



**Initial Verification of
California Climate Action Registry
Conservation-Based Forest Management Project**

for

**The Conservation Fund
Big River/Salmon Creek Project**

Period:

January 2007 to December 2007

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1 Summary

This report presents the findings of an evaluation for The Conservation Fund's Big River/Salmon Creek (BRSC) conservation-based forest management project greenhouse gas emissions data reported to the California Climate Action Registry (CCAR). The evaluation was undertaken to assess and review the reported data and confirm whether the compiled data conforms to the CCAR Forest Project Protocol v2.1.

Please note that CCAR is in the process of updating the terminology used in their protocols to be in agreement with generally accepted national and international terminology. To date, Registry protocols have used the term "certification" to represent the activity of verifying that GHG emissions data submitted to the Registry has been collected and quantified in accordance with the guidelines put forth in the Registry protocols. The Registry has begun to shift the terminology from "certification" and "certifier" to more widely accepted "verification" and "verifier". In an effort to conform to this shift, this report shall use the term "verification" and "verifier" where previous report referred to "certification" or "certifier". The terms may be considered to be interchangeable for the purposes of this report.

The evaluation was undertaken using SGS/SCS's verification methodology developed for verification of forestry offset projects registered under the CCAR. The standard used for verification is the CCAR's Forest Certification Protocol v2.0 (May 2007).

The verification evaluation, that is reported herein, identified a number of needed clarifications and corrective actions that had to be undertaken by the project developer in order for SGS/SCS to be able to issue an opinion that the conservation-based forest management project conforms to the CCAR protocols. The verification process and findings are detailed, below.

SGS/SCS was able to reach a decision on the initial project summary worksheet presented by the project developer and SGS/SCS confirms the adequacy of the information provided in the project description.

2 Introduction

SGS/SCS was contracted by representatives of The Conservation Fund ("TCF" which is owner of record of the property on which the BRSC project is located) to conduct the verification evaluation of the second of two conservation-based forest management projects within TCF's Northern California forestland holdings. The calendar year 2008 verification was requested to be conducted in conjunction with TCF's Garcia River Forest Project; during calendar year 2007, SGS/SCS verified the

2006 emission reductions from the Garcia River project. This report covers only the verification of the more recent project, Big River/Salmon Creek, and the information provided in the BRSC Summary Worksheet and the calculation of carbon stocks and emission reductions for reporting year 2007.

This report presents the findings of the assessment and provides justification for the verification process and the certification opinion.

3 Objectives

The purposes of this verification exercise are to review and confirm:

- entity and project eligibility
- general verification elements submitted via CARROT
- inventory projections of entity baseline
- forest carbon inventory documentation
- inventory projection of project activity and project baseline
- calculation of carbon stock change, emissions and emissions reductions
- data reported is accurate, complete, transparent, and free of material misstatement
- data conforms to the CCAR Forest Project Protocols v2.1, dated September 2007

4 Scope and Project Description

The scope of this evaluation is the Big River/Salmon Creek conservation-based forest management project. The emissions reductions related to the project have been confirmed and verified according to the CCAR Forest Certification Protocol v2.0 (May 2007).

The project is a conservation-based forest management project on land owned by The Conservation Fund in the State of California. The project is applied across the entirety of two of three management tracts owned and managed by The Conservation Fund in Mendocino County. The third tract, Garcia River in its entirety, is the location for a conservation-based forest management project already registered with CCAR. As such, the entire Conservation Fund entity-wide lands in California, as defined at the time the project was developed, are covered by a CCAR conservation-based forest management project.

As is presented in TCF's project submittals:

“Big River and Salmon Creek are high priority refugia watersheds identified in the 2004 “Recovery Strategy for California Coho Salmon.” The two tracts

combined include 34 miles of Class I watercourse, 41 miles of Class II watercourse, associated riparian habitats, four sub-basins currently supporting coho, ten recorded northern spotted owl activity centers (with four more on immediately adjacent ownerships), and an array of additional sensitive species. The size and locations of these coastal forest properties provide significant contributions to the integrity and ecological viability to each of their respective watersheds: the Big River portion would expand on the largest block of connected public land entirely within Mendocino County, and the Salmon Creek property alone encompasses over 50 percent of its watershed and the majority of its forestland.”

These two forest tracts encompass approximately 16,050 acres of important forestland and anadromous fish habitat, helping to establish sustainably managed forests and preventing the threat of subdivision and development.

The entire BRSC project area will be managed using an uneven-age selection regime. For the project management, slightly larger than required watercourse buffers will be employed to better reflect The Conservation Fund’s management philosophy and objectives. These objectives include restoring and conserving biodiversity as well as increasing carbon storage in these tracts.

The first selection harvest under TCF’s management occurred in 2007. Only stands with more than 10 thousand board feet (MBF) per acre in 2007 will be scheduled for harvest in the first ten years of the project. The first entry into each stand has and will be a thin (selective harvest) based on spacing to a target basal area of 150 ft². Reentry into these stands will occur every 20 years. With each entry the target basal area retention will increase until the ultimate goal of 210 ft² per acre is achieved.

The baseline projection is maximum harvesting allowed pursuant to the Maximum Sustained Production “Option C” rules of the California Forest Practice Rules. At the time of baseline initiation, there were no mandatory land use statutes or regulation that would require the conservation-based forest management to be implemented as the project activity.

The baseline and project activity were modeled over a 100-year horizon to quantify GHG emission reductions associated with the project. The existing carbon stocks were projected using the Forest Projection System (FPS) growth model subject to harvesting scenarios defined by the project description and baseline assumptions consistent with the California Forest Practice Rules.



5 Verification Team

Dr. Robert J. Hrubes, Lead Assessor: Dr. Hrubes is Senior Vice-President of Scientific Certification Systems. He is a Registered Professional Forester (RPF #2228) and forest economist with over 30 years of professional experience in both public and private forest management issues. Dr. Hrubes worked in collaboration with SCS to develop the programmatic protocol that guide all SCS Forest Conservation Program evaluations.

H. Dru Krupinsky, Project Coordinator/Assessor. Dru is the Lead Environmental Auditor for the SGS North America Climate Change Program. He is accredited to act as Lead Assessor having undertaken training by the CCAR for the GRP and Power Utility Protocol; as well as completing training for ISO 14064 parts 1 and 2. Dru is responsible for the delivery of Climate Change Program services in the USA and Canada; and has served as assessor for verifications of a number of CCAR emissions reports, and CCX offset projects in USA, Canada, and South America.

Sterling Griffin, Assessor¹: Sterling Griffin is a Senior Certification Forester with Scientific Certification Systems (SCS). He is a Registered Professional Forester (RPF #2805) in the State of California with 10 years of professional experience in private and public land forest management. Prior to joining SCS, he was the founder of a private consulting firm in Northern California specializing in sustained yield management, fuel reduction prescriptions, and forest health management.

Irma Lubrecht, Technical Reviewer: Irma Lubrecht holds an engineering degree in Forestry from the Agricultural University Wageningen, the Netherlands. She is a lead assessor and technical reviewer for the SGS Climate Change Programme. Irma has extensive experience in the validation and verification of emission reduction and sequestration projects, especially (biomass) fuel switch, landfill gas and LULUCF projects. Irma brings international expertise in a wide array of offset projects to the team.

6 Itinerary

To execute its verification activities pursuant to the CCAR Forest Certification Protocol, the auditors began the evaluation by conducting a desk review of all submittals prepared by the project developer, which in this case is The Conservation Fund. Following the desk review of available data and supporting materials, a three-day site visit was conducted on August 19-21, 2008. The site visit was used to further

¹ Mr. Griffin led the field audit components of the verification evaluation and wrote the first draft of this report. He is no longer employed by SCS.

review project records and CCAR submittals *in situ*, discuss methodologies used to calculate carbon pools, assess application of growth models, visit random portions of the ownership, verify project data, and conduct a field review of the sampling methodology. Throughout the duration of the site visit, the SGS/SCS auditors were accompanied by TCF employees and contractors.

A second review, conducted at the SCS offices in Pt. Richmond, California, of revised data was conducted August 29, 2008; TCF representatives participated in this office review. Following the receipt of additional written materials that were submitted by the project proponents in response to requests generated during the initial site visit (when NIR/CARs were issued) as well as the August 29th meeting, the auditors conducted additional office-based review and assessment during the second week of September, 2008.

7 Verification Process Summary

The verification process is a four-step process.

Step 1

In the first step, SGS/SCS received and reviewed the Project Summary Worksheet (a standardized CCAR form required to be submitted by the project developer) to assess initial conformance with the data requirements of the CCAR Forest Project Protocol. Key factors that impact the reported emissions reductions were identified and an Audit Plan² was created to focus on the critical elements presenting potential risk for errors in reported data. These elements included inventory data collection and handling, assumptions underlying the project and baseline characterizations, application of the growth model, and compliance with the California Forest Practice Rules (Coast District)

Step 2

The site visit was used to review project records, review CCAR submittals, discuss methodologies used to calculate carbon pools and growth models, visit random portions of the ownership in order to acquire a familiarity with the property and to assess the appropriateness of the vegetative stratification, and to conduct a field review of the sampling methodology including check cruises of a random sample of the project developer's inventory plots.

Step 3

The second review was used to receive a briefing by the project developer on the new data submitted in response to requests generated during the initial site visit.

² A copy of the Audit Plan was conveyed to SGS Project Coordinator/Assessor, Dru Krupinsky, and as such is saved as part of the project file.



Step 4

The final step in the verification process is final review of the submitted data, analysis of raw data collected during the check cruise, completion of the certification activities log, and drafting of the certification opinion and final report.

A draft certification opinion and report is completed based on the findings of the verification. The draft report is then presented to an internal SGS/SCS Technical Reviewer who decides whether the opinion rendered is justified in light of the evidence presented. If the Technical Reviewer's response is positive, a final opinion and report is sanctioned.

8 Results

The Conservation Fund presented a project description for its BRSC conservation-based forest management project in order to register the associated data (including emission reductions) with the California Climate Action Registry. Based on the data, SGS/SCS is able to reach a conclusion on the data quality and issue a certification opinion to accompany this report. A more detailed discussion of the findings and conclusions is presented below.

8.1 Document Review

The description of the BRSC forestry project presented in the initial project summary worksheet was reviewed by the auditors and found to provide adequate documentation to proceed with the site visit. As a result of the document review, the following issue was identified:

NIR 01: Project developer has not uploaded documents into the Climate Action Reserve database

Close out details: Closed--All documents have been uploaded onto the Climate Action Reserve web site and confirmed as matching with verified project declaration and supporting documentation.

8.2 Site Visit Assessment

The site visit was used to review project records, CCAR submittals, discuss methodologies used to calculate carbon pools, review application of growth models, visit random portions of the ownership, and to conduct a field review of the sampling methodology. During the site visit, inventory plots #21, #21(1), #21(2), #94, and #94(1), were randomly selected and re-measured (i.e., "check cruised") by the audit team. Based upon their general

reconnaissance of the project area, the SCS auditors determined that they were satisfied that these selected inventory plots are appropriately representative, both in number and in location, of the project area. The collected data confirmed proper field measurement techniques were used by the field crew to conduct the field inventory. Stand typing and general descriptions of the forested area were also confirmed. The following issues were raised during and as a result of the site visit and were conveyed in the form of Corrective Action Requests (CARs) to the project developer shortly following the site visit:

CAR 01/2008: TCF must use check cruise data to correct the database and report to the verifier the percentage of plots found to have incorrect data.

Close out details: An analysis by TCF showed that check cruise data is, in fact, consistent with data collected by the inventory crew.

CAR 01/2008 was closed.

CAR 02/2008: TCF forest inventory contractors were found to have incorrectly labeled Stand 71308 (located in the Big River tract). Specifically, the density and size classifications does not match what was observed in the field. The stand must be correctly labeled and updates made to the corresponding stratum. A report of the changes made to the affected stratum shall be provided to the verifier.

Close out details: This change was made to Stand 71308 and associated stratum, as requested.

CAR 02/2008 was closed.

CAR 03/2008: In order to establish project eligibility, TCF shall deliver a statement from CCAR stating the “functional equivalency” of the existing conservation restrictions in lieu of a recorded conservation easement.

Close out details: See notes under section 8.4 of this report. The statement from CCAR was supplied, as requested.

CAR 03/2008 was closed.

CAR 04/2008: In order to assess compliance with adjacency requirements, TCF must provide a table of acres clear-cut during each harvest year for the baseline scenario. The table shall also include acreage expressed as a percentage of the land base.

Close out details: A table listing acres and percentage of the land base harvested under the clear-cut scenario was provided to demonstrate compliance with the FPR adjacency rules.

CAR 04/2008 was closed.

CAR 05/2008: TCF states that a thinning prescription is applied in the baseline with 85 square feet basal area retention. However, the California Forest Practice Regulations require 100 square feet basal area retention for thinning. TCF must adjust the project activity accordingly.

Close out details: TCF has adjusted the project activity modeling to reflect a commercial harvest entry in conformance with the California Forest Practice Regulations for the Coast District.

CAR 05/2008 was closed.

CAR 06/2008: TCF shall adjust the use of the below ground biomass equation to use only live standing and dead standing biomass as input variables in the below ground biomass equation.

Close out details: The application of below ground biomass equation was examined and found to be correctly applied.

CAR 06/2008 was closed.

CAR 07/2008: TCF shall apply the statistical confidence equation supplied by CCAR. The resulting standard error and deductions shall be updated in project reporting forms.

Close out details: The statistical confidence was calculated according to an approved CCAR equation as per guidance from John Nickerson, CCAR representative during opening meeting. This was confirmed via email correspondence subsequent to the stipulation of this CAR.

CAR 07/2008 was closed.

8.3 Corrective Action Requests

All corrective action requests issued by the audit team during the course of the evaluation, and discussed above have now been closed out.

8.4 Eligibility

As required by Part II, Section E of the CCAR Forest Project Protocol, the BRSC project area is both within the State of California and involves the use of native tree species. As is also required by the Forest Project Protocol, the proposed management activities under the project scenario clearly meet the Protocol's definition of "natural forest management." The two tracts are not secured by a perpetual conservation easement. However, the project proponent formally consulted with CCAR staff about an alternative legal instrument that encumbers the BRSC tracts and that, it is asserted by the project proponent, is functionally equivalent to a perpetual conservation easement.

The project proponent submitted, to both CCAR and SGS/SCS, the following arguments in support of their assertion of functional equivalency (to a perpetual conservation easement):

"There are two sets of permanent conservation restrictions that encumber the BRSC property: one each for the SCC and Wildlife Conservation Board (WCB). At the time of property acquisition, SCC and TCF signed a grant agreement that governs the use of the state funds. As required by the grant agreement, TCF executed and recorded in the county property records, the "Irrevocable Offer to Dedicate Title in Fee and Declaration of Restrictive Covenants" (Offer to Dedicate or SCC OTD). The Offer to Dedicate obligates the property to be managed for conservation and should, for any reason, the property not be managed in compliance with the terms of the grant agreement then the property will be dedicated to the State of California, acting through the State Coastal Conservancy. Also at the time of property acquisition and simultaneous to the granting of the Offer to Dedicate to SCC, WCB and TCF signed a "Grant Agreement for Acquisition of Fee Interest" which restricts the use of the property, in perpetuity, to the conservation purpose. One of the requirements of the WCB Grant Agreement is executing and recording in the Mendocino County property records a "Notice of Unrecorded Grant Agreement (With Covenants Affecting Real Property)" (WCB Notice). The Notice informs potential parties to the property, now and in the future, of the existence of the grant agreement and the requirements that the property be managed for conservation.

In general the use of the property is restricted to conservation-based forest management. For example, "The Property shall be held and used only in a manner that is consistent with the



Agreement, including the following “Purposes of Grant” set forth in Section 2 of the Agreement:

The Property shall be held and used for the purposes of preventing fragmentation of forestlands, protection, restoration and enhancement of water quality and salmonid habitat and increasing natural diversity.” [WCB Notice]

The recorded documents that provide for the permanent conservation restrictions have been reviewed by CCAR staff and determined to be the functional equivalent of a conservation easement and compliant with the FPP requirements.”

On August 7, 2008 the following correspondence from the CCAR President to the project proponent’s representative, Mr. Chris Kelly, was received and conveyed to SGS/SCS (a print-out of the original email correspondence is appended to this report):

Chris,

I can confirm that the California Registry does consider your Irrevocable Offer to Dedicate Title in Fee to be functionally equivalent to a conservation easement for the purposes of our Forest Protocol.

Let me know if there is anything else that you need.

Best regards,
Gary

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Taking at face value this written correspondence, authored by the executive officer of the California Climate Action Registry, it is our conclusion that SGS/SCS has been relieved of the responsibility for ascertaining whether or not TCF has met the Registry’s requirement that forest projects are protected by a conservation easement, a responsibility that is addressed in the **Forest Certification Protocol**, Part IV: Conducting Core Certification Activities, Section 2.5.A.4: Confirming Project Eligibility. Clearly, CCAR President Gero has concluded that the *Irrevocable Offer to Dedicate Title in Fee* is

functionally equivalent to a perpetual conservation easement and, as such, it constitutes conformity with the **Forest Project Protocol**, Part II: Forest Project Eligibility Criteria, Section E: Long Term Carbon Security and Environmental Integrity.

The BRSC project/management regime has been presented as a conservation-based forest management project that is intended to create additional carbon stocks in the forested area through modifications of harvest and regeneration practices beyond CCAR-stipulated baseline practices, as defined in the CCAR Forest Project Protocol.

8.5 Long-Term Commitments

The purpose of the Offer to Dedicate Title in Fee (as discussed above, deemed by CCAR to be functionally equivalent to a perpetual conservation easement) is to act as a legal guarantee that a project's existing and additional carbon stocks can remain protected in perpetuity by requiring forest practices that protect and encourage additional carbon stocks. This purpose is compatible with the CCAR Forest Project Protocol. On the basis of the above advice proffered by the CCAR President, we consider that the long-term commitment test has been met for this project.

8.6 Included Carbon Pools

The project, and the verification activities reported here, entail the assessment of the three carbon pools deemed mandatory for reporting by the CCAR Forest Project Protocol:

- above and below ground living biomass
- standing dead biomass
- lying dead biomass carbon pools.

No optional carbon pools have been reported by the project developer.

8.7 Annual Reports Signed Attestation

The project developer has submitted project and entity Biological Emissions/Carbon Stock Annual Reports for the reporting year 2007.



8.8 Observations

There are no additional observations associated with this report.

8.9 Confirmation of Verified Data

SGS/SCS confirms the data regarding project eligibility, inventory procedures, baseline and project characterization, and methods of calculating carbon stock change, emissions and emission reductions for the Big River/Salmon Creek conservation-based forest management project.

The following data was verified:

Initial carbon stock (2007): **3,339,632**, tons CO₂e

Year 2007: **48,124** tons CO₂e emission reductions

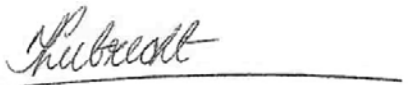
9 Conclusion on Data Quality and Decision on Materiality

The project developer has supplied all the evidence requested in order to enable SGS/SCS to arrive at an opinion. The information presented in the final version of the Project Summary Worksheet is considered to comply with the requirements described in the CCAR Forest Project Protocol v2.1. The data is considered accurate, complete, transparent, and free of material misstatement.



10 Verification Recommendation

The verification Lead Assessor recommends that SGS/SCS issue a verification and certification opinion.

Name and address of Participant	The Conservation Fund 14951 "A" Caspar Road, Box 50 Caspar, CA 95420
Scope of verification	The scope of this evaluation covers the verification of the Big River/Salmon Creek conservation-based forest management project according to the CCAR Forest Project Protocol v2.1.
Emission Reductions	2007: 48,124 t CO ₂ e emission reductions
Protocol used	California Climate Action Registry's Forest Project Protocol v2.1, September 2007.
Certification opinion with regard to data quality and materiality	The data presented in the project summary worksheet is considered accurate, complete, transparent, and free of material misstatements
Applicable years	2007
Dated and signed on behalf of the verification body by authorized signatory	 H. Dru Krupinsky 12-11-08 Lead Assessor
Dated and signed on behalf of the verification body by authorized signatory	 Technical Review 11-12-2008
Dated and signed on behalf of the verification body authorized signatory for revision:	 Tina Sentner 02/10/09



References:

Key reference documents

- /1/ The Big River/Salmon Creek Forest Project Summary Worksheet
- /2/ BRSC Overview for the California Climate Action Registry Biological Certification Carbon Stock and Flux Certification Methods
- /3/ The Conservation Fund Audit Plan
- /4/ Big River/Salmon Creek Forest CAR/NIR – refer to body of this report
- /5/ California Climate Action Registry Forest Certification Protocol v2.0, May 2007
- /6/ California Climate Action Registry Forest Project Protocol v2.1, September, 2007