these comments. Staff appreciates the support for the Proposed Amendments.

T-15 Direct Environmental Benefits in the State (DEBS)

T-15.1 Comment:

Clarify and standardize offset verification requirements...Section 95977.1, regarding “Requirements for Offset Verification Services,” needs additional clarification when it applies, and if it applies to only out-of-state activities for projects designated as providing Direct Environmental Benefits to California. Section 95977.1(b)(3)(D)(2)(i). We suggest the existing language in this section be replaced with the language from § 95989(e), regarding “Direct Environmental Benefits in the State. That language is: “Verification Requirement. Projects that have direct environmental benefits to the state status based on planned activities must have the planned activities verified at each full verification. The Offset Project Operator or Authorized Project Designee must provide relevant documentation of planned and completed activities to the verification body to continue direct environmental benefits status by CARB. CARB will provide notice of determination of the project’s direct environmental benefits to the state status with the notice of issuance of ARB Offset Credits in 95981.1(c). Projects that no longer provide direct environmental benefits to the state of California will no longer receive the designation starting with the vintage associated with the approved issuance.” (45d-CUSAI-296.9)

Agency Response:

Changes were made in response to this comment. In the 15-day Amendments, both section 95977.1(b)(3)(D)2.i. and section 98989(e) were revised to clarify that the provision to verify planned activities upon which direct environmental benefits in the state (DEBS) designation is based applies only to sequestration offset projects outside California. The 15-day Amendments also specify that the revocation of DEBS designation will occur with the notice of issuance of ARB offset credits.

T-15.2 Comment:

DEBs Revocation – Section 95977.1(b)(3)(D)(2)(i) – VERA appreciates the recent clarification of this section by CARB staff that it only applies to out-of-state forestry projects where reporting periods are undergoing verification or have not yet undergone verification. We recommend the following suggested amendments to prevent any future staff or stakeholder uncertainty as to its applicability:

For out-of-state forest sequestration projects designated as providing Direct Environmental Benefits to California based on previously planned activities, review the extent to which the previously planned activities have been implemented. If the offset project is found by the offset verification team to not have conducted a majority of the planned activities, or no longer provide Direct Environmental Benefits to California, CARB will ~~revoke~~ not issue the offset credits with the Direct Environmental Benefits to California designation. CARB will issue the determination with the notice of issuance of ARB offset credits in 95981.1(c). (45d-VERA-366.11)

Agency Response:

Changes were made in response to this comment. In the 15-day Amendments, both section 95977.1(b)(3)(D)2.i. and section 98989(e) were revised to clarify that the provision to verify planned activities upon which direct environmental benefits in the state (DEBS) designation is based applies only to sequestration offset projects outside California. The 15-day Amendments also clarify that when the DEBS designation of a project is revoked, any newly issued offset credits to that project will not have DEBS designation. The 15-day Amendments further clarify that CARB will revoke the DEBS designation for unretired ARB offset credits that have been issued for reporting periods that had undergone less-intensive verification since the last full verification. These changes appropriately prevent ARB offset credits from having DEBS designation when the project to which the credits are issued is not verified to be providing direct environmental benefits in the State of California.

T-15.3 Comment:

For section 95977.1(b)(3)(D)(2)(i) Anew appreciates the recent clarification of this section by CARB staff that it only applies to out-of-state forestry projects where reporting periods are undergoing verification or have not yet undergone verification. We recommend the following suggested amendments to prevent any future staff or stakeholder uncertainty as to its applicability:

For out-of-state forest sequestration projects designated as providing Direct Environmental Benefits to California based on previously planned activities, review the extent to which the previously planned activities have been implemented. If the offset project is found by the offset verification team to not have conducted a majority of the *planned activities, or no longer provide Direct Environmental Benefits to California, CARB will ~~revoke~~ not issue the offset credits with the Direct Environmental Benefits to California designation. CARB will issue the determination with the notice of issuance of ARB offset credits in 95981.1(c).*

In addition, we encourage CARB to ensure the new requirements under this Section and Section 95989 are implemented in a manner that is clear, objective, and proportional to the benefits being assessed as it applies to projects with a DEBs status based on “planned activities”. In this context, we respectfully request that CARB clearly define the term “planned activities,” including the types of activities contemplated, the level of specificity required at project listing and verification, and how planned activities are distinguished from routine forest management practices or protocol required actions.

Additional clarity and guidance on acceptable evidence, verification scope, and how DEBs status will be evaluated and maintained over time would help promote consistent application, reduce administrative uncertainty, and avoid unintended compliance burdens. Clear definitions and implementation guidance will be particularly important to ensure that DEBs determinations remain predictable and transparent, while maintaining strong participation in high-integrity forest offset projects that advance California’s environmental and climate policy objectives." (45d-AC-396.11)

Agency Response:

Changes were made in response to this comment related to clarifying that the provision applies only to sequestration offset projects outside California.. See Agency Responses to comment T-15.2.

No changes were made in response to commenter’s request to define “planned activities.” A project’s application for DEBS designation submitted pursuant to section 95989(b) must clearly define the planned activities upon which DEBS designation could be based. As appropriate, staff evaluate any planned activities on a project-by-project basis when a DEBS application is submitted to evaluate if the activities planned by the offset project will reduce or avoid the emission of any air pollutant to California or reduce or avoid a pollutant in California’s waters.

T-15.4a Multiple Comments:

We encourage CARB to implement the Proposed Amendments applicable to projects with DEBS status based on “planned activities” in a manner that is clear, objective, and proportional to the benefits being assessed. In this context, we respectfully request that CARB clearly define the term “planned activities,” including the types of activities contemplated, the level of specificity required at project listing and verification, and how planned activities are distinguished from routine forest management practices or

Protocol-required actions. Additional clarity and guidance on acceptable evidence, verification scope, and how DEBS status may be evaluated and maintained over time would help promote consistent application, reduce administrative uncertainty, and avoid unintended compliance burdens. Clear definitions and implementation guidance may be particularly important to support that DEBS determinations remain predictable and transparent, while maintaining strong participation in high-integrity forest offset projects that advance California’s environmental and climate policy objectives.

Recommendation: Define the term “Planned Activities,” and clarify the acceptable evidence, verification scope, and process for evaluating and maintaining DEBS status over time. (45d-NF-409.12)

Comment:

CARB proposes adding § 95989(e) to require that projects with Direct Environmental Benefits (DEBs) “based on planned activities” have those planned activities verified at each full verification and provide documentation of planned and completed activities to maintain DEB status. While § 95989(b)(1)–(3) describes the types of supporting materials ARB may consider (peer-reviewed science, governmental reports, and monitoring/analytical data), the proposed amendment introduces the new concept of “planned activities” without defining it. In the context of forestry projects, it is unclear what qualifies as a “planned activity” and what evidence would be sufficient for verification.

Proposed redline (add to 95989(b)):

Add language to § 95989(b) defining “planned activities” and providing sector-specific examples (including forestry) to clarify expectations for OPOs, authorized project designees, and verification bodies. (45d-CFCC-436.17)

> **Agency Response:**
> No changes were made in response to commenter’s request to define “planned activities.” A project’s application for DEBS designation submitted pursuant to section 95989(b) must clearly define the planned activities upon which DEBS designation could be based. As appropriate, staff evaluate any planned activities on a project-by-project basis when a DEBS application is submitted to evaluate if the activities planned by the offset project will reduce or avoid the emission of any air pollutant to California or reduce or avoid a pollutant in California’s waters.

T-15.4b Comment

With respect to projects qualifying for DEBS status based on “planned activities,” implementation would benefit from clear, objective, and administrable standards. Further clarification is warranted regarding the definition of “planned activities,” the degree of specificity required at project listing and verification, the acceptable forms of evidence, and the distinction between qualifying planned activities and routine forest management practices or protocol-required actions. (15d-NF-198.5)

Agency Response:

No changes were made in response to this comment. See Agency Response to comment T-15.4a.

T-15.5 Multiple Comments:

We support limiting the requirement for verification bodies to document the completion of planned activities for the “Direct Environmental Benefits in the State” (DEBS) designation specifically to sequestration projects located outside of California. (15d-CAR-63.7)

Comment:

CFCC appreciates the following adjustment staff have made in the 15-Day text as it is responsive to comments raised by CFCC, by aligned stakeholders including Anew Climate, the Verified Emission Reduction Association (VERA), and New Forests, or by all of us. §95989(e). DEBs revocation moved from §95977.1(b)(3)(D)(2)(i) and narrowed to unretired credits issued since the last full verification. The relocation of the DEBs revocation provision and the explicit limitation of revocation to unretired credits are both consistent with the requests CFCC, Anew, VERA, and New Forests made in March.6 The clarification that retired credits will not be retroactively reclassified protects compliance entities that have already surrendered credits in good faith and avoids creating after-the-fact obligations untethered to anything an operator could reasonably have anticipated. CFCC supports the change. (15d-CFCC-122.4)

Comment:

The Proposed 15-Day Amendments appropriately clarify the requirements for determining whether an offset project provides Direct Environmental Benefits in the State pursuant to § 95989, including by explicitly recognizing that forest offset projects located within California are deemed to provide such benefits. This clarification provides important regulatory certainty. (15d-NF-198.4)

Agency Response:

No change was made in response to these comments. Staff appreciates the support for the Proposed Amendments.

T-15.6 Comment:

CFCC supports in §95989(e) the relocation and the limitation to unretired credits, and requests clarification on prospective application and “planned activities.” The relocation of DEBs-revocation language from §95977.1(b)(3)(D)(2)(i) to §95989(e), and the explicit limitation of revocation to unretired credits issued since the last full verification, is a constructive change. It tracks the request CFCC, Anew Climate, VERA, and New Forests made in March. It also avoids the practical problem of retroactively reclassifying credits already surrendered for compliance, which would have created uncertainty for compliance entities entirely outside the scope of any project level conduct.

Two clarifications would strengthen the provision.

First, the 15-Day text states that CARB will, going forward, remove the DEBs designation from offset credits issued to a project that is found not to be implementing its planned activities, in addition to revoking the designation from previously issued unretired credits since the last full verification. The notice describes this as a prospective adjustment. What remains unclear is the relationship between this prospective adjustment and the project's eligibility to continue receiving credits at all. We request that staff confirm in the Final Statement of Reasons whether a project that loses DEBs designation prospectively under §95989(e) remains eligible to receive non-DEBs credits under the program, and through what mechanism that determination is made.

Second, the 15-Day text adds enforcement weight to the term "planned activities" without defining it. CFCC raised this concern in our March 9 letter, and Anew Climate and New Forests raised parallel points. A revocation determination that turns on whether a project has implemented its "planned activities" should rest on a clear definition of that term, an explicit list of the kinds of evidence CARB will rely on, and a clear distinction between planned activities and routine forest management practices that are required by, or implicit in, the U.S. Forest Projects Compliance Offset Protocol. Without that, the same activity may be characterized differently from one project review to the next, with significant credit-issuance consequences. We request that staff define "planned activities" through the Final Statement of Reasons, the adopting resolution, or the published technical guidance repository discussed in Part IV, and that the definition be developed with stakeholder input. (15d-CFCC-122.7)

Agency Response:

No change was made in response to these comments. Staff appreciates the support for the Proposed Amendments.

In response to commenter's first clarification request related to a project that loses its designation as providing direct environmental benefits in the state (DEBS), it is possible that failing to implement planned activities required for DEBS designation could prevent a project from being issued any ARB offset credits going forward, even ARB offset credits without DEBS designation. The failure to implement planned activities upon which DEBS designation is based could be part of a larger non-conformance by the project, such as a non-conformance that could require an adverse verification opinion pursuant to subchapter 8(i) in the 2015 U.S. Forest Projects protocol.

In response to commenter's second clarification request related to "planned activities," a project's application for DEBS designation submitted pursuant to section 95989(b) must clearly define the planned activities upon which DEBS designation could be based. As appropriate, staff evaluate any planned activities on a project-by-project basis when a DEBS application is submitted to evaluate if the activities planned by the offset project will reduce or avoid the emission of any air pollutant to California or reduce or avoid a pollutant in California's waters.

T-15.7 Comment:

We have concerns that these draft regulations, if implemented as drafted, will facilitate offset projects that will not provide benefits to Californians but instead may further pollute the environment and endanger public health. It is critical that all offset projects must provide direct environmental benefits to California residents, as defined in the regulations, including both in-state and out-of-state offsets. As drafted, in-state offset projects or projects that avoid GHG emissions within the state of California are considered to provide a direct environmental benefit. This means that in-state offset projects, or a project that avoids GHG emissions in the state, do not have to reduce or avoid emissions of an air pollutant or reduce or avoid a pollutant that could have an adverse impact on waters of the state. All offset projects - especially offset projects that take place in the state – must have to demonstrate and periodically verify that they reduce or avoid emissions of an air pollutant and/or reduce or avoid a pollutant that could have an adverse impact on waters of the state. Moreover, they should have to demonstrate and periodically verify that they do not create emissions of any criteria or toxic air pollutants or discharge pollution that degrades waters of the state. (45d-CRPE-46.6)

Agency Response:

No change was made in response to this comment. For response to this comment, please refer to Agency Response 46-3 in the Response to Comments on the Environmental Impact Analysis.

T-15.8 Comment:

CARB needs to strengthen offset projects that provide true environmental benefits to communities. We continue to have concerns that these draft regulations will further pollute the environment and endanger public health. In the 15-Day Changes, CARB proposed changes to in-state sequestration offset projects to ensure they implement planned activities that provide direct environmental benefits. As stated in our previous comments, we urge CARB to also include GHG emission reduction requirements for instate projects, not just for out-of-state offset projects. An in-state GHG emission reduction requirement would prevent the issues seen in livestock offset projects, such as failing to reduce climate pollution and increasing costs for nearby communities due to air and water pollution. This recommendation would help all offset projects provide direct environmental benefits to California residents. (15d-EJC-124.5)

Agency Response:

No change was made in response to this comment. For response to this comment, please refer to Agency Response 124-2 in the Response to Comments on the Environmental Impact Analysis.

T-16 Regulation Effective Dates for Offset Projects

T-16.1a Multiple Comments:

IETA appreciates that CARB is revising its rules on offset credit generation and will update the Compliance Offset Protocols over the coming years. We recognize that offset projects are developed and issue credits over several years, which could raise ambiguity on which rules and protocols project developers should follow. We encourage CARB to include explicit language in the regulation that offset projects with reporting periods underway on the effective date of updated rules/protocols are subject to the rules in place when the projects were initiated rather than post-project initiation amendments to the regulation. This would provide project developers with greater regulatory certainty to engage in the Cap-and-Invest market. (45d-IETA-341.10)

Comment:

New Forests encourages CARB to provide clear and explicit direction regarding the effective date and prospective application of the Proposed Amendments as they relate to offset projects. Offset project development, reporting, verification, and credit issuance occur over multi-year timelines, often with multiple processes underway simultaneously. Ambiguity regarding which regulatory provisions apply to which reporting periods could create unnecessary compliance risk and administrative uncertainty.

Recommendation: Clarify either in the regulation, the adopting resolution, or the Final Statement of Reasons that offset processes should be governed by the regulatory requirements in effect at the time those processes were initiated. Clear prospective application may support regulatory predictability, help avoid disrupting ongoing compliance activities, and facilitate orderly implementation of the Proposed Amendments. (45d-NF-409.1)

Agency Response:

Changes were made in response to these comments. The 15-day Amendments text in section 95977.1(b)(3)(R)7. specify that the eight-month timeline for resolving outstanding issues related to an Offset Project Data Report verifiability petition will apply only to petitions submitted after a future date (March 31, 2027). The comment suggests that all proposed changes should not affect any reporting period which starts before the regulation effective date. CARB staff believe that approach makes sense for section 95977.1(b)(3)(R)7. and other sections, however it does not apply in all instances. A summary of timing changes, or the decision not to add specific dates, for various updates in Subarticle 13 is provided below.

- Section 95975: For listing and crediting period renewal, there are no timing concerns relative to the effective date of the Proposed Amendments and project activities already in progress.
- Section 95975.1: For sequestration project ownership transfer, the provisions in the Proposed Amendments apply to any ownership transfers after the effective date of the Proposed Amendments. Transfers that occur prior to the effective date of the Proposed Amendments will not require the previous owner to submit the information to CARB described in section 95975.1(b).
- Section 95976: For reporting, there are no timing concerns with the effective date of the Proposed Amendments.
- Section 95977: For verification schedules, there are no timing concerns with the effective date of the Proposed Amendments.
- Section 95977(b)(1): For notices of offset verification services (NOVS), the provisions in the Proposed Amendments for submitting NOVS apply immediately upon the effective date of the Proposed Amendments for all reporting periods for which an NOVS has not yet been submitted. For reporting periods for which an NOVS has been submitted before the effective date of the Proposed Amendments, the text in section 95977(b)(2) of the existing Regulation (with effective date April 1, 2019) applies.
- Section 95977(b)(3)(D)2.i.: For site visits related to verifying direct environmental benefits in the state (DEBS) via planned activities, this requirement in the Proposed Amendments applies to any site visit that begins after the effective date of the Proposed Amendments.
- Section 95977(b)(3)(M) and (b)(3)(O): For correctable errors, as the Proposed Amendments only clarify existing requirements, staff does not anticipate any issues with the Proposed Amendments applying immediately upon their effective date. The Proposed Amendments apply upon their effective date to any verification where the initial verification findings have not yet been shared with the project developer via an Issues

Log. If a verifier identifies any issue where it may not make sense to apply the requirements in the Proposed Amendments for a verification already in progress, they should contact CARB for guidance.

- Section 95977(b)(3)(R)6. and (R)7.: For offset project data report verifiability petition, Proposed Amendments clarify when the eight-month timeline becomes applicable.
- Section 95983(b): For unintentional reversal notification, as the time period to notify CARB about an unintentional reversal increases from 30 days to two months, a project developer must notify CARB within 30 days if the 30 days were to expire before the effective date of the Proposed Amendments. Otherwise, the two-month deadline applies.
- Section 95983(b)(2): For re-stratifying disturbed areas, updated stratification is required for all unintentional reversals for which the Offset Project Data Report required in section 95983(b)(4) has not been submitted by the effective date of the Proposed Amendments.
- Section 95983(b)(3): For salvage harvesting, the requirement to deduct the long-term carbon storage in wood products from the reversal estimate is required for salvage harvests that begin after the effective date of the Proposed Amendments.
- Section 95983(b)(4): For unintentional reversal timelines, as the time period for a verification statement increases from 23 months to 30 months, the 23-month deadline applies if the 23-month deadline is prior to the effective date of the Proposed Amendments. Otherwise, the 30-month deadline applies.
- Section 95983(b)(5): For unintentional reversal compensation, the updated definitions in the Proposed Amendments apply for all reversals for which CARB approval of the reversal verification comes after the effective date of the Proposed Amendments.
- Section 95983(c): For intentional reversal notification, as the time period to notify CARB of an intentional reversal increases from 30 days from the reversal to two months after the end of the reporting period, project developers must notify CARB within 30 days if the 30-day deadline is prior to the effective date of the Proposed Amendments. Otherwise, the two-month deadline applies.
- Section 95983(c)(2): For intentional reversal reporting, as the requirement changes from submitting a verified reversal estimate within 11 months to submitting an Offset Project Data Report within six months and an Offset Verification Statement within 11 months, there are multiple aspects to consider. For all intentional reversals for which an Offset Verification Statement has not yet been submitted by the effective date of the

Proposed Amendments, a project developer is required to submit an Offset Project Data Report instead of any other form of reversal estimate. The Offset Project Data Report must be submitted prior to submitting the Offset Verification Statement. The 6-month deadline applies to all reporting periods with a reporting period end date after the effective date of the Proposed Amendments.

- Section 95983(c)(3)(B): For intentional reversal compensation, the updated definitions in the Proposed Amendments apply for all reversals for which CARB approval of the reversal verification comes after the effective date of the Proposed Amendments.
- Section 95983(d): For combined intentional and unintentional reversals, the requirements of the Proposed Amendments apply to all reporting periods for which an Offset Verification Statement is not submitted by the effective date of the Proposed Amendments.
- Section 95983(g): For assigned reversal level, the requirements in the Proposed Amendments apply immediately upon the effective date of the Proposed Amendments, regardless of whether the reversal occurred or the verification began prior to effective date of the Proposed Amendments.
- Section 95985: For invalidation, all offset credits issued before the effective date of the Proposed Amendments continue to have an 8-year or 3-year invalidation period from the reporting period end date. Offset credits issued after the effective date of the Proposed Amendments will have the 8-year or 3-year invalidation period start from issuance date of the ARB offset credits.

T-16.1b Multiple Comments:

Clear and explicit direction regarding the effective date and prospective application of the Proposed 15-Day Amendments may help to ensure consistent application to offset projects. Offset project development, reporting, verification, and credit issuance occur over multi-year timelines, often with overlapping processes underway simultaneously. Absent express clarification, uncertainty regarding the applicability of revised requirements to ongoing processes may create unnecessary compliance risk and administrative burden. Clarifying, either in the regulation, the adopting resolution, or the Final Statement of Reasons, that offset project processes are governed by the requirements in effect at the time they are initiated may promote regulatory predictability and orderly implementation. (15d-NF-198.8)

Agency Response:

No changes were made in response to these comments. See Agency Response to comment T-16.1a.

T-16.2 Multiple Comments:

VERA has a global concern related to implementation and effective date of the offset administrative changes. Unlike other programmatic changes (allowance allocation or setting of auction dates) where an ‘effective date’ of the rule signals a clear line for regulatory changes, the offset world consists of existing projects being developed under existing protocols and the existing regulation, with potentially many reporting periods and verifications occurring in various stages at any given date. Therefore, additional clarity is needed throughout the proposal on when the new rules apply.

Our understanding from staff communications is that an offset ‘process’ should be operating under the rules in place when that process was initiated—be it reporting, verification, dispute resolution, etc. VERA agrees with this premise, and its corollary that if a new process begins after the regulation’s effective date, the new rules apply. However, the staff’s stated intent is not reflected in the current Proposal, neither draft regulations nor the ISOR. Therefore, VERA requests additional clarity in the regulation, in the adopting resolution, and the Final Statement of reason that explicitly confirms this and can be counted upon by project developers in the future.

More specifically, we suggest the following language be added into the final regulations in an appropriate offset section:

“The updated regulation provisions will be applied, on a prospective basis, to a project as of the most recent reporting period that begins after the [final publication/effective] date of the regulation. Reporting periods that are already underway or completed, even if those that have not been reviewed and confirmed by CARB, as of the [final publication/effective date], will not be subject to the updated regulation offset provisions.” (45d-VERA-366.2)

Comment:

Anew has a global concern related to implementation and effective date of the offset administrative changes. Unlike other programmatic changes (allowance allocation or setting of auction dates) where an ‘effective date’ of the rule signals a clear line for regulatory changes, the offset world consists of existing projects being developed under existing protocols and the existing regulation, with potentially many reporting periods and verifications occurring in various stages at any given date. Therefore, additional clarity is needed throughout the CARB Draft Language on when the new rules apply. We believe that any reporting period that has commenced prior to the effective date of the regulation, whether or not it has undergone verification, should be held to the current version of the regulation. The amended regulation should apply for any reporting periods that commence following the effective date. And our understanding from staff communications confirms that: that an offset ‘process’ should be operating under the rules in place when that process was initiated—be it reporting, verification, dispute resolution, etc. We also support its corollary: that if a new process begins after the regulation's effective date, the new rules apply. However, the staff's stated intent is not reflected in the current Proposal, neither CARB draft regulations, nor the ISOR. Therefore, Anew requests additional clarity in the regulation, in the adopting resolution, and the Final Statement of Reason that explicitly confirms this intent and can be counted upon by project developers in the future.

More specifically, we suggest the following specific language be added into the final regulations in an appropriate offset section:

The updated regulation provisions will be applied, on a prospective basis, to a project as of the most recent reporting period that begins after the [final publication/effective] date of the regulation. Reporting periods that are already underway or completed, even if those that have not been reviewed and confirmed by CARB, as of the [final publication/effective date], will not be subject to the updated regulation offset provisions. (45d-AC-396.2)

Agency Response:

Changes to section 95977.1(b)(3)(R)7. were made in response to these comments. See Agency Response to comment T-16.1a.

T-17 Compliance Offset Program Miscellaneous

T-17.1 Comment:

Include language detailing how dual-enrolled projects can transition between Cap and Invest and LCFS

Section 95973(f) of the Proposed Amendments specifies that a project may enroll in both LCFS and Cap and Invest, so long as it maintains compliance in both programs and does not claim credits from both programs within the same reporting period. CalBio agrees with this, however, the language used within the Proposed Amendments appears to unintentionally imply that a project may only transition from Cap and Invest to LCFS rather than between the programs: "An offset projects that transitions to a Low Carbon Fuel Standard pathway must maintain its continuous reporting obligation …" (pg. 317). CalBio requests that CARB expand the language in the amendments to clearly state that a project may transition *between* programs. Furthermore, CalBio recommends outlining the process through adding text that explains how a project transitions between programs, who should be notified and in what format, and how an OPO or APD would demonstrate that they have not received credits in both programs within the same time period. (45d-CBLLC-387.2)

Agency Response:

No change was made in response to this comment. All projects that desire to participate in the Cap-and-Invest compliance offset program, regardless of whether they may participate in the Low Carbon Fuel Standard (LCFS) program, need to meet the requirements both to submit listing information with one year of offset project commencement and to meet annual reporting requirements, as well as occasional requirements to renew their crediting period. Provided that a project continues to meet these requirements, it has not transitioned away from the compliance offset program, even if it is not currently generating offset credits due to participation in another program. Existing provisions support a project transitioning between the Cap-and-Invest compliance offset program and the LCFS program. Thus, it is not necessary to further specify how a project would transition between programs.

Per the existing Cap-and-Invest Regulation, project developers are subject to potential invalidation proceedings if CARB finds that credits have been issued in any other program within the same offset project boundary and for the same reporting period in which ARB offset credits were issued for GHG emissions reductions.

T-17.2a Comment:

For Section 95973: Requirements for Offset Projects Using ARB Compliance Offset Protocols, Ag Council urges CARB to reconsider its draft language preventing the use of both offset credits and LCFS credits in the creation and support of a project. Many projects in this space have intense capital and permit costs and CARB should consider maximizing incentives to ensure the rapid adoption and success of these projects. (45d-ACC-433.8)

Agency Response:

No change was made in response to this comment. CARB's policy remains not to allow greenhouse gas reduction credits for the same GHG reductions in both the Cap-and-Invest compliance offset program and the LCFS program. The prohibition on receiving both ARB offset credits and LCFS credits is not at the project level but at the project's reporting period level. A project may over its lifetime receive both LCFS credits and offset credits, but not within the same reporting period. The Cap-and-Invest Regulation has long prohibited projects from receiving both LCFS credits and offset credits. In the Proposed Amendments text regarding that prohibition is clarified and moved to section 95973(f).

T-17.2b Comment:

Ag Council and Dairy Institute believe that all incentives should work together to create greater climate friendly projects, reducing GHGs throughout California. With this mindset, we urge CARB to reconsider its draft language preventing the use of both offset credits and LCFS credits in the creation and support of a project. Many projects in this space have intense capital and permit costs and CARB should consider maximizing incentives to ensure the rapid adoption and success of these projects. (15d-ACC-102.8)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-17.2a.

T-17.3a Comment:

CFCC notes that the current regulation does not provide a mechanism to add or subtract land from an offset project once the project has been registered. While this approach may simplify administration at the time of listing, it does not fully reflect the realities of long-duration forest projects. Forestry offset projects typically have crediting and monitoring periods extending 100 years or more, and over that timeframe changes in land ownership, infrastructure development, or boundary conditions are likely to occur.

In practice, situations may arise where it is appropriate to remove small portions of land from a project without terminating the entire project. Examples include eminent domain actions, utility rights-of-way, transportation infrastructure development, or encroachment along property boundaries. Conversely, landowners may acquire adjacent parcels or inholdings that are managed as part of the same forest management unit and could reasonably be incorporated into an existing project.

The current regulation does not provide a pathway for these types of adjustments. As a result, relatively minor boundary changes could require disproportionate responses, including potential project termination or the creation of entirely new projects.

CFCC encourages CARB to consider establishing a limited mechanism allowing modest additions or subtractions of project area, subject to appropriate safeguards such as updated inventories, verification, and registry documentation. Providing such a pathway would improve the practical administration of long-duration forestry projects while maintaining the environmental integrity of the offset program. (45d-CFCC-436.6)

Agency Response:

No change was made in response to this comment. This comment is out of scope for this rulemaking and is better suited for consideration during a future rulemaking in conjunction with updates to the U.S. Forest Projects protocol.

T-17.3b Comment:

A Listing-related item which remains on CFCC's record from March 9 is a mechanism for modest project-area adjustments (additions or subtractions) over the long monitoring period of forestry projects. This is an administrative improvement that does not weaken environmental integrity and would meaningfully reduce friction in real-world project administration. (15d-CFCC-122.17)

Agency Response:

No change was made in response to this comment. See Agency Response to comment T-17.3a.

T-17.4 Comment:

Some of the proposed changes revise the 'ARB' acronym to 'CARB'; however, there are numerous places 'ARB' remains unchanged. Please be consistent with the acronym used in the final regulation. (45d-Chan-15.1, 45d-Chan-16.1)

Agency Response:

No changes were made in response to this comment. Per section 95802(b) of the existing Regulation, both "ARB" and "CARB" mean the California Air Resources Board.

T-17.5 Comment:

ACR recommends a correction to 95980.1(d)(2), which currently contains a reference to itself instead of, presumably, 95980.1(d)(1). (45d-ACR-412.8)

Agency Response:

Changes were made in response to this comment. Staff agrees with the comment, and the regulatory references were corrected in the 15-day Amendments.

T-17.6 Comment:

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. (45d-CAR-319.10)

Agency Response:

No change was made in response to this comment, as the requirements are already clear in the existing Regulation. There is no requirement in section 95973(a)(2)(D) requiring a project to transition to the most recent version of the relevant offset protocol. An offset project is required to transition to the most recent protocol version with each renewed crediting period.

T-17.7 Comment:

New Forests appreciates CARB's efforts to clarify and streamline Program implementation and recognizes the important role that guidance can play in addressing project-specific circumstances. Guidance, however, should not be used to effectuate substantive, Program-wide policy changes or to reinterpret regulatory requirements in a manner that has binding effect beyond individual cases. Where changes affect the rules applicable to multiple projects or alter long-standing interpretations, such changes should be made through formal rulemaking to support transparency, stakeholder input, and regulatory durability.

Recommendation: Distinguish between guidance intended to address site-specific issues and regulatory amendments intended to establish generally applicable standards and standardize guidance to promote consistency and predictability across the Program. (45d-NF-409.3)

Agency Response:

No change was made in response to this comment. This comment is out of scope for this rulemaking as it does not appear to address any changes or topics relevant to the Proposed Amendments. CARB complies with the Administrative Procedures Act (APA) for regulatory requirements. Guidance does not and cannot change what is required under the law. Rather, guidance can explain existing requirements to promote consistency and predictability across the Program, but is not a regulatory requirement as it does not go through the APA process. Guidance is outside the scope of this rulemaking.

T-17.8 Comment:

In line with comments submitted by the Verified Emission Reduction Association (VERA), we also appreciate the efforts to clarify various offset-related provisions such as the definitions of Correctable Error and Renewed Crediting Period and the timing around submitting information for a Renewed Crediting Period. In order to further such clarity, we support the language proposals submitted by VERA that aim to ensure that CARB's intended outcomes are well understood by the offset community. (45d-3D-48.3)

Agency Response:

No change was made in response to this comment. See Agency Response to comments T-7.3 and T-7.5 for responses to comments related to the definition of "Correctable Error." VERA did not comment about provisions for crediting period renewal (at least in its March 9, 2026 comments). Staff understand that this comment to be generally supportive of the approach in the Proposed Amendments both to define "Renewed Crediting Period" and to streamline in section 95975(j) the timing for submitting renewal information. As such, staff appreciates the support for the Proposed Amendments.

T-17.9a Comment:

Currently, important guidance is shared inconsistently throughout the offset stakeholder community, and the process makes it hard to manage credit contracts because of prolonged periods with little to no communication. This may suggest a reliance problem: project operators can follow what they believe is the correct approach, only to learn that the scope of review is changing in later verifications.

Section 95973 establishes general offset program requirements but does not expressly require CARB to maintain a public repository of technical interpretations or specify how interpretive updates apply over time.

CARB's 2026 package is, in part, responding to implementation ambiguity. The ISOR repeatedly frames changes as clarifications to evidence standards, timing, and documentation. [included footnote here references "" California Air Resources Board. (2026). Appendix A-1: Proposed Regulation Order""] That is a signal guidance is needed. Still, if interpretive clarity only arrives through one-off staff interactions or late-stage review comments, it invites uneven access and unpredictable compliance costs. That dynamic may create uneven access to interpretive clarity across project operators.

A modest regulatory framework for published guidance and prospective application does not constrain CARB's ability to address fraud or gaming. It simply anchors expectations and reduces scope creep surprises.

Conclusion / Requested Change. Add public technical guidance and reliance subsection.

Proposed redline (add to § 95973):

(h) Technical Guidance and Reliance. The Executive Officer ~~may~~ shall maintain a publicly accessible technical guidance repository for Compliance Offset Protocol implementation.

(1) The repository shall include interpretive clarifications that materially affect offset project design, monitoring, reporting, verification, reversal accounting, invalidation exposure, listing, ownership transfer compliance, or issuance review.

(2) Each guidance document shall identify its effective date and whether it is mandatory or advisory.

(3) Unless necessary to address fraud, intentional misrepresentation, or an imminent threat to program integrity, CARB shall apply new mandatory guidance prospectively to Offset Project Data Reports submitted after the guidance effective date.

This directly addresses CFCC's desire for widely accessible protocol technical guidance. (45d-CFCC-436.3)

Agency Response:

No change was made in response to these comments. This comment is out of scope for this rulemaking as it does not appear to address any changes or topics relevant to the Proposed Amendments.

T-17.9b Comment:

CFCC continues to support a publicly accessible technical guidance repository, with versioned interpretations and prospective application of new mandatory guidance absent fraud or imminent program-integrity risk. (15d-CFCC-122.18)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-17.9a.

T-17.10a Comment:

CFCC is concerned that, absent an explicit proportionality principle, localized nonconformance may in practice result in project-wide crediting consequences even where the affected area and carbon impact are limited. We also note that only official communications are accepted to mark the beginning and end of noncompliance.

The regulatory agency responsible for evaluating and closing out a NOV or other nonconformance may not treat timely closure as a priority, particularly if CARB has not communicated this urgency to that agency. In many cases, the OPO has limited, if any, ability to influence the agency's internal process (e.g., CalFire), as these agencies operate according to their own schedules and staffing constraints. As a result, the official close-out date may occur well after the nonconformance has been addressed or corrected in the field. In such cases, CFCC believes the OPO should not be penalized for delays that are solely attributable to the agency's administrative processing and/or scheduling of site inspections.

The 2026 package does not clearly add proportionality language governing the scope of crediting impacts when a violation is localized.

If this is occurring as an implementation practice, a proportionality principle would improve fairness and environmental accuracy. CARB would still be free to treat systemic violations as project wide. The difference is that CARB would be required to articulate the causal link, rather than defaulting to whole-project penalties.

Conclusion / Requested Change. Add proportionality language.

Proposed redline (add to § 95976 or § 95983):

Proportionality of Corrective Actions. Where CARB identifies nonconformance with a Compliance Offset Protocol, CARB shall, to the extent feasible, scope any corrective action, crediting suspension, or compensation requirement to the geographic area, reporting period, and quantity of GHG reductions or removals affected, based on the causal relationship between the nonconformance and credited carbon.

If the relevant local, state, or federal regulatory oversight body does not provide a written determination regarding the date the offset project returned to regulatory compliance within a reasonable timeframe, or if obtaining such a determination is delayed for reasons outside the Offset Project Operator's (OPO's) control, the OPO or Authorized Project Designee may submit alternative evidentiary documentation to support that the non-conformance has been fully remediated and closed out. Acceptable alternative evidence may include, singly or in combination, the following:

- Affidavit or attestation from a Registered Professional Forester (RPF) or the applicable area forester (or equivalent qualified professional according to the appropriate authority having jurisdiction),
- Timestamped photographic evidence (or other date-stamped media) demonstrating completion of corrective actions and/or removal of the condition(s) that rendered the project out of compliance,
- Timestamped close-out communications documenting completion and acceptance of corrective actions, including correspondence between the OPO and the responsible operator/contractor/land manager (e.g., email, text message, work order close-out confirmation)

Where alternative evidence is provided, the proposed "return to compliance" date should be the earliest date that the submitted documentation collectively demonstrates the condition(s) were remedied and any required corrective actions were completed (including any required follow-up actions). The OPO should also document good-faith efforts to obtain the regulatory oversight body's determination (e.g., dated request(s) and follow-ups), and provide any subsequent agency determination to ARB promptly upon receipt. (45d-CFCC-436.14)

Agency Response:

No change was made in response to these comments. Regulatory compliance of offset projects with all local, regional, state, and national environmental and health and safety laws and regulations is covered in section 95973(b). No changes were proposed to section 95973(b), so comments on the topic of regulatory compliance are out of scope for this rulemaking. Comments related to proportionality of corrective actions are also out of scope for this rulemaking since there are no changes in the Proposed Amendments on this topic .

T-17.10b Comment:

CFCC continues to support a proportionality principle in corrective actions and crediting suspensions, with an alternative evidentiary pathway for documenting return-to-compliance dates when the responsible regulatory agency has not yet issued a written determination. (15d-CFCC-122.19)

> **Agency Response:**
>
> No change was made in response to these comments. See Agency Response to comment T-17.10a.

T-17.11 Comment:

CFCC believes the protocol restricts growth and yield models to those available as of 2015, excluding updated models with recent data and software improvements.

CARB's regulation references protocols, and the ISOR indicates this rulemaking does not update protocols directly.

This is mostly a protocol issue, but the regulation can still create an enabling structure: a transparent pathway for CARB to evaluate and approve method updates. That would reduce case-by-case confusion and align with CFCC's request for accessible technical guidance.

Conclusion / Requested Change. Add a procedural on ramp in regulation.

Proposed redline (add to § 95973):

Technical Method Updates. CARB shall maintain a transparent process for reviewing and approving updates to technical methods referenced in Compliance Offset Protocols, including forest growth-and-yield models, consistent with best available science. Such updates may be implemented through protocol amendments or published technical guidance, as appropriate. (45d-CFCC-436.15)

> **Agency Response:**
>
> No change was made in response to this comment. This comment is out of scope for this rulemaking as it does not appear to address any changes or topics relevant to the Proposed Amendments. As the commenter acknowledges, this comment would be relevant for a rulemaking considering updates to the U.S. Forest Projects protocol.

T-17.12 Comment:

The regulation allows verification bodies to adjust the scope of review when new information or potential inconsistencies are identified, which is an appropriate safeguard for program integrity. However, the regulation does not clearly describe how or when the scope of review may expand once the verification approach has been established. Nor does it require documentation explaining the basis for such changes when they occur.

Because verification planning is typically developed at the outset of a verification cycle, greater clarity around how scope adjustments are triggered would improve predictability for both project operators and verification bodies. Clear expectations regarding scope stability, together with documentation when the scope is expanded based on identified risk indicators, would reinforce CARB's risk-based verification framework while preserving the ability to investigate potential issues where warranted.

This approach would align with CARB's verifier guidance, which emphasizes verification planning and risk-based review as a means of directing scrutiny toward areas with the greatest likelihood of material misstatement.

CARB must retain escalation authority. But it should be tied to specific triggers and be communicated clearly. That approach benefits all parties by creating a record of why CARB expanded scope, which helps defensibility if challenged.

Risk-based review tiers are common in verification systems. Climate Action Reserve's verification manual explicitly references "risk-based review" and "rigorous data sampling." CARB's own offset verifier guidance is designed to provide "recommended practices" and administrative detail for compliance with verification provisions. The program's logic already assumes differentiation by risk. The regulation should reflect it.

Conclusion / Requested Change. Add (1) scope stability with written escalation basis, and (2) a tiered risk-based review framework.

Proposed redline (add to § 95977 as new subsection):

(f) Scope Stability for Verification Reviews. Where the verification scope has been established at the outset of a verification cycle, the scope of required documentation shall be limited to that identified at commencement of the review. CARB may expand the scope if it identifies specific risk indicators, material inconsistencies, or evidence of potential misstatement, and shall provide written notice describing the basis for the expanded scope.

Proposed redline (add to § 95977.1):

Risk-Based Review Tiers. CARB shall establish review tiers for offset projects based on objective risk indicators (e.g., maturity, prior verification outcomes, reversal history, material misstatement history). CARB may provide expedited review for lower-risk projects, subject to escalation where new risk factors are identified.

This directly implements "expedited review" for established projects. (45d-CFCC-436.11)

Agency Response:

No change was made in response to this comment. While the Proposed Amendments include several changes for offset verification services in section 95977.1(b)(3), none of the proposed changes relate to a risk-based scope of verification activities. The text that the commenter proposes for section 95977 would not be appropriate for that section, which covers the schedule for which verifications occur.

Note that the Regulation relies on the professional judgment of accredited verifiers to determine what is necessary to achieve reasonable assurance. It is the proper role of a verifier to determine when it is necessary to expand the scope of verification activities if questions arise from its verification sampling.

T-17.13a Comment:

Under the current regulation, the invalidation timeframe begins at the end of the Reporting Period associated with the ARB offset credits. The proposed amendment would instead define invalidation windows from the date ARB offset credits are issued.

This change would have its greatest effect on projects that bundle verification, a common approach used by OPOs to reduce verification costs. If the clock starts at issuance, bundling would effectively become less viable and could require more frequent verification cycles, increasing costs for OPOs. In addition, maintaining the existing reporting-period anchor supports administrative efficiency. Bundled verification allows third-party verifiers to evaluate multiple reporting periods within a single verification engagement, reducing redundant site visits, sampling, and documentation review. It also allows CARB staff to evaluate larger, more complete issuance packages rather than processing multiple smaller issuance requests over time. Preserving this structure therefore improves efficiency for both verification bodies and CARB reviewers while maintaining the integrity of the review process.

Even for projects that already verify annually, the proposed change would still extend exposure by adding roughly 1-2 years to the effective invalidation period (depending on issuance timing).

This matters because credit value is sensitive to invalidation risk: credits with a shorter remaining invalidation window, or those further progressed through the eight-year period, typically carry greater market value and reduced transaction friction.

A key concern is that issuance timing is increasingly outside an OPO’s control. Delays are currently being driven by verifier shortages, and these delays are further exacerbated by ARB’s own processing timelines. We are experiencing 8–12 month delays between when OPOs submit issuance requests and when ARB issues credits.

OPOs should not be penalized with a longer invalidation period due to capacity constraints and administrative delays that are not attributable to the project.

Proposed redline options:

Option 1: Remove the clause/amendment and preserve the existing regulatory anchor (end of Reporting Period).

Option 2: If ARB will not remove the amendment, add clarifying language that the invalidation timeframe begins no later than the date the ROCs/ERTs are issued, or the date the issuance request is submitted to ARB (i.e., the issuance package submittal date), so that ARB processing times do not extend the invalidation window. (45d-CFCC-436.16)

Agency Response:

No change was made in response to these comments. Staff respectfully disagree with these comments. Staff appreciate commenter’s concern about the duration of CARB review time between the issuance of registry offset credits and ARB offset credits. However, it is appropriate for the anchor date for the invalidation timeframe to be the date of ARB offset credit issuance rather than the end of the reporting period. When a project receives an extended verification timeline due to a reversal or verifiability petition, the verification may not reach CARB's review within the 8-year window to address invalidation concerns. Altering the anchor point for when the invalidation period begins ensures CARB the opportunity to receive and review a second next full verification before the 8-year window for offset credit invalidation lapses.

For example, if a sequestration project defers its second verification until after the seventh reporting period, it may take longer than a year before the offset verification statement for that second verification is submitted due to an extended timeline, whether due to a reversal or due to issues to be resolved during an offset project data report verifiability petition. This timeline leaves no opportunity to address a potential invalidation of offset credits.

T-17.13b Comment:

CFCC continues to support a clarification of the §95985(b) invalidation timeframe anchor that protects projects from invalidation period extensions caused by verifier scarcity or CARB processing delays outside the operator’s control. (15d-CFCC-122.20)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-17.13a.

T-17.14 Comment:

Anew refers to our previous 45-Day Comments 2, summarizing by bullet point, issues that were not addressed, neither the amendments in the 15-Day Language nor the “Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information.” While some minor changes were made in the 15-Day Language, concerns highlighted below remain, and we encourage CARB to revisit those previous comments for detail:

- Effective Date of Changes to Regulation
- Correctable errors (Definition and 95977.1(b)(3)(M))1 (Note: we support CARB’s amendment which addressed the timing of when correctable errors must be fixed in future reporting periods, but our concern regarding the aggregation of errors across multiple reporting periods remains)
- Amended language previously included under “Verification of Direct Environmental Benefits to the State (DEBs)” - Section 95977.1(b)(3)(D)(2)(i), which has been moved to Section 95989(e)
- Definition for Conservative. (15d-AC-43.7)

Agency Response:

No change was made in response to this comment. Staff appreciates the support for the Proposed Amendments regarding the timing of when correctable errors must be fixed. See Agency Response to comment T-17.13a.

T-17.15 Multiple Comments:

Thank you for incorporating many of ACR’s suggested changes into the proposed 15-day Amendments to the Cap-and-Trade (soon-to-be Cap-and-Invest) Regulation as released on April 14, 2026. (15d-ACR-20.1)

Comment:

The Reserve supports the modification to Section 95977(d), allowing sequestration projects in their post-crediting monitoring period to extend their verification cycle to twelve reporting periods if carbon stocks remain at least 10% above end-of-crediting levels. We also support the new 45-day grace period introduced in the 15-Day Amendments for monitored projects to provide a missing report after notification before facing termination. Finally, we support the added flexibility for scheduling a site visit verification after an unintentional reversal or after allowing CARB and the registry 10 days to advise of intent to audit. (15d-CAR-63.4)

Comment:

The 15-day package released on April 14, 2026 reflects several of the updates requested by VERA in our ISOR comment letter. These changes were taken after discussions and stakeholder input, and include:

- Effective date clarity as it relates to various offset provisions;
- Correctable Errors definition and text consistency;
- Clarification on DEBs designation through the verification process, rather than uncertain revocation timing which potentially included already verified and issued offsets; and
- Notice of offset verification services for offset projects timing adjustment.

VERA supports these changes and is appreciative of the time staff spent understanding our feedback. (15d-VERA-117.1)

Comment:

New Forests commends CARB for incorporating several recommendations raised in previous comments into the Proposed 15-Day Amendments. (15d-NF-198.1)

Agency Response:

No change was made in response to these comments. Staff appreciates the support for the Proposed Amendments.

T-17.16 Comment:

CFCC requests that the Board:

1. Direct staff to convene structured stakeholder workshops with project developers, verifiers, registries, forest carbon experts, and conservation easement grantees on the offset administration topics identified in Part III above and in CFCC's March 9 letter. The workshops should be issue-focused, time-bounded, and produce shared written outputs that can inform technical guidance and any subsequent rulemaking.
2. Direct staff to develop and publish technical guidance in a publicly accessible repository, with versioning, effective dates, and prospective application, on the implementation questions that are amenable to guidance rather than rulemaking. This is one of the most concrete steps CARB can take in the near term to reduce the inconsistency that project operators currently experience.
3. Initiate a follow-on offset administration rulemaking in coordination with the SB 840 protocol update process, to address the items that require regulatory text. CFCC understands that the SB 840 protocol updates are a substantial body of work in their own right, and that the items in this letter are administrative rather than protocol-substantive. We do not propose that they be folded into the SB 840

timeline. We do propose that they be carried in parallel, on a workable timeline that the Board sets in consultation with staff and stakeholders. (15d-CFCC-122.21)

Agency Response:

No change was made in response to these comments. These comment are out of scope for this rulemaking as they do not address any changes or topics relevant to the Proposed Amendments. CARB staff will undertake assessments of new protocol types, updates to existing protocols, and any associated updates to the Cap-and-Invest Regulation that are required by AB 1207 and SB 840 through a separate public process.

T-17.17a Comment:

AB 1279 (Muratsuchi, Chapter 337, Statutes 2022) established California’s statutory framework for achieving carbon neutrality no later than 2045, providing that at least 85 percent of greenhouse gas reductions should come from direct emission reductions and up to 15 percent may be achieved through “net reductions” such as carbon removal and sequestration. While AB 1279 did not amend Cap-and-Invest directly, it is impossible to read the 85/15 framework without recognizing that offsets and carbon removal mechanisms occupy the policy space intended for that 15 percent indirect component. California will not reach carbon neutrality solely through direct reductions. Certain industrial processes, aviation, maritime transport, and legacy emissions will require net reduction mechanisms. Offsets — broadly defined as rigorously verified carbon removal or avoided emission projects — are part of that long-term architecture. If offsets are marginalized or administratively constrained in the near term, California risks increasing compliance costs in ways that do not accelerate the development of carbon removal infrastructure. ClimateBuild therefore encourages CARB to articulate, either in this rulemaking or in subsequent guidance, how offsets within Cap-and-Invest will integrate with the 85/15 carbon neutrality construct. That articulation would provide market certainty and reduce the risk of misalignment between near-term compliance design and long-term neutrality strategy. Offsets are not an evasion of direct reduction. They are a complement to it. (45d-CBC-446.1)

Agency Response:

No changes were made in response to this comment. AB 1207 set the Quantitative Usage Limit for compliance offset credits at 6 percent of a covered entity’s compliance obligation through 2045. The robust Cap-and-Invest compliance offsets program continues to provide cost containment and compliance flexibility for covered entities while delivering verified GHG reductions in sectors not covered by the Cap-and-Invest Program, which supports the State’s progress in meeting statutory climate targets.

T-17.17b Comment:

Offsets and Carbon Neutrality Alignment. AB 1279 established California's framework for achieving carbon neutrality no later than 2045, providing that at least 85 percent of greenhouse gas reductions should come from direct emission reductions and up to 15 percent may be achieved through net reductions such as carbon removal and sequestration. The current offset limits in Cap-and-Invest, 4 percent for the 2025 data year and 6 percent beginning in 2026, appear inconsistent with that statutory architecture, which contemplates a meaningful role for indirect reductions in the state's overall climate strategy. We encourage CARB to articulate how offsets within Cap-and-Invest will integrate with the 85/15 carbon neutrality construct. The Legislature will also need to revisit statutory offset limits to align them with AB 1279's framing. In a Tightening cap environment, well-verified offset availability moderates compliance cost exposure within the allowed percentage limit, which supports affordability without weakening the cap's environmental trajectory. Offsets should not be treated as a marginal tool. (BH-MCAA-1.11)

Agency Response:

No changes were made in response to this comment. See Agency Response to comment T-17.17a.

T-18 Compliance Offset Protocol Updates

T-18.1a Multiple Comments:

I urge the Board to recognize direct industrial replacement via the ACS standard as a superior compliance mechanism to traditional credit-based offsets, as it removes carbon at the source. (45d- ACSL-2.1)

Comment:

Market-based compliance mechanisms should prioritize direct industrial displacement over external carbon offsets. Arboreum Commercial Solutions (ACS) has developed a carbon-negative industrial feedstock process using agri-waste (filed 12/17/25). This technology offers a direct, closed-loop alternative to traditional fossil-fuel-intensive pulping. I urge the Board to recognize direct industrial replacement via the ACS standard as a superior compliance mechanism to traditional credit-based offsets, as it removes carbon at the source. (45d-Caboara-2)

Comment:

ADDENDUM: Formal Legal Entity Clarification for ACS. Please note that previous submissions under the name 'ACS' refer to the legal entity Arboreum Commercial Solutions, LLC. All technical feasibility data remains as filed on 12/17/25. (45d-Caboara-3)

Comment:

We respectfully urge the Board to include the Climate Action Reserve (CAR) Soil Enrichment Protocol (SEP) as an eligible Compliance Offset Protocol.

1. Legislative Support for Nature-Based Offsets

Recent legislative activity supports CARB broadening the scope of the offset program to include working lands.

• AB 1207 (Friedman) extends the program and directs CARB to "consider additional protocols for carbon removal and nature-based carbon offsets."

• SB 840 (Limón) mandates that CARB update compliance offset protocols to reflect "best available science" and prioritizes nature-based solutions.

• AB 1757 (Garcia) defines "natural carbon sequestration" to explicitly include "compost application, cover crops, [and] planned grazing."

Excluding agricultural soil carbon from the Cap-and-Invest program is no longer consistent with this support. Adopting the CAR Soil Enrichment Protocol is the most efficient pathway for CARB to fulfill the mandates of AB 1207 and SB 840.

2. Scientific Validity in California Landscapes

Recent California-specific science demonstrates that these sinks are real, measurable, and significant and the CAR Soil Enrichment Protocol has been approved by the Integrity Council for the Voluntary Carbon Market (ICVCM) under its Core Carbon Principles (CCPs). This validates that the protocol meets the highest global standards for additionality and permanence.

Rangelands and Adaptive Grazing (Grassroots Carbon Focus)

California's 34 million acres of rangeland are a massive, underutilized carbon sink.

• Sequestration Data: A 2025 study on California rangelands found that Adaptive Multi-Paddock

(AMP) grazing resulted in 17% greater Soil Organic Carbon (SOC) stocks in surface soils compared to conventional grazing.

3. Critical Co-Benefits for California

Integrating the SEP aligns the Cap-and-Invest program with the state's broader climate adaptation strategy.

• Water Security (The "Soil Sponge"): California's water resilience relies on soil structure. USDA and CA-specific data indicate that a 1% increase in soil organic matter increases water holding capacity by roughly 20,000 gallons per acre. For the Central Valley, this means reduced aquifer overdraft during drought years.

• Air Quality (PM2.5 Reduction): The San Joaquin Valley consistently faces the worst particulate pollution in the nation. The SEP incentivizes reduced tillage, which directly mitigates dust and PM2.5 emissions from agricultural operations, delivering immediate public health benefits to disadvantaged communities (DACs) in the Valley.

• Wildfire Resilience: Regenerative grazing reduces fine fuel loads (invasive annual grasses) on rangelands, creating functional fuel breaks that protect wildland-urban interface (WUI) communities. (45d-GC-25.1)

Comment:

3Degrees is aware of the requirement of SB 840 that CARB must conduct a robust evaluation of the benefits of offsets, including updates to all existing protocols by January 1, 2029. This is both an incredibly important step in the development and integrity of the offset program as well as a significant increase in workload for CARB. 3Degrees advocates for the latest science and techniques to be integrated in protocol updates to ensure that the offset program maintains the highest level of integrity and remains a global leader. We look forward to working with CARB on this important effort. It is crucial that CARB have sufficient resources to conduct these protocol updates in a manner that does not adversely impact existing program operations and timelines. Maintaining expected review timelines by the staff is essential to an offset project developer’s ability to meet contractual obligations and produce high quality projects. We therefore are extremely supportive of CARB’s budget requests for additional resources to accomplish their expanded mandate. (45d-3D-48.4)

Comment:

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. (45d-CAR-319.2)

Comment (two submissions):

We are concerned that a business-as-usual approach to updating offset protocols will be insufficient to achieve the important needs in California. It is our view that CARB needs to act urgently and with purpose to tackle important changes to the offset protocol process to sustain the State’s leadership in thoughtful and effective carbon removal solutions. As CARB begins the processes laid out by the Legislature, staff should consider two important guiding principles.

First, the work should be guided by science, not existing processes. Second, CARB ambition should be consistent with the statutory targets. Those directions mean that offset protocols will continue to be an important part of the overall climate strategy, but if they cannot be developed and deployed quickly and at the appropriate scale, they will fail to meet the goals laid out in the statutes. As a result, staff should look for ways to improve the compliance offset protocol process to achieve the targets.

We request that CARB staff include in the in resolution adopting the Cap and Invest amendments a proposed timeline for implementing Legislative direction regarding offset protocols. The sooner the offset protocol review processes are commenced; the sooner private investment will be unlocked at scale to achieve significant greenhouse gas reductions by 2045.

Legislative direction compels CARB to immediately improve Compliance Offset Protocols. Both Cap and Invest reauthorization bills, Assemlby Bill 1207 and Senate Bill 840, gave CARB significant direction to increase ambition for removing carbon through nature-based solutions. These targets cannot be achieved with public funds alone, and creating the right incentives to draw in private capital is paramount. (45d-CC-45.1, 45d-CC-72.1)

Comment:

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. (45d-CAR-319.9)

Comment:

Clarify CARB's future goals and timeline for releasing an updated Compliance Offset Protocol for Livestock Projects

Language throughout the proposed amendments references the Compliance Offset Protocol Livestock Projects, October 20, 2011, and the Compliance Offset Protocol Livestock Projects, November 14, 2014. CalBio is seeking CARB's clarification on any plans and timelines around drafting and releasing an updated Compliance Offset Protocol for Livestock Projects.

As technology continues to rapidly develop in the energy sector, it is crucial that the Cap and Invest program remains current to ensure that all intended eligible sources of greenhouse gas emissions reductions reflect the latest science and technology. For example, the Compliance Offset Protocol Livestock Projects, November 14, 2014, states that "the actual source test results for the measured methane destruction efficiency must be used in place of the default methane destruction efficiency. Otherwise, the Offset Project Operator or Authorized Project Designee must use the default methane destruction efficiencies provided…".7 Default methane destruction efficiencies are only provided for open flares, enclosed flares, lean-burn internal combustion engines, rich-burn internal combustion engines, boilers, microturbines or large gas turbines, upgrade and use of gas as CNG/LNG fuel, upgrade and injection into natural gas transmissions and distribution pipelines, and direct pipelines to end-users; however, since the release of the protocol, there has been an increased use of new destruction devices, specifically fuel cells and linear generators. As these projects are not recognized in the Compliance Offset Protocol Livestock Projects, November 14, 2014, the burden is placed on the OPD or APD to conduct a source test to calculate a custom biogas destruction efficiency (BDE) to participate in the Cap and Invest program. This requirement may be more stringent than those imposed by the local Air District. The omission of fuel cells and linear generators in the Compliance Offset Protocol Livestock Projects indicates an opportunity to update, especially given that default BDEs for these devices can be found elsewhere in CARB's Emission Factor Database.

CalBio urges the release of a new Compliance Offset Protocol Livestock Projects in parallel with the 2026 Amendments to the Regulation for the California Cap on

Greenhouse Gas Emissions and Market-Based Compliance Mechanisms to best align the regulation and the protocol. (45d-CBLLC-387.4)

Comment:

The Cap and Invest Program allows a covered entity to meet up to 6% of its compliance obligation with offset credits. As CARB works towards integrating CDR into California's compliance architecture, one pathway to advance CDR could be to integrate it into the offset framework, under the 6% cap. However, without significant adjustments to the offset pool, this is likely a poor fit for CDR, and unlikely to create opportunities to scale these necessary technologies to appropriate levels.

CDR is fundamentally different from the existing compliance offset categories. Engineered CDR technologies are still progressing toward broader commercial deployment and currently operate at costs that exceed the allowance price. Following the trajectory of other clean energy technologies, CDR costs are expected to fall significantly as the industry scales. However, without mechanisms that recognize the current stage of the industry, engineered CDR will struggle to compete with cheaper offset categories in the near-term, jeopardizing its ability to grow at the speed and scale required in California's long-term climate strategy. The 2022 Scoping Plan acknowledges that the sequestration potential of California's natural and working lands will not be sufficient to meet the residual emissions gap. If engineered CDR does not establish a robust foothold in the compliance market today, there is a serious risk that carbon removal needed to meet California's target will not materialize in time. Policy design must recognize the need for differentiation of CDR from other offsets in order to enable its specific and intentional pairing with near-term programs that can bring down cost.

Scaling CDR will require continued investment. Investor confidence in the CDR sector depends on visible, durable demand signals from compliance programs. Without differentiation within the offset market or complementary pricing support, the price signal sent by Cap-and-Invest will not be sufficient to generate real market demand needed to develop and scale CDR in California in line with CARB's Scoping Plan.

There are a range of possible mechanisms that CARB can consider to provide the differentiation or support necessary for CDR to contribute meaningfully to the Program's goals. We therefore urge CARB to incorporate dedicated support mechanisms for engineered CDR, and to consider carefully whether inclusion of CDR as an offset achieves the state's goals both of unlocking affordable compliance pathways through offsets and of scaling necessary climate technologies. We would welcome the opportunity to discuss these approaches with CARB staff in more detail.

Importantly, supporting CDR today is also a prudent long-term cost policy. The residual emissions that will need to be addressed will increasingly consist of processes that are prohibitively expensive to decarbonize through fuel switching or electrification alone. CDR offers a cost-effective compliance pathway for those hard-to-abate emissions. Building the CDR market now will reduce industry's compliance burden in the years ahead when CDR will be most needed. The time to invest in that market infrastructure is today, while there is still a meaningful window to drive down CDR costs through scale. (45d- ECDRSB-323.2)

Comment:

Request to Prioritize a Methane Slip Abatement Compliance Offset Protocol. AB 1207 directs CARB to conduct a study of the Compliance Offsets Program by December 2026 and to update all offset protocols by January 2029 to reflect best available science. The proposed amendments initiate related process changes to offset project listing, monitoring, verification, and registry requirements. We urge CARB to use the protocol review process to develop a new compliance offset protocol specifically for methane slip abatement from lean-burn natural gas engines. (45d-EI-403.5)

Comment:

Develop Additional Compliance Offset Protocols That Explicitly Include CDR Technologies, Including Bio-Oil Sequestration, Within Cap-And-Invest Pursuant To Assembly Bill 1207.

Charm sincerely appreciates the efforts of Governor Newsom and the California Legislature to extend California's Cap-and-Invest program through 2045.8 AB 1207, signed by the Governor in September, not only reauthorizes and extends the program but also requires that CARB "consider developing additional compliance offset protocols to address sectors that are not covered by the market-based compliance mechanism but are identified in the scoping plan . . . including carbon dioxide removal."9 While staff notes that no new protocols are included in the Proposed Amendments, we appreciate the recognition that carbon dioxide removal plays an important role in achieving the state's climate targets and remain encouraged that the Proposed Amendments will help facilitate future incorporation of carbon dioxide removal.

To build on Cap-and-Invest's success and help accelerate progress toward California's climate targets, we encourage CARB to include compliance offset protocols that expressly enable carbon dioxide removal pathways to participate in Cap-and-Invest. While the amounts and limits would still need to be determined, CDR technology could be purchased as an offset by regulated entities to meet a portion of their GHG compliance obligations. Given that offsets are an existing mechanism within the Cap-and-Invest framework, expanding it to CDR technologies would not only be feasible but also provide flexibility to regulated entities such that they have an additional pathway for compliance that is verifiable, credible, and in support of the state's goals. Additionally, making CDR technologies eligible as offsets would provide the long-term, comprehensive support needed to achieve the 100 MMT carbon removal and capture target in 2045 identified in CARB's 2022 Scoping Plan as necessary to meet California's climate requirements. (45d-CI-354.1)

Comment:

Additional Offset Protocols Should be Added to Capture All RNG Methane Benefits. Currently, the C&I program framework does not have offset protocols that cover all methane benefits associated with RNG projects. Methane reduction through manure management at dairy and swine RNG operations is well accounted for in the Livestock Compliance Offset Protocol, however, methane reductions from organic waste systems are not currently represented.

The following types of offset protocols should be recognized in C&I:

Organic Waste Digestion in the United States and Canada. A C&I compliance protocol should be approved to recognize the benefits of organic waste anaerobic digestion (e.g., food waste digesters). This could be done by updating and improving CAR's U.S. Organic Waste Digestion Protocol, which has not seen much use in the voluntary market, in part due to overly stringent additionality assumptions. The United States Environmental Protection Agency's calculator on the methane benefits of landfill diversion of food waste could also be a helpful starting point. Other jurisdictions have created general AD protocols that incorporated both manure and other feedstocks (e.g., food waste). Therefore, addition of other AD feedstocks could also theoretically be accomplished through an update to the Livestock Compliance Offset Protocol.

Enhanced Gas Capture at Landfills in the United States and Canada. A C&I compliance protocol for enhanced gas capture at landfills could be adapted from ACR's methodology for the Quantification, Monitoring, Reporting, and Verification of Greenhouse Gas Emission Reductions and Removals from Landfill Gas Destruction and Beneficial Use Projects. CARB has recognized that continuous wellhead monitoring systems, often paired with automated wellhead tuning systems, can improve gas collection rates and/or the quality of the collected gas. Recognition in C&I/MRR of these methane reductions would help make RNG projects from this enhanced methane capture viable. Just as the Livestock Compliance Offset Protocol provides the required methods to measure, report, and verify GHG emission reductions from RNG projects that control methane from manure produced from cattle and swine operations, the above protocol ideas would allow methane captured from non-manure organic waste to have proper quantification tools in the C&I system. (45d-RNGC-390.3)

Agency Response:

No change was made in response to these comments as the comments are out of scope for this rulemaking. CARB staff will undertake assessments of new protocol types, updates to existing protocols, and any associated updates to the Cap-and-Invest Regulation that are required by AB 1207 and SB 840 through a separate public process.

T-18.1b Multiple Comments:

ABC recommends that CARB expand and update offset protocols to more fully capture the climate benefits of RNG, including organic waste digestion and enhanced landfill gas systems. Existing offset frameworks may not fully account for the avoided methane emissions and broader lifecycle benefits associated with these project types. Enhancing offset protocols better aligns incentives with real-world emission reductions and supports increased investment in high-impact methane mitigation strategies. (15d-ABC-95.7)

Comment:

Additional Offset Protocols Should be Added to Capture All RNG Methane Benefits: Offset protocols should be added to the C&I framework to quantify the benefits of organic waste digestion and enhanced landfill gas capture. (15d-RNGC-105.8)

Comment:

Request for Future Regulatory Engagement on Rangeland Carbon Grassroots Carbon recognizes that many of the changes we advocate for—particularly the development of a compliance-grade rangeland soil carbon protocol—extend beyond the scope of this 15-Day Notice. However, the 15-Day Amendments establish several precedents and create regulatory frameworks (such as the MDI allocation structure, the CCUS quantification methodology pathway, and the incentive-stacking provisions) that are directly relevant to future integration of rangeland carbon into the Cap-and-Invest Program.

We request that CARB:

1. Include rangeland soil carbon sequestration in the scope of any future quantification methodology development.

2. Initiate a stakeholder engagement process specifically focused on developing a compliance offset protocol for California rangeland soil carbon, drawing on the substantial body of scientific research, existing voluntary market protocols, and practical field experience from programs like Grassroots Carbon.

3. Consider the role of agricultural and rangeland sectors explicitly in the forthcoming post-2030 rulemakings. (15d-GC-3.2)

Comment:

Recommendation: Initiate a Scoping Study for a Distributed Organic Stabilization Offset Protocol (Re: AB 1207 Offset Protocol Development Mandate; Section 95841 Allowance Removal Framework)

We respectfully request that CARB, in conjunction with the AB 1207-directed offset protocol development process, initiate a scoping study to evaluate whether verified, source-level biological stabilization of organic waste can qualify as a recognized GHG reduction activity under the Cap-and-Invest compliance framework—either as a new offset protocol or as a distinct compliance execution pathway within the Market-Based Compliance Mechanisms structure.

Qualifying systems would be required to demonstrate:

• Closed-loop, aerobically controlled operation that prevents uncontrolled anaerobic decomposition

• Continuous IoT-based monitoring of process parameters (temperature, oxygen, mass balance) sufficient for facility-level emissions quantification

• Independent third-party verification against a Board-approved quantification methodology

Policy Rationale: As CARB designs the implementation methodology for the Allowance Removals for Offset Use Account—on which comments are specifically solicited in the 15-Day notice—recognizing distributed processing as a verified reduction activity would expand the menu of compliance pathways available to covered entities, particularly those in the food processing, hospitality, and commercial sectors who generate substantial organic waste on-site. (15d-SY-56.1)

Agency Response:

No change was made in response to these comments. See Agency Response to comment T-18.1a.

T-18.1c Comment:

Chair Sanchez and members of the Board. My name is Alfredo Arredondo. And I'm here today on behalf of -- (clears throat) -- excuse me -- the California Forest Carbon Coalition. Our members represent a diverse coalition of California based forest stakeholders, including environmental nonprofits, Native American tribes, and forest product companies. We've come together to support the role of forest-based climate solutions within the Cap-and-Invest Program in helping to achieve our state's ambitious climate goals. Through this program our members have reduced tens of millions of tons of CO2 through the enrollment and management of almost a million acres in California forests, including tribal lands that have been able to be purchased back by tribes encompassing their ancestral territory.

We appreciate staff for the engagement we've had over the past months, and we also are glad to see that the proposed Board resolution directs the Executive Officer to keep working with offset project operators on cost-effective implementation and to pursue new and updated protocols. This is especially important to us, given that the day-to-day administration of the offset program has become fairly hard to navigate. And that's simply a reflection of the needs of a maturing program.

However, there's significant opportunity over the next two to three years for us to work hand in hand on making improvements. And this is relative to the AB 1207 and 840 requirements to provide an update and report on the current compliance market by the end of this year and to update every existing protocol to reflect the best available science by January 2029. So, we're ready to do this work with you all hand in hand and encourage support of adopting today's regulation. (BH-CFCC-122.1)

Agency Response:

No change was made in response to this comment as the comments are out of scope for this rulemaking. Staff appreciates the support for the Proposed Amendments. See Agency Response to comment T-18.1a.

T-19 Offsets and Manufacturing Decarbonization Incentive (MDI)

T-19.1 Multiple Comments:

Section 38562.3 of the Health and Safety Code, added by SB 840, directs CARB to report to the Legislature by December 31, 2026 with an evaluation of the offset program and recommendations for alternative valuation methodologies for in-state offset projects — particularly those that advance California's Nature-Based Solutions Climate Targets and 30x30 biodiversity conservation strategy. This provision reflects legislative perspective that the offset program should do more to direct co-benefits to California, and CARB should chart a path toward a more strategically designed, in-state conservation offset model.

Vastly expanding the MDI in the 15-day notice will likely suppress the carbon prices that make any conservation-based offset program viable and potentially undermine the very opportunity the Legislature intended to elevate. I urge the Board to make a clear commitment to advancing this complementary approach of a new conservation-based offset that advances state Nature-Based Solution targets, including supporting greater landscape resilience to fire and extreme weather events. (BH-PFT-42.3)

Comment:

Section 38562.3 of the Health and Safety Code, added by SB 840, directs CARB to report to the Legislature by December 31, 2026 with an evaluation of the offset program and recommendations for alternative valuation methodologies for in-state offset projects — particularly those that advance California's Nature-Based Solutions Climate Targets and 30x30 biodiversity conservation strategy. This provision reflects legislative perspective that the offset program should do more to direct co-benefits to California, and CARB should chart a path toward a more strategically designed, in-state conservation offset model.

Vastly expanding the MDI in the 15-day notice will likely suppress the carbon prices that make any conservation-based offset program viable and potentially undermine the very opportunity the Legislature intended to elevate. I urge the Board to make a clear commitment to advancing this complementary approach of a new conservation-based offset that advances state Nature-Based Solution targets, including supporting greater landscape resilience to fire and extreme weather events. (BH-Rogers-7.3)

Comment:

I believe the Board, and by extension the Legislature, would benefit from ongoing information about the health of the offset market and its role in the cap-and-invest program. In addition, given the potential impacts to the offset market from the pending regulatory update, the Board should recommit to developing an in-state, conservation-based offset focused on advancing broader state climate goals, as outlined in HSC §38562.3(a). Specifically, I respectfully request that the Board address these issues as part of its resolution on this rulemaking:

- Regular reporting on trends in allowance and offset pricing, given the addition of the MDI allowances.
- Commitment to describing the process and timeline whereby ARB could adopt a new type of instate offset that advances the state's 30x30 conservation goals and Nature-Based Solution Targets while securely and durably sequestering carbon consistent with the existing legal standard. Regular reporting on offset market dynamics (as well as allowance value) will help all of us understand the secondary effects of the program changes. And clear indications of how the Board intends to advance the conservation-based offset concept will help reassure the Legislature that the Board intends to pursue this opportunity — reassurance that is particularly important given current Legislative frustrations around this regulatory update. (BH-PFT-42.4)

Comment:

Good morning, Madam Chair, and members of the Board, Paul Mason with Pacific Forest Trust. And apologies to the clerk for my penmanship. I'll refer to our written comments for a broader list of our concerns with the proposed changes. And I want to focus in on a couple of things here. One is the impact on the offset program from inserting, you know, up to 118 million tons of MDI allowances. We would expect that to have a significant impact on the value of the offset marketplace, which is, of course, one of the main ways that the Cap-and-Trade Program provides a way for the natural environment to engage in the program.

So, I really want to focus on a couple of ways that the Board, if you were going to move forward with the resolution -- or with the regulation today, could address some of these concerns in the resolution. One would be to direct the staff to report back to the Board on the impact on the offset marketplace in the coming years as MDI is being utilized, is to have a massive depressive forest on the value of offsets and on how they're used.

The other is that the other -- the resolution -- and I'll note the Assemblyman Rogers actually sent a letter earlier this week that I didn't see reflected in the presentation that touches on some of these as well. But the resolution sort of makes some broad mention of updating the offset protocols. There were provisions in SB 840 that really directed the Board -- the staff to look at additional ways to approach offsets that would have greater benefits for conservation and nature-based solutions in California and get greater adaptation benefits, and climate resilience benefits here in California. It would be very helpful to have staff come back to the Board with a new approach within the existing legal parameters for offsets. So, I encourage you to add those to the resolution. (BH-PFT-147.1)

Agency Response:

No change was made in response to these comments. The portion of these comments related to SB 840 is out of scope for this rulemaking. CARB staff will undertake assessments of new protocol types, updates to existing protocols, and any associated updates to the Cap-and-Invest Regulation that are required by AB 1207 and SB 840 through a separate public process. Regarding the impact of the MDI allocation proposal on the Compliance Offsets Program, see Agency Response to comment O-8.39a.