



Forest Project Verification Report:

Verification under the Climate Action Reserve (CAR)

Project Developer: Coastal Ridges LLC
Project ID: CAR661
Project Name: Willits Woods
Reporting Period: 1 January 2014 – 31 December 2014

SCS Global Services

Lead Verifier: Zane Haxtema

Technical Reviewer: Francis Eaton

Site Visit Date: N/A

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1 Summary

This report presents the findings of the verification assessment of the Willits Woods project (“the project”) developed by Coastal Ridges LLC, the forest land owner, and describes the steps involved in the verification process. This assessment covers the project’s greenhouse gas emission reductions reported to the Climate Action Reserve (the Reserve) for the reporting period from January 1 through December 31 of 2014 (“the reporting period”). The annual verification was undertaken to evaluate the submitted Forest Project Monitoring Report (“the monitoring report”) and assess whether the documentation conforms to the requirements of the verification criteria.

On the basis of the information provided and the analyses completed, SCS was able to reach a decision on the emissions reduction reported by the Forest Owner on the Reserve website. SCS verified the adequacy of the information provided in the monitoring report, confirming that this document meets the requirements of the Climate Action Reserve standards. Further, SCS was able to reach a positive opinion on the claimed emission reductions and removals presented in the monitoring report and on the Reserve website by Coastal Ridges LLC.

2 Project Description

The project is an Improved Forest Management project located in Mendocino County, California. A comprehensive description of the project is provided within the project’s Project Design Description (PDD), which can be downloaded from the Climate Action Reserve website.

3 Verification Process

3.1 Verification Objectives

The purposes of this verification assessment were to:

- Review the data in the monitoring report and accompanying Forest Project Calculation Worksheet (“the monitoring calculation worksheet”) to check reported information and calculations for reasonability, accuracy, and completeness; and
- Verify that all verification items pertaining to a desk review verification, as set out in Section 10.3.3 of the Forest Project Protocol, have been adequately addressed.

3.2 Verification Criteria

The assessment was performed against the following criteria of the Climate Action Reserve:

- Forest Project Protocol Version 3.2 (August 2010)
- Program Manual (October 2011)
- Verification Program Manual (December 2010)
- Announcement Regarding Optional Carbon Pools (March 2011)
- Errata and Clarifications released for the Forest Project Protocol Version 3.2 (October 2014)
- Additional guidance and policy updates posted on the Reserve website

3.3 Level of Assurance

The level of assurance was reasonable.

3.4 Treatment of Materiality

Materiality is a measure of the significance of errors and omissions with regard to statements and numerical claims made in the documents associated with a GHG project. Information is considered material if its omission or misstatement could be seen to influence any decisions or actions resulting from it. While some amount of error is tolerable, a materiality threshold exists which, if exceeded, will require that the verification body issue a negative verification opinion. The Climate Action Reserve recognizes two aspects of materiality; qualitative and quantitative.

Qualitative materiality refers to non-conformance with the project protocols. Any non-conformance related to a prescriptive requirement of the protocol is considered material. This includes content of required documents and factors, parameters, or procedures that are prescribed by the protocols. A positive verification opinion cannot be issued if the project documents include qualitative material errors

Quantitative materiality refers to errors in measurement and calculation procedures. The cumulative errors in the total quantity of CRTs claimed in the monitoring report cannot exceed the materiality threshold, which is dependent on the project size. For projects registering 25,000 CRTs or less annually, the materiality threshold is 5%. For projects registering more than 25,000 CRTs but less than or equal to 100,000 CRTs, the materiality threshold is 3%. For projects registering more than 100,000 CRTs annually, the materiality threshold is 1%. Because the number of CRTs generated by the project during the reporting period is greater than 100,000, the materiality threshold is 1%. A positive verification opinion cannot be issued if the aggregated numerical error in CRT calculation exceeds the materiality threshold.

Additional details regarding materiality are provided in Sections 1.6.3 through 1.6.5 of the Climate Action Reserve Verification Program Manual.

3.5 Verification Scope

The scope of this desk review verification includes the monitoring report for the reporting period, the Monitoring Calculation Worksheet, and the required attestations posted on the Reserve website, the Project Design Document and associated supporting documentation.

The project is eligible for a desk review verification, per Section 9.3 of the Forest Project Protocol, because six years have not passed since the previous verification site visit, which occurred in December 2010.

3.6 Verification Team

Lead Verifier: Zane Haxtema, SCS Global Services, Senior Forester, Greenhouse Gas Verification

Mr. Haxtema holds a M.S. in Forest Resources from Oregon State University (Corvallis, Oregon, USA) and a B.S. from The Evergreen State College (Olympia, Washington, USA). A well-rounded forestry professional, Mr. Haxtema held a wide variety of positions in forest research and management before coming to SCS, ranging from work on logging and tree planting crews to experience as a wildland

firefighter and research assistant. A specialist in natural resource inventory, Mr. Haxtema holds significant expertise in sampling design, inventory management and growth modeling. Mr. Haxtema is well versed in a wide variety of methodological approaches for carbon accounting, having served as a lead auditor on a wide variety of projects under the Climate Action Reserve, the Verified Carbon Standard and the Climate, Community and Biodiversity Standards.

Technical Reviewer: Francis Eaton, SCS Global Services, Forester, Greenhouse Gas Verification

Mr. Eaton holds a Masters of Forest Science from the Yale School of Forestry and Environmental Studies and received his B.S. in Forestry from Northern Arizona University. The focus throughout his studies was forest management with emphases on sampling design and statistical analysis. He spent three years working collecting field data and completing data analysis on forest restoration projects with the Ecological Restoration Institute. His work experience also includes complete biophysical inventories and estimation of timber volume for two 3000 acre properties, as a forest consultant in northern New Mexico. Mr. Eaton is well versed in editing sampling designs and auditing field campaigns as a teaching fellow for masters-level management plan courses. Mr. Eaton currently works as a Verification Forester for SCS and has completed forest carbon projects under the Verified Carbon Standard (VCS), the Climate Action Reserve (CAR), and the Climate, Community, and Biodiversity Alliance (CCBA). Moreover, Mr. Eaton is accredited by the California Air Resources Board as Lead Offset Verifier and is also certified by the Board in the US Forest Project and Urban Forest Protocols. He is also certified as Lead Verifier under the Climate Action Reserve.

4 Verification Findings

The monitoring report that was submitted conforms to all requirements of Section 9 of the Forest Project Protocol. The verification team confirmed that, as required, the report was submitted with the oversight of a California registered professional forester (Jim Clark, # 2528, confirmed to hold valid credentials via information downloaded from the California Board of Forestry website on 22 January 2015). The verification team reviewed the monitoring report and associated monitoring calculation worksheet and confirmed that these documents contain the information required by Section 9.2 of the Forest Project Protocol.

4.1 Attestation of Title

The audit team can confirm, through review of the signed Attestation of Title form on file with the Reserve, that the form was executed after the end of the reporting period and thus covers the entire reporting period.

Section I.1 of the monitoring report notes no changes in ownership since the last reporting period. In order to confirm this, the verification team carried out the following checks:

- Interviews with Jim Clark, consultant to the project developer, to confirm absence of ownership change with respect to the project area
- Phone call with a representative of Mendocino County Assessor's Office, on 13 January 2015, who confirmed that a random sample of parcels (pulled from a list of APNs comprising the project area, as provided to SCS during the initial verification audit) are owned in fee by the project developer

4.2 Regulatory Compliance

The audit team can confirm, through review of the signed Attestation of Regulatory Compliance form on file with the Reserve, that the form covers the entire reporting period. The audit team confirmed ongoing regulatory compliance on the project area through email correspondence with a representative of Cal Fire, who indicated no knowledge of any non-compliance during the reporting period.

4.3 Maintenance of Standing Live Carbon Pool

The monitoring calculation worksheet shows no decline in carbon stocks. No disturbance or other circumstances leading to reduced carbon stocks are reported (see Section 4.4 below for a description of actions to confirm absence of such circumstances). Since estimates of standing live carbon stocks are derived from growth model projections and no harvest or disturbance was reported, decrease in the standing live carbon pool is not expected to occur.

4.4 Estimates of Actual Onsite Carbon Stocks

The monitoring report indicates, in Section IV, that no reversals occurred during the reporting period. The verification team confirmed the absence of any harvesting or disturbance through the following checks:

- Interviews with Jim Clark, consultant to the project developer, to confirm absence of harvesting or recorded disturbance involving project area
- Email correspondence with a representative of Cal Fire who confirmed that, to the best of his knowledge, no timber harvest or other disturbance took place on the project area during the reporting period
- Review of a spatial dataset downloaded from Cal Fire website (accessed 8 January 2015), showing fire perimeters as of end of 2013 (2014 data was not yet available), against boundaries of project area (as shown in PDD) to confirm that no fires were recently recorded inside project area
- Detailed review of shapefile showing project area boundary (as confirmed through cross-check against maps in PDD) against 2014 NAIP imagery to confirm absence of any evident disturbances that would have the potential to affect more than 1% of standing carbon stocks

Carbon stock estimates for the end of the reporting period are based on tree growth during the reporting period as projected forward through the modeling process. This modeling was an extension of the modeling performed to estimate actual project carbon stock changes described in the PDD. The verification carried out the following checks to confirm the appropriateness of the value of 4,581,594, as reported for actual onsite carbon stocks for the end of the reporting period:

- Calculation of current annual increment from reported data for each year from 2004-2014
- Observation that annual increment values have been reasonably consistent over time (increment was 5.6% in earlier years but slowed to 5.0% in 2014)
- Application of professional judgment to confirm that increment of 5.0% is within expected bounds, given the site (described as “moderate to highly productive timberland” in Section 3.3 of the PDD) and the relatively thrifty condition of the forest within the project area

4.5 Estimates of Actual Carbon in Harvested Wood Products

No actual timber harvest was reported during the reporting period, which is corroborated by the activities described in Section 4.4 above; therefore, this section is not applicable.

4.6 Quantification of Primary Effect

The verifier re-calculated the project's primary effect during the reporting period, using verified inputs from the PDD as well as the estimated actual onsite carbon stocks for the reporting period (see Section 4.4 above), and obtained a result of 192,578 metric tonnes CO₂e.

4.7 Quantification of Secondary Effects

The verifier re-calculated the project's secondary effects during the reporting period, using verified inputs from the PDD as well as the estimated actual onsite carbon stocks for the reporting period (see Section 4.4 above), and obtained a result of -18,627 metric tonnes CO₂e.

4.8 Reversal Determination

No reversals were reported, which is corroborated by the activities described in Sections 4.3 and 4.4 above; therefore, no compensation is required.

4.9 Reversal Risk Rating

The 20.937% reversal risk rating, calculated for the initial reporting period, is applied to the current reporting period in conformance with the requirements of the Reserve.

4.10 Review of Project Implementation Agreement

The verifier confirms that a Project Implementation Agreement Amendment is posted on the Reserve's website on 26 March 2015, identified by filename 'Conformed Copy 3rd Amendment to Project Implementation Agt.PDF'. The agreement bears the stamp of the Mendocino County Clerk-Recorder, document number 2015-03697, date stamped 20 March 2015. The agreement is titled 'Third Amendment of Restrictive Covenant and Project Implementation Agreement'. The agreement was entered into 20 March 2015 between the Reserve and Coastal Ridges, LLC. The term of the PIA is extended to 100 years from the date of recording. The agreement is signed by Gary Gero, President, Climate Action Reserve and by Richard L. Padula, President, Coastal Ridges, LLC. Both signatures were acknowledged by Notaries Public, as evidenced by official seals. The verifier has a reasonable level of assurance that the PIA is posted on the Reserve website in accordance with the requirements of the Reserve.

5 Verification Opinion

The project developer has supplied all the evidence requested during the verification process to enable SCS to arrive at an opinion on the accuracy of the calculated and claimed emission reductions and removals. SCS has determined that the monitoring report and associated documents are in conformance with the verification criteria.

The verifier recommends that SCS issue a positive verification opinion for 173,951 metric tonnes of CO₂e reductions and removals (equal to 192,578 metric tonnes CO₂e, as reported in Section 4.6 above, less 18,627 metric tonnes CO₂e, as reported in Section 4.7 above) for the project during the reporting period. This value is equivalent to the number stated in the monitoring calculation worksheet.

With a mandatory buffer pool contribution of 36,420 CRTs, a balance of 137,531 CRTs should be issued to the project developer.