



Voluntary Carbon Standard 2007 Validation Report

Validation Report:

Name of Verification company:	Date of the issue:
Scientific Certification Systems (SCS)	13 May 2011
Report Title:	Approved by:
Redd Forests Grouped Project VCS Validation Report	Todd Frank
Client:	Project Title:
Redd Forests	Redd Forests Grouped Project: Protection of Tasmanian Native Forest.

Summary:

This validation assessed the “Redd Forests Grouped Project: Protection of Tasmanian Native Forest” (the Project) and its first instance (Addition 1 – Connorville) for conformance against the Voluntary Carbon Standard 2007.1 (VCS) and its supporting documents including the selected VCS approved methodology VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest (Version 1.0).

Redd Forests are listed as the implementing partner. The Project is designed to have many Project Proponents, who are the landowners for each instance. The Project start date is 1 April 2010. Project Crediting Period is 25 years from 1st April 2010 to 31st March 2035.

The review of the Project design documentation, site visits and subsequent follow-up interviews have provided SCS with sufficient evidence to determine the fulfillment of the stated criteria. The Project correctly applies the approved VCS methodology element VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest (Version 1.0).

The Project is designed to protect native Tasmanian forest which would if not for the Project, continue to undergo selective logging or be clear-felled and converted to pasture. The Project is designed to lead to reductions of GHG emissions that are real, measurable and give long-term benefits to the mitigation of climate change. In summary, it is the opinion of SCS that the “Grouped Project: Protection of Tasmanian Native Forest” located in Tasmania, Australia as described in the VCS PD dated May, 2011 meets all relevant VCS 2007.1 requirements for a grouped Project and correctly applies the VCS approved methodology VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest (Version 1.0). In addition the first instance (Addition 1 – Connorville) also all the relevant requirements of the grouped Project documentation presented.

Work carried out by:

Dr Carly Green – Lead Auditor
Zane Haxton – Technical Reviewer

Number of pages:

80

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1 Introduction

1.1 Objective

The validation objective is an independent assessment by SCS of the proposed Project activity against all defined criteria as defined by the Voluntary Carbon Standard (VCS 2007.1). Validation will result in a conclusion by SCS whether the Project activity is compliant with VCS 2007.1 standard and whether the Project should be submitted for registration. The ultimate decision on the registration of a proposed Project activity rests with VCS.

1.2 Scope and Criteria

The Project was assessed for conformance against the VCS Standard 2007.1 and its supporting documents including the proponents selected VCS approved methodology, namely:

- Voluntary Carbon Standard 2007.1
- Voluntary Carbon Standard Guidelines 2007.1
- Guidance for Agriculture, Forestry and Other Land Use Projects
- VM0010 Improved Forest Management - Logged to Protected Forest Methodology (Version 1.0)

The scope of the audit encompasses analysis of documentation, data and calculations, site visits to the Project area and stakeholder discussions. The SCS Lead Auditor may issue one or more New Information Requests (NIR) or Non-Conformity Reports (NCR), as needed, and re-analyze new submissions.

This validation report covers the conformance of the Grouped Project Documentation to VCS 2007.1 and the conformance of the first Project instance “Connorville” to the Project documentation and the VCS 2007.1.

1.3 VCS Project Description

The Grouped Project - Protection of a Tasmanian Native Forest (the Project) is presented by implementing partner Redd Forests. The Project is described as a grouped Improved Forest Management (IFM) Project, specifically conversion of Logged Forests to Protected Forests (LtPF).

The PD explains that the Project’s geographical boundary comprises the State of Tasmania, Australia with eligible land being restricted to private land containing standing native timber under threat from legal timber harvest or clearfell.

Tasmania is the last Australian jurisdiction where landowners can continue to legally clear large tracts of native forest each year in accordance with the *Tasmanian Forest Practices Act, 1985*.

This Project will work directly with landholders of Private Timber Reserves (PTR) to offer an alternative income stream and avoid the implementation of a Forest Practices Plan, the legal document issued by the Tasmanian Forest Practices Authority which endorses the harvest of timber in PTR.

The grouped Projects first Project instance is named “Addition 1 – Connorville”. This instance comprises 3249.65 hectares and is calculated to reduce emissions by 26 688

tCO₂-e each year of the Project. Therefore, over the twenty-five year crediting period, this Project will prevent 667 206 tCO₂-e being emitted.

1.4 Level of Assurance

SCS provides reasonable assurance that the approach presented in the documentation for “Grouped Project - Protection of a Tasmanian Native Forest” located in Tasmania, Australia is in conformance with the standard and the approved methodology, VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest (Version 1.0) and that the emission reduction estimations for the first instance, Addition 1 - Connorville are conservative and meet the VCS criteria. To ensure complete transparency, SCS has included any clarification or corrective actions that were raised at the end of this validation report.

2 Methodology

SCS began reviewing the Project in January 2011, beginning with a desk audit of Project Documentation and phone calls and email correspondence with various Redd Forests staff. Dr Carly Green was authorized by SCS to conduct a formal site visit between 24 – 28th January 2011. During the site visit Dr Green interviewed Redd Forest personnel and Roderic Alan R O’Connor, the land owner and Director of Connorville Estates Pty Ltd (the Project Proponents of the first instance) of the first instance. A total of five forest inventory plots were measured and the results compared with Project records. Finally the calculation spreadsheets were thoroughly reviewed with Redd Forest staff.

Following the site visit 23 Non-conformity Reports, 0 Opportunities for Improvement and 4 New Information Requests were issued to the Redd Forests to which they had to respond. This report was issued on Redd Forest’s satisfactory response to the identified NCR/NFI/OFs.

2.1 Review of Document

The following documents provided by Redd Forests were reviewed for conformance against the various elements of the VCS 2007.1 and the selected methodology:

Project Documents

PDD grouped Project version 1.20.docx
Project File - Addition 1 (Connorville) v1.11.doc
Connorville Project Calculations - v2.5.xls
Grouped Project - Monitoring plan version 1.8.doc

Standard Operation Procedures

Redd Forests' SOP - IFM calculations v1.3.pdf
Redd Forests' SOP - Stratification v1.3.pdf
Redd Forests' SOP - Data Entry and management v1.8.pdf
Redd Forests' SOP - Fieldwork v2.1.pdf
Redd Forests' SOP - QA, QC and data storage 1.2.pdf

Boundary Maps

Grouped Project - Protection of Tasmanian Native Forest.kmz

Map1.TIF

Map2.TIF

Logging history Appendix.pdf

map2_loghistory_den_gda.tif

map3_loghistory_connorville_gda.tif

map1_specvals_gda.tif

Proof of Ownership Files

PID 6753046.pdf

PID 6753038.pdf

PID 6752991.pdf

PID 6751497.pdf

PID 6751489.pdf

PID 6751470.pdf

PID 6208881.pdf

PID 6208670.pdf

PID 2680134.pdf

PID 2618138.pdf

FullCAM Model Files

Connerville Strata 1 Baseline V2.plo

Connerville Strata 2 Baseline V2.plo

Field Data Sheets

Connorville field sheets Jan 2011.pdf

Connorville field sheets .pdf

2.2 Follow-up Interviews

Personnel spoken to in the course of this validation that provided important information include:

Stephen Dickey, Managing Director, Redd Forests

Sarah Colenbrander, Project Manager, Redd Forests

Jarrah Vercoe, Project Manager, Redd Forests

Roderic Alan O'Connor, Landowner

2.3 Resolution of any Material Discrepancy

A number of NIRs were issued prior to the site visit to assist the validators in understanding the broad range of documents and their linkages. These NIRs were discussed and clarified at length on the site visit. Subsequently some material discrepancies were identified and NCRs were issued.

These discrepancies were resolved by both the Project Proponent (i.e. the land owners) and the implementing partner (i.e Redd Forests) with responses formally submitted in the NCR forms that are detailed as an Appendix A to this report.

3 Validation Findings

3.1 Project Design

3.1.1 The Project title, purposes and objectives

The Project title is listed in Section 1.1 of the Project Document (PD) as *Redd Forests Grouped Project: Protection of Tasmanian Native Forest*. This title accurately reflects the Project activities described in Section 1.4 of the PD.

Section 1.8 of the PD states that the “Project will protect native forest that will be logged in the absence of carbon finance. Protecting forest from timber harvesting reduces emissions caused by harvesting and maintains the forest carbon stock.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS2011.1
NCR VCS2011.2
NCR VCS2011.3

New Information Requests: None

Opportunities for Improvement: None

3.1.2 Type/eligibility of GHG Project

The Project type is clearly stated as an Improved Forest Management, Logged Forests to Protected Forests (LtPF) in Section 1.2 of the PD which is an eligible Project type under the VCS 2007.1. The Project is a grouped Project.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2010.4

New Information Requests: None

Opportunities for Improvement: None

3.1.3 Project Location

The Project location is described in Section 1.5 of the PD. This section states that the “grouped Project comprises the Australian State of Tasmania”. Brief physical information relating to the state is presented in this section along with Section 1.4 of the PD, where relevant policy and timber practices are described.

The general description of Tasmania is provided in Section 1.5 of the PD. The first property to be included in the grouped Project is called ‘Connorville’ which is located within the State of Tasmania. The appropriate KML files were provided for the state

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of Tasmania (the Project boundary) and the Connorville property (the first grouped Project instance).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2010.5

New Information Requests: None

Opportunities for Improvement: None

3.1.4 Technology Used

Section 1.9 of the PD specifically refers to Project technologies, products, services and the expected level of activity. This section explains that Redd Forests, as the implementing partner, provides technical services that are relevant to the Project type. These activities include stratification, forest inventory and modeling. The description of the technology used is relevant and adequate for the Project type.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2010.6

New Information Requests: None

Opportunities for Improvement: None

3.1.5 Project Duration, Crediting Time and Project Start Date

Section 1.6 of the PD states that the Project start date is 1 April 2010. This section also states that the Project will be implemented and monitored for a 25 year period (i.e. until 30 March 2035) with crediting commencing at verification. It also states that the Project will be monitored annually.

The credit period of the grouped Project is within the range specified by the standard (i.e. 20 -100 years) for this Project type. This section explains that new instances will have a credit period of a minimum of 20 years commencing upon the signing of a contract between Redd Forests and the Project Proponent and will be eligible for a maximum crediting period from its justified start date through to the end of the Grouped Project crediting period (30 March 2035).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2010.7

New Information Requests: None

Opportunities for Improvement: None

3.1.6 Ownership / Proof of Title / Rights of Use

The owners (the Project Proponents) for the initial instance of the Grouped Project are listed as Connorville Estates Pty Ltd and Roderic Alan R O'Connor. Roderic Alan R O'Connor is the owner of Connorville Estates Pty Ltd.

This method of demonstrating ownership for all future instances is transparent, relevant and up to date given the quality of the land registry system in Australia.

Section 8.1 explains that the grouped Project will demonstrate ownership for each new instance. The following evidence will need to be provided.

- Land title documentation showing the cadastral parcel boundary, PID and the name of the legal landowner for the Project area. This documentation must contain evidence of approval from the Tasmanian Land Titles Office.
- Written approval for the IFM Project to be implemented on the instance from all shareholders.

This evidence appears appropriate for the Project type and location.

Within the Connorville Project file Table 1 and Figure 2 in Section 1.5 addresses the first criteria. These PID numbers were checked against records stored in the Tasmanian Land Titles Office web-based database and found to be correct.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2010.8

New Information Requests: None

Opportunities for Improvement: None

3.1.7 Double counting

The Project documentation states that the Project is not receiving VCUs for emissions reductions/sequestration that has already been credited by another system in Section 8.2 of the PD. Section 1.13 states that the Project has not created any other form of environmental credit and Section 1.14 of the PD also states that the Project has not been rejected by any other GHG programs.

At the time of validation the Australia Government does not recognize IFM Projects in mandatory or voluntary programs. However the emerging Carbon Framing Initiative may include such Projects in the future.

The Australian government does not account for carbon stock and stock changes in Forest Management (or other Article 3.4 activities) in its National Account to the Kyoto Protocol.

The PD also states additional eligibility criteria and Project requirements to avoid possible double counting in the future, namely;

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- Each carbon credit can only be sold under one carbon accounting scheme. It is probable that domestic emission trading schemes will recognise VCS registered Projects or the resulting Verified Carbon Units. The proponent cannot sell more than the total number of VCUs issued from each verification event, whether these credits are sold under the VCS, National Carbon Offset Standard (NCOS), Carbon Farming Initiative (CFI), Climate Action Reserve (CAR) or similar." (Section 1.4), and
- Where VCUs are recognized under alternative carbon programs (e.g. NCOS, CFI or CAR), each carbon credit can only be sold once. The proponent must provide information on any accounts registered under other carbon standards. The sum of carbon credits sold from the Project activity instance cannot exceed the number of VCUs generated. This ensures that the Project will create only the number of environmental (specifically carbon) credits identified in this document." (Section 1.13).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.1.8 *Project applicability to the VCS for Projects rejected under other GHG programme (if applicable)*

Section 1.14 states that the grouped Project has not been rejected by any other GHG programs.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.1.9 *Eligibility to the VCS*

Section 1.2 of the PD identifies the grouped Project to be an Improved Forest Management – Logged to Protected Forest (LtPF). Section 1.8 more specifically states that the Project will protect native forest that will be logged in the absence of carbon finance.

Section I (eligible AFOLU activities) of the VCS Tool for AFOLU Methodological Issues presents specific definitions of each eligible AFOLU Project type.

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This tool states that broadly Improved Forest Management (IFM) is defined as “Activities... implemented on forest lands managed for wood products such as sawn timber, pulpwood, and fuel wood and are included in the IPCC category “forests remaining as forests”. Only areas that have been designated, sanctioned or approved for such activities (e.g., as logging concessions or plantations) by the national or local regulatory bodies are eligible for crediting under the VCS Improved Forest Management (IFM) category.

And specifically, conversion of logged forests to protected forests (LtPF) includes:

- A. protecting currently logged or degraded forests from further logging; and,
- B. protecting unlogged forests that would be logged in the absence of carbon finance;

The information provided by the implementing partner and evidence collected during the site visit confirms that the Project is correctly classified as IFM – LtPF).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.1.10 Chronological plan for Project initiation and monitoring

The standard (2007.1, Section 5.7) requires a chronological plan for the date of initiating Project activities, date of terminating the Project, frequency of monitoring and reporting and the Project period, including relevant Project activities in each step of the GHG Project cycle.

Section 1.6 of the PD states that the Project will be monitored for a 25 year period and that monitoring will be conducted annually, “approximately upon the anniversary of each the instance’s start date.” This indicates that each instance will undergo verification separately.

Section 3.4 of the PD provides a description of the monitoring plan and Section 7 details a Project schedule. Section 7 states that each instance should have a Project schedule following the structure presented in the PD.

The Connorville Project File specifies the Project schedule in Section 7. Monitoring events are correctly listed as annual and the field work is correctly listed as every 5 years.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR 2011.9

New Information Requests: None

Opportunities for Improvement: None

3.1.11 Roles and responsibilities

The standard (VCS2007.1, Section 5.7) states that a PD must contain “*roles and responsibilities, including contact information of the Project Proponent, other Project participants, relevant regulator(s) and/or administrators of any GHG Program(s) to which the GHG Project subscribes.*”

Section 1.15 of the PD states that for each instance, the Project Proponent is the legal landowner and the signatory to a contract with Redd Forests. This contract clearly presents all parties’ contact information and responsibilities. The validator cited a generic contract and found it to adequately represent the responsibilities consistent with the Project documentation.

Redd Forests Pty Ltd is acting as implementing partner on behalf of the Project Proponents (legal landowners) in the Grouped Project, and is responsible for the development, validation and first verification of each Project activity instance.

After the first verification, Project management and monitoring events will be the responsibility of the Project Proponent. The Project Proponent will also be responsible for the storage of information collected in relation to monitoring events. In order to ensure that the Project Proponent is able to undertake ongoing monitoring, Redd Forests will prepare a property transition folder. The folders content is detailed in Section 3.4 and the Monitoring Plan.

It is the responsibility of the Project Proponent to register credits. However, as the implementing partner, Redd Forests has contracted to register the Project, open a VCS Registry Account in the name of each Project Proponent and to facilitate the issuance of the credits arising from the first verification. This will be completed in accordance with the VCS Guidance Document: VCS Project Registration and VCU Issuance Process (version 1.1).

The Project Proponent for each instance is responsible for coordinating the ongoing monitoring events and the registration of the credits in accordance with the VCS Guidance Document.

The information presented in the Connorville Project File is consistent with that reported in the Grouped Project PD. Contact details of both the Project Proponent and the Project implementer (Redd Forests) are provided.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS2011.10

New Information Requests: None

Opportunities for Improvement: None

3.1.12 Compliance with relevant laws and regulations

The standard (2007.1, Section 5.7) states that a PD must contain “notification of relevant local laws and regulations related to the Project and demonstrate compliance with them.”

Section 1.10 of the PD states that implementing partner (i.e. Redd Forests) complies with all applicable local, state and national workplace standards. This section outlines the relevant laws and regulations that the Project Proponent and the must adhere to namely:

- Tasmanian Forest Practices Act 1985;
- Tasmanian Forest Practices Code 2000;
- Tasmanian Forest Practices Regulation 2007;
- Australian Workplace Safety Standards Act 2005;
- Tasmanian Workplace Health and Safety regulations 1998;
- Australian Fair Work Act 2009.

These laws and regulations are relevant and applicable to the country in which the Project is operational.

The Project Proponent is required to comply to relevant laws and regulations to be issued a forest practices plan. The grouped Project eligibility criteria for each new instance requires that the instance includes native forest that is under threat from legally permitted and planned timber harvesting. This is demonstrated by a history of logging, confirmed by an extensive record of previous Forest Practices Plans and continuing eligibility for Forest Practices Plans then each Project will be required to comply.

Australia is a highly regulated country and these regulations are enforced. There are many regulatory bodies and non-government agencies ensuring that the regulations are followed.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: NIR VCS 2011.11

Opportunities for Improvement: None

3.1.13 Project Risk Assessment

The grouped Project risk is assessed in accordance with the Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination and is presented in Appendix 1 of the PD. It identifies and assesses those elements with a uniform level of risk across all Project activity instances within the Grouped Project.

The Grouped Project design has identified that each new instance may have some different risks particularly relating to the following risk categories:

- Risk of financial failure
- Risk of technical failure
- Risk of financial failure
- Risk of devastating fire
- Risks of high timber value

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Therefore the PD proposes to conduct the risk assessment for each new instance which will be assessed at validation and every verification. Guidance from the VCS (per comm. Carolyn Ching May 6, 2011) confirms that in general, a risk analysis can be completed for the entire geographic region or the entire region could be “stratified” at a finer granularity based on similar characteristics or anything else specified by the Project Proponent. The trade-off is that a risk analysis performed for an entire geographic region will be more conservative because it would take into consideration the riskiest factors that would apply to the entire region. However, if a risk analysis is performed for smaller areas or for each instance, then the risk analysis can be more precise, though this will take more work and resources. A risk analysis needs to be performed at validation and at every verification.

Risk Assessment for the first Project instance (Addition 1 – Connorville)

Risk Factor	Self Assessment Risk Rating	Verifier Risk Rating	Findings
Risk of unclear land tenure and potential for disputes	Very low	Very Low	The land ownership is clear. Tasmania has thorough land ownership laws and registration procedures.
Risk of financial failure	Low	Low	The Project has minimal ongoing costs from monitoring and verification, compared to the initial costs of Project establishment and validation. These costs are more than covered by revenue generated from the sale of carbon credits. Each monitoring event is estimated to cost roughly \$4000, or \$12 000 every five years for the more comprehensive monitoring events involving fieldwork. These monitoring events will yield over 20 000 VCUs per year. Therefore, the price of carbon credits would have to be below \$0.45/ton for the proponent to face a loss. Based on historical and Projected carbon credit prices, these costs will be more than covered by revenue generated from the sale of carbon credits. Moreover, the proponent has independent wealth and alternative sources of income. This will provide a buffer if the carbon market performs poorly.
Risk of technical failure	Low	Low	The REDD Forests technical team are made up of educated practitioners. The fieldwork was of a high quality; however their involvement is

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			contracted only until the first verification, after which the Project Proponent (the landowner) is responsible for the ongoing monitoring and reporting requirements. The Project documentation details a detailed standard operating procedure for fieldwork and a monitoring plan that will be provided to the Project Proponent. REDD Forests also have strong relationships with the Project Proponent and it appears likely that they will sign a service agreement with REDD Forest to implement the ongoing MRV program described in the documentation.
Risk of management failure	Low	Low	The management team has previous Project management experience and is communicative with staff and landowners.
Risk of rising land opp. costs causing reversal of sequestration/protection	Low	Low	Arguments presented include: falling prices for native timber resource; and strict clearing restrictions for conversion to grassland.
Risk of political instability	Very Low	Very Low	The Project country is a developed nation (Australia) with no recent history of political instability. The WGI rates Australia in the 75 percentile for 2009.
Risk of social instability	Very Low	Very Low	The Project country is a developed nation (Australia) with no recent history of social instability. The WGI consistently lists rule of law, control of corruption, and voice and accountability in the 95 percentile since 1996.
Risk of devastating fire	Low	Low	Eucalyptus forests are typically fire prone, but the Highlands and Midlands of Tasmania are only susceptible to wildfire for a few months of the year due to the relatively cold and wet climate of Tasmania. The risk is further reduced on private property such as the instance, which is not accessible to the public. In addition, the landowners have established strategic firebreaks through the roading system, conduct low scale burning off along the roads and maintain fire fighting equipment and vehicles on the farm. There is ongoing monitoring by organised recreation groups and all employees. There has been a single fire event in the past fifty years that has had more than a de minimis impact on the carbon stock of any strata: 50ha were burnt in the vicinity of Big Den, South Strata 6, leaving approximately 10% of the trees as standing dead and thus destroyed

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			3.25% of the carbon stocks in the aboveground biomass of that strata. It is unlikely that more than 100ha would be burnt (due to the extensive fire monitoring and response systems in place) Risk mitigation efforts on the property are best practice, conforming to the recommendations of the Tasmanian Fire Service. The monitoring and response procedures are clearly outlined, with regular reviews. The on-site efforts are supplemented by the extensive training and support provided by the Tasmanian Fire Service. Both mitigation efforts (C) and mitigation managements systems (M) would therefore be rated as 4 under the VCS Tool. According to the VCS tool, where the fire return interval is greater than 50 years and the proponent has implemented best practice fire prevention measures, the Project risk rating is Low. This is in agreement with the fire history on the property.
Risk of pest and disease attacks	Very Low	Very Low	Pest and disease outbreaks in native forests are unusual unlike the monoculture plantation forestry in the area.
Risk of extreme weather events (e.g. floods, drought, winds)	Very Low	Very Low	The Tasmania climate presents a low risk of extreme weather events that would present a risk to the forest resource.
Geological risk (e.g. volcanoes, earthquakes, landslides)	Very Low	Very Low	Australia is an old, settled continent, but according to the UN Global Seismic Hazard Map, geologically it's not quite at peace. Old faults and residual strains from its geologic past still result in a few felt events each year and a measurable risk of shaking for some areas. The map indicates a Low Risk of activity in the Project zone.
Overall Risk Rating	Low	Low	

Risk factor	Self Assessment Risk Rating	Verifiers Risk Rating	Comments
Devastating fire potential High fire return interval (<	Low	Low	Australia, including Tasmania, have well organised and very

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50 years)... ...with fire prevention measures such as fuel removal, fire breaks, fire towers, fire fighting equipment			experienced volunteer fire fighting crews who are active in extinguishing fires as they emerge. The state fire service work in conjunction with landowners to protect their own state timber resources. Critical to the low risk of devastating fire is the landowners management of their forest estate. This relates to the existence of a fire management plan and active maintenance of fire breaks. As such these aspects will be assessed for each instance and may affect the LOW risk rating applied here on an instance by instance basis.
High timber value Highly valuable species on site, with strong likelihood that the timber value increases over time and... ... there is no forest certification	Medium	Medium	For the majority of the Project's lifetime, the main opportunity cost for the land is the loss of income from harvesting the native forest. The majority of extracted timber (80-96%) is used for pulp and paper. This is a very low-value product: prices have hovered around \$8-10/ton over recent years, and are continuing to decline as international markets demand plantation-sourced wood products. Forest carbon prices historically compare favourably: in 2009, the average price in compliance markets was over US\$10/ton. As the forests are allowed to recover from years of logging, the opportunity cost of not logging will increase. This is because a growing proportion of the merchantable timber will consist of sawlog rather than pulp or paper. At roughly \$35/ton, prime sawlog has a much higher value than either alternative wood products or – historically – carbon. However, since the proportion of sawlog will only increase over the Project's lifetime

			and since the landowner is under contract to complete the Project, there is little risk of reversal of protection during the Project's lifetime. After completion of the Project, the Project Proponent has stated their intention of resuming logging of the land. For this reason, this issue has been assigned a risk factor of 'Medium'. However, three factors should be taken into account. Firstly, after twenty-five years without logging, most of the native forests will have changed their condition. A higher proportion of the merchantable timber will be sawlog quality, or approaching that state. Selective logging for sawlog allows landowners to extract a significantly lower fraction of the biomass for the same return. This will allow the landowner to shift his harvesting practices from extracting 70% of the biomass to extracting merely ~20-30% of the biomass with equal financial returns. This will maintain the carbon stocks at a higher level than the present period, so the Project will yield a net benefit in emission reductions. Secondly, it is possible that carbon credits will continue to increase in value, particularly those with biodiversity and socioeconomic premiums like Redd Forests' Projects. They may therefore be competitive not just with pulp, but also sawlog.
Illegal logging potential Presence of illegal logging in area (location and intensity in relation to the Project area affects actual	Zero	Very Low	There would be no difference between the baseline and Project scenario in this case. Illegal logging is <i>de minimus</i> in Tasmania

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risk value)...			
...without forest guards			
Unemployment potential Alternative livelihood opportunities for local workforce to mitigate risk of unemployment: Many	Very low	Very Low	The Australian Bureau of Statistics states that the Agriculture, Forestry and Fisheries sector represented 8% of the State's workforce. Employment in the Goods Producing Sectors represented 26% of the workforce. Other work opportunities would be considered many.
Highest Risk Rating	Medium	Medium	

The risk assessment was found to be in conformance with the standards requirements. The self assessment was consistent the validator's assessment.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.2 Non-Permanence and Buffer Determination

SCS has assessed the credibility of all data, assumptions, rationales and documentation provided by Redd Forests to calculate the Project's likely contribution to the buffer pool, pending registration with VCS, and found this criterion meets the VCS requirements. The Project Proponent states that the Projects risk rating is Medium and that a buffer of 15% will be applied.

Consistent with the proponents self assessment, SCS found the overall risk rating to be Medium and based on the justifications provided and indepth discussions with the landholder during the site visit, the validator agrees that the lower bound of the risk tool buffer range of 15% was justified for the first instance (Addition 1 – Connorville). Roderic O'Connor was committed to preserving his forest if he could generate an income from the land. His commitment to this was demonstrated by his agreeing to enter into conservation covenants in return for payment under a now defunct Tasmanian Government scheme. These lands are excluded from the Project area and Mr O'Connor was very vocal about being able to stop logging if he could achieve an income from conservation.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.3 Baseline

3.3.1 Conditions prior to Project initiation

Section 1.7 of the PD describes how each new instance will be required to demonstrate the conditions prior to the Project initiation.

In summary the following conditions need to be demonstrated for each new instance:

- The land is in private ownership
- The land has been and will continue to be harvested in compliance with relevant laws
- Description of the land use, both current and historical, within the instance;
- Documented evidence demonstrating that:
 - o The Project site is representative of other forestlands harvested in the country within the past two years;
 - o The Project site is within commercially viable distance to existing transport networks and a port for timber export or a mill for timber processing.

It is considered that this will demonstrate that logging of the native forests within the instance is widespread, permissible and viable, and consequently that the instance is threatened by further logging.

The conditions prior to the Project implementation are described and the eligibility criteria cover the key issues of land use, land cover and ownership. There is a requirement to demonstrate that the conditions of each new instance.

These conditions were adequately presented in the instance file (Project File – Addition 1 (Connorville v1.11.doc).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: NIR VCS2011.12

Opportunities for Improvement: None

3.3.2 Approval of the baseline methodology

The baseline methodology selected is titled VM0010 Improved Forest Management - Logged to Protected Forests, developed by Green Collar Solutions. The methodology can be downloaded from <http://www.v-c-s.org/VM0010.html>

Section 2.1 also describes the use of the following relevant VCS tools.

- The VCS Tool for AFOLU Methodological Issues;
- The Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities;
- The VCS Guidance Document: VCS Project Registration and VCU Issuance Process (version 1.1);
- The CDM Tool for the Calculation of the Number of Sample Plots for Measurements within A/R CDM Project Activities (as applied using the Warnock Sampling Calculator); and
- The VCS Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination.

These tools are relevant to the Project type, the selected methodology and the VCS 2007.1.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS2011.1

New Information Requests: None

Opportunities for Improvement: None

3.3.3 Application of methodology revisions or deviations (if applicable)

No methodology revisions or deviations are detailed in the PD. The approach presented in the PD and the calculation spreadsheets suggests that the methodology has been followed as described in the final approved document.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.3.4 Conformance with methodology applicability criteria

Section 2.2 of the PD details the evidence that needs to be presented by each Project instance to demonstrate the new instance meets the applicability criteria of the methodology. This includes the applicability criteria specified in the selected methodology.

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Applicability Condition	Grouped Project Finding	Addition 1 - Connorville
Forest management in the baseline scenario must be planned timber harvest.	For each instance, the baseline will be a continuation of historical timber harvesting in accordance with the requirements of the Tasmanian Forest Practices Code 2000.	Records indicating a long history of timber harvesting are presented. There was no strong indication of alternative future land uses. This was also confirmed during interviews with the landowner. The logging history was also consistent with the forest condition observed during the site visit.
Under the Project scenario forest use is limited to activities that do not result in commercial timber harvest or forest degradation.	The Project scenario prevents commercial timber harvesting and forest degradation for twenty-five years. To ensure that no timber has been harvested, the instances will be monitored annually.	Interviews with the landowner of the Projects first instance (Connorville) confirmed that he understood this requirement and the broader objectives of the Grouped Project.
Planned timber harvest must be estimated using forest inventory methods that determine allowable off take as volume of timber ($\text{m}^3 \text{ha}^{-1}$).	The PD states that the Projected timber extraction rates for each instance will be determined using fieldwork and software (Tasmanian Farm Forestry Toolbox and FullCAM) that generate a forest inventory in volume of timber ($\text{m}^3 \text{ha}^{-1}$). This is used to determine allowable off take volumes in conjunction with historical harvesting rates obtained from forest practices plans and the stated logging intentions of the Project Proponent. The models utilized are regionally and species specific and are considered appropriate.	The forest inventory method conducted by the Project Proponent to assess the allowable off take as volume of timber was assessed during the site visit. Five plots were randomly selected and re-measured to assess accuracy. The plots were found to be accurate to within acceptable limits of the equipment used. The plots were marked such that they could be found. The system used was considered to be acceptable to achieve the monitoring program described in the monitoring plan.
The boundaries of the forest land must be clearly defined and documented.	The grouped Project boundary is defined as the State of Tasmania, Australia. Each new instance will be required to provide:	The Addition 1 – Connorville file presents forest boundaries (Table 1 page 4 and Figure 1 page 5, that are clearly defined and

	Each Project activity instance within the State will be individually defined and documented through the following; 1. KML files specifying the exact boundary of the instance; 2. Property cadastral boundaries showing the extent of the land area under ownership of the Project Proponent; 3. Aerial imagery showing the plot locations within the boundaries of the Project activity instance.	documented.
Baseline conditions cannot include conversion to managed plantations.	Any native forests which the proponent plans to convert to plantations will not be included in the Project. This will be established in consultation with the landowner. There is a regulatory restriction on conversion to plantation up until 2015. So many landowners will have a FFP in place already if conversion is likely. This FFP and interviews will be used as the basis of demonstrating that conversion to plantations is not part of the baseline. Areas would be excluded based on the stratification approaches described.	The Forest Practice Plans cited by the validator did not include the future plans for conversion to plantation within the forest lands included in the Project. Discussions with the landowner also confirmed that while he had converted some land to plantation in the past it was only on land that had not recovered following previous intensive harvesting events. Given the regulatory restrictions he did not consider it was a future land use scenario for the Project area. The validator considered this sufficient evidence.
Baseline scenario, Project scenario and Project case cannot include wetland or peatlands.	The PD states that any areas of wetlands and peatlands are excluded during the stratification process. This is done during the stratification of the Project area using digital vegetation layers from TASMAT 1:25,000 series which incorporates peatlands.	The Addition 1 – Connorville file states that the area does not include wetlands or peatlands. The TASMAT layer was shown to the validator during the site visit and it was confirmed that this was the case.

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In addition to the methodology applicability criteria, Section 1.6 details a list of criteria that each new instance must satisfy in order to become part of the grouped Project. These are listed in the table below and the Connorville Project instance was reviewed to assess compliance.

Applicability Condition	Data Used to demonstrate conformance in Instant 1
The Project activity instance must fall within the Project area, comprising the state of Tasmania.	The instance is shown to be within the Project area through the provision of a KML file. This is appropriate.
The duration of the crediting period for each instance must start and finish within the Grouped Project timeframe.	Section 1.6 of the Addition 1 Connorville Project file presents a credit period which is consistent with the grouped Projects credit period.
The instance must be privately owned, with written consent for the IFM Project obtained from all landowners.	Legal land tiles and the registration of legal entities for the Project were provided. Documents for Connorville Estates Pty Ltd were cited and found that Roderic O'Connor was the sole shareholder of this entity.
Property Identification (PID) numbers, property names and landowners must be clearly identified.	All PID numbers, property names and landowners are listed in Section 1.5, page 4 of the Project instance file (Project File Addition 1 – Connorville V1.11)
Geo-referenced maps in both digital and hard copy are to be presented, clearly showing the property and Project activity instance boundaries.	The KLM files provided for the Connorville instance fulfill these criteria.
The Project activity instance must contain standing native forests under threat from legal timber harvesting under Tasmanian regulation. This threat should be demonstrated by a history of logging, eligibility for Forest Practices Plans and/or a private timber reserve. Therefore, the forest in the instance should be subject to the baseline scenario outlined in Section 2.5 of this PDD, i.e. some combination of selective logging, clearfell with natural regeneration and clearfell for conversion to pasture (as permitted on private native forests in Tasmania under the <i>Forest Practices Act 1985</i> , the Forest Practices	Previously enacted Forest Practices Plan were provided to demonstrate the logging history. These plans were used as the basis of the baseline determination.

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Code 2000 and the Forest Practices Regulation 2007).	
The Project activity instance must satisfy additionality through characteristics consistent with the PDD and first Project activity instance (Addition 1 – Connorville). Specifically, each Project activity instance must satisfy Step 2: Investment Analysis of the VCS Tool for the Demonstration and Assessment of Additionality. This will be achieved if Criteria 6 (above) is satisfied.	Section 2.5, page 22 of the Project instance file (Project File Addition 1 – Connorville V1.11) presents a simple cost analysis which meets this criteria.
The Project activity instances must satisfy all requirements and applicability conditions as defined in the relevant VCS guidelines and the GreenCollar IFM LtPF methodology (see Section 1.8).	This relates to the above table in this section of the validation report.
All carbon emissions and reductions must be calculated using the GreenCollar IFM LtPF methodology, with support and guidance from the Redd Forests' standard operating procedures for completing the calculations.	The calculation spreadsheet provided for the Connorville Project was consistent with the equations and estimation approaches specified by the selected methodology and was found to be correct.
The Project must be implemented and managed in accordance with this PDD and the most recent versions of the Redd Forests' standard operating procedures, including those for stratification of the vegetation, developing the forest inventory through fieldwork and data management and quality assurance. Therefore, new Project activity instances must use and apply the technologies and measures specified in this document, unless improved systems become available (for example, updated versions of FullCAM or ArcGIS). In this case, a deviation must be submitted in the instance file to justify the use of different technologies or measures.	The instance file provided for the Connorville Project was found to be in compliance with the PD, including the approaches to baseline determination, stratification, calculations and modeling and data storage.
Each Project activity instance must be suitable for the Monitoring Plan (see Section 3.0).	Item 9 in Section 1.5, page 6 of the Project instance file (Project File Addition 1 – Connorville V1.11) states that Addition 1 will be subject to monitoring events in accordance with Section 3.0 of the Grouped Project's PDD and Monitoring Plan.

Conformance:

Yes



No



N/A



Non-Conformity Reports: NCR VCS2011.5

New Information Requests: None

Opportunities for Improvement: None

3.3.5 Correct application and justification of the baseline methodology

The selected methodology requires that the criteria and procedures for identifying and assessing potential baseline scenarios must be in accordance with rule 6.3 VCS (2007.1) and the specific requirements for IFM Projects in the VCS Tool for Methodological Issues when constructing the baseline.

The methodology also states that:

- The baseline must be credible, realistic and feasible.
- The Project must be able to demonstrate a baseline of planned deforestation otherwise it does not meet the applicability criteria
- The current "Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities:" should be used to assess which of the baseline alternatives shall be excluded from further consideration.

Section 2.4 of the PD provides and explanation of the how the baseline scenario is identified and description of the identified baseline scenario. This section explains that the Project Proponent of any new instance will develop the 'business-as-usual' harvest regime in accordance with the Redd Forests Standard Operating Procedure (SOP) for completing the IFM calculations. This SOP was reviewed and found to provide an appropriate approach to setting the baseline scenario. Modeling using the FullCAM model is used as a checking mechanism to validate that the forest land to be included in the Project can sustain the rates of harvest being suggested.

Section 2.4 of the PD also states that the baseline scenario may be developed with the use of land-use records, field surveys, data and feedback from stakeholders and information from other sources as appropriate. In particular, the baseline scenario will be tested using the current VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities (see Section 2.5).

The Connorville Project file presents the approach to setting the baseline scenario which is consistent with the approach described in the Redd Forests Standard Operating Procedure (SOP) for completing the IFM calculations.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS2011.14

New Information Requests: None

Opportunities for Improvement: None

3.3.6 *Appropriate setting of the baseline scenario*

The VCS standard has a number of specific requirements for baselines as stated in the VCS Tool for AFOLU Methodological Issues; Step 4.

In the case of IFM Project activities, implementing partners using a Project-based approach (rather than a performance/benchmark standard) for establishing a baseline shall provide the following information to prove that they meet minimum acceptable standards:

- a) A documented history of the operator (e.g. operator shall have 5 to 10 years of management records to show normal historical practices). Common records would include data on timber cruise volumes, inventory levels, harvest levels, etc. on the property;
- b) The legal requirements for forest management and land use in the area, unless verifiable evidence can be provided demonstrating that common practice in the area does not adhere to such requirements; and
- c) Proof that their environmental practices equal or exceed those commonly considered a minimum standard among similar landowners in the area.

The baseline for the IFM Project is reported as the management practices Projected through the life of the Project, satisfying at a minimum the three requirements mentioned above.

The Project Proponent has a standard operating procedure that describes how the baseline scenario is developed for each instance. This SOP covers at a minimum the three information requirements listed above. The approach is consistent with the guidance provided in the selected methodology and appears to be applicable to new instances that are eligible under the grouped Project scenario.

Section 2.4, page 20 of the Project instance file (Project File Addition 1 – Connorville V1.11) presents the baseline scenario that has been developed in accordance with the SOP and given the evidence presented appears to comply with the requirements set out in the PD.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2011.15

New Information Requests: None

Opportunities for Improvement: None

3.3.7 *Demonstration of additionality*

In accordance with the selected methodology, Section 2.5 of the PD presents the correct application of the current VCS ' Tool for the Demonstration and Assessment

of Additionality in VCS Agriculture Forestry and Other Land Use (AFOLU) Project Activities". The PD defines 7 realistic and credible land-use scenarios that would have occurred on the land within the proposed Project boundary in the absence of the AFOLU Project activity. The scenarios presented include the continuation of the pre-Project land use of selective logging and the Project activity occurring on the land in the absence of being registered as the VCS AFOLU Project.

The assessment presents information that demonstrates that landowners would continue to harvest the forest to generate income in the absence of the Project. Interviews with landowners in Tasmania and a search of the literature by the validator also support this baseline scenario. The PD demonstrates that the forest land is at risk of continued harvesting and therefore the Project is additional.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2011.16

New Information Requests: None

Opportunities for Improvement: None

3.4 Monitoring Plan

3.4.1 Approval of the monitoring methodology

The monitoring methodology selected is titled VM0010 Improved Forest Management - Logged to Protected Forests, developed by Green Collar Solutions. The methodology can be downloaded from <http://www.v-c-s.org/VM0010.html>

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2011.1

New Information Requests: None

Opportunities for Improvement: None

3.4.2 Correct application and justification of selected monitoring methodology

A detailed Monitoring Plan for the grouped Project has been developed as a separate document titled Grouped Project Monitoring Plan (Version 1.6).

The selected methodology outlines a number of steps that should be presented in the monitoring plan. These are outlined in the table below along with the validator's finding.

Steps in the Monitoring Methodology	Finding
Technical description of the	The monitoring plan presents a technical

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monitoring task	description of each monitoring task either directly in the plan or refers standard operating procedures developed for specific monitoring components.
A list of data and parameters to be collected	A list of the parameters to be collected is presented in the monitoring plan. The list is consistent with the complete list of monitored parameters presented in the selected methodology.
Overview of the data collection procedures	A standard operating procedure (SOP) was provided for field work which included the following data parameters: Area of sample plot (A_{sp}) Diameter at breast height (DBH) Operational procedures for the collection of information about deadwood are also included. An overview of the other parameters to be covered are adequately described in Section 3 of the PD.
Quality control and quality assurance procedure	Redd Forests' standard operating procedures for Data Storage and Data Entry and Management were cited by the validator and evidence of the implementation of these procedures was cited during the site visits.
Data archived as paper and electronic form and available to Project participants and a commitment to archive data electronically for at least 2 years after the end of the credit period.	The PD states in Section 3.4 that the Project Proponent is responsible for the storage of data. Redd Forests' provide this data storage as part of their Project management services should the Project Proponent contract them to do the Project management. Redd Forest's standard operating procedures describe the process required and these SOPs are provided to the proponent should they opt to manage the Project themselves.
Organization and responsibilities of the parties involved	Section 7 of the PD presents a Project schedule which highlights the organization and the responsibilities of the parties involved in the ongoing monitoring and management of the Project. This schedule covers the design components and critical timelines of the Project.
Measurements conducted to relevant standards	Quality of both field data collection and data management will be managed by using the standard operating procedures and quality control procedures of the Forest Practices

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	Authority of Tasmania (http://www.fpa.tas.gov.au/).
The data will include copies of field measurement data, laboratory data, data analysis spreadsheets, carbon stock calculation spreadsheets, GIS products and measuring and monitoring reports.	The PD describes a property transition folder which will be handed over the Project Proponent following validation. This folder covers all the key data sources and references relevant to the Project, including measurement data, maps, spreadsheets and monitoring reports. These data sources were stored by Redd Forests' for the Projects up until validation and were cited during the site visit. When requested this data could be quickly produced and data storage systems were in place that could manage multiple Project instances.
The following should be recorded in the VCS Project document: 1. the geographic position of the Project boundary is recorded for all areas of land; 2. the geographic coordinates of the Project boundary (and any stratification inside the boundary) are established, recorded and archived; 3. commonly accepted principles of forest inventory and management are implemented; 4. standard operating procedures (SOPs) and quality control/quality assurance (QA/QC) procedures for forest inventory including field data collection and data; management shall be applied; 5. The Project plan, together with a record of the plan as actually implemented during the Project, shall be available for validation or verification as appropriate.	Evidence was provided for each of these criteria in the Project documentation and found to be adequate. 1. See Section 1.5 of the PD and Section 1.5 of the Connorville Project File 2. See Section 1.5 of the PD and Section 1.5 of the Connorville Project File 3. See Standard Operating Procedure – Field Work (Version 2.1) and Standard Operating Procedure – Stratification (Version 1.3) 4. See Standard Operating Procedure – Field Work (Version 2.1), Standard Operating Procedure – Data Entry and Management (Version 1.8), Standard Operating Procedure – QA/QC and Data Storage (Version 1.2) 5. The Project plan is presented in Section 7 of the PD and Section 7 of the Connorville Project File.
Adequate forest stratification, sample size estimation methods and consideration of uncertainty	Evidence was provided to support requirement. The industry standard sample size calculator was used, industry standard stratification methods were applied and uncertainty was considered for biomass estimates and estimated as stated by the methodology.
Sampling framework including sample	REDD Forests provided their Standard

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size, plot size, plot shape and information to determine plot location	Operating Procedure – Fieldwork (Version 2.1) which describes the approach to sampling including sample size determination, plot size and plot shape and information relating to how plots are located in the field.
Uncertainty required for all estimates from monitoring related to change in area, change in carbon stocks and emissions for both the baseline and Project case.	The uncertainty approach presented incorporates uncertainty related to all relevant parameters. It is conducted in accordance with the methodology and is consistent with propagation approaches described in the IPCC Good Practice Guidance.

As each Project Proponent is responsible for the monitoring of their own individual land parcels included in the Project monitoring (Section 1 of the Monitoring Plan) Redd Forests provides them with a 'property transition folder' of relevant electronic and paper files to support the proponent to meet their monitoring and Project implementation obligations.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: NCR VCS 2011.17
NCR VCS 2011.18

New Information Requests: None

Opportunities for Improvement: None

3.4.3 Conformance with VCS specific criterion related to monitoring

From VCS 2007.1 Section 5.11: The Project Proponent shall establish and maintain criteria and procedures for obtaining, recording, compiling and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the Project and baseline scenario (i.e. GHG information system). Monitoring procedures should include the following:

VCS Required Monitoring Procedures	Findings
Purpose of monitoring	Section 3.2 of the PD states that "The purpose of monitoring a VCS Project is to ensure that the carbon credits issued by VCS provide an accurate representation of the carbon emissions avoided through improved forest management. The monitoring techniques should assist the Project Proponents in establishing a credible and transparent schedule for these carbon credits, meeting accepted

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	standards for data collection, recording and quantification.” This statement was adequate to define the purpose of Project monitoring.
Types of data and information to be reported - including units of measurement	The selected methodology outlines the required monitoring approach in Step 8 – Project Monitoring. This step provides guidelines for the implementation of a monitoring plan and identifying monitored parameters to assess carbon stock change and disturbance quantification in the Project case. It states that the following parameters need to be monitored: • Illegal logging PRA • Result of limited illegal logging survey • Area burnt in stratum i at time t ($Aburn,i,t$) • Area potentially impacted by illegal logging in stratum i ($ADIST_{IL, i}$) • Total area of illegal logging sample plots in stratum i (API) • Merchantable biomass as a proportion of total above-ground tree biomass for stratum i ($PMPi$) • Area covered by stratum i (Ai) • Diameter at breast height of tree (DBH) Section 3.3 of the PD clearly lists the data and information to be collected and reported in including the units of measurement.
Monitoring methodologies, including estimation, modeling, measurement or calculation approaches	Covered in Section 3.3.2 of this report
Monitoring times and periods, considering the needs of intended users	Covered in Section 3.3.2 of this report
Monitoring roles and responsibilities	Covered in Section 3.3.2 of this report
GHG information management systems, including the location and retention of stored data	Covered in Section 3.3.2 of this report

Conformance:

Yes ☒ No ☐ N/A ☐

Non-Conformity Reports:

None

New Information Requests: None

Opportunities for Improvement: None

3.4.4 Collection and archiving of all relevant data

In addition, Section 3.2 of the PD provides details on the indicators and related parameters that are required to be monitored. This section also states that at each monitoring event, a new instance may be added to the grouped Project. Each new instance must satisfy the eligibility criteria and Project processes identified in the PD.

The new instances will be submitted as individual files, which each file containing:

- A signed contract between Redd Forests and the Project Proponent;
- Contact details of the Project Proponent;
- Property ownership details and relevant documentation in the VCS PDD format;
- Written consent for the IFM Project from any other shareholders;
- KML files outlining the forested area being added to the grouped Project;
- Electronic maps illustrating the strata within the Project activity instance;
- Waypoints for all sampling plots;
- Fieldwork data;
- An overview of the baseline scenario, prepared by the Project Proponent;
- PLO files outlining the FullCAM model of carbon sequestration in the Project and baseline scenarios;
- Calculations from standing volume of merchantable timber to VCUs generated through IFM Project activities, in accordance with the GreenCollar LtPF methodology;
- A copy of the Monitoring Plan, signed by the Project Proponent.

All of this data is to be stored in accordance with the Projects Standard Operating Procedure – QA/QC and Data Storage (Version 1.2).

This data file was cited for the Connorville Project during the site visit and the validation process.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.4.5 *The frequency, responsibility and authority for registration, monitoring, measurement and reporting activities*

Roles and responsibilities of the Project participants are detailed in Section 1.15 and Section 3.2 of the PD. These sections adequately describe frequency, responsibilities and authority for registration, monitoring, measurement and reporting. The reporting frequency was consistent with requirements of VCS 2007.1 for monitoring. The responsibilities are embedding in contracts between Redd Forests and the Project Proponent.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5 Calculation of GHG Emissions

3.5.1 *The appropriateness of the source, sink and reservoir*

The selected methodology requires the following pools to be included in the Project boundary:

- Aboveground trees, deadwood and harvested wood products.

The following pools are excluded:

- Aboveground non-tree biomass, belowground biomass, litter and soil organic carbon

The selection of these pools are consistent with the VCS Guidance AFOLU Projects; Section 3, Step 3.

The PD outlines in Section 2.3 that carbon pools considered in the calculations include changes in carbon stocks found in aboveground biomass, dead wood and harvested wood products. The PD also states that the historical and future planned harvesting within the Project area is predominantly for pulpwood (80-100%) and therefore wood products would predominately be short lived paper products.

The methodology also requires consideration of emissions from sources other than changes in carbon stocks consistent with PD Section 2.3, VCS Tool for AFOLU Methodological Issues; Step 3, VCS Guidance AFOLU Projects; Section 3 Step 3. As such methane emissions, reported as CO₂ equivalent are considered as a result of biomass burning.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.2 *The correctness and transparency of formulas and factors used*

The selected methodology presents 27 equations over Steps 3-7 which lead to the calculation of GHG emissions from the Project implementation. The PD provides a description of the calculation process that was undertaken and provides a list of tables labeled with the methodological equations applied as Appendix 2 to the PD.

The generic calculation spreadsheet that was developed for the Project instances is relatively easy to review with each tab representing each equation. This makes it more user friendly for the Project Proponents and easier to validate.

The review of the spreadsheet for the first instance (Connorville Project Calculations V2.5.xlsx) was found to be consistent with the generic spreadsheet and that the ex-ante estimates were accurate based on the data presented.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.3 *Calculation of emissions in the baseline scenario (ex-ante)*

Section 4.2 of the PD details the approach to Quantifying GHG emissions and/or removals for the baseline scenario.

Equations and Parameters	Findings
Equation 1 requires the estimation of merchantable volume for each species at the sample plot level.	Using DBH, height and species information collected from a field inventory, volume of merchantable timber per tree is derived using the Farm Forestry Toolbox v5.0. This program was developed by Private Forests Tasmania; a statutory authority funded by the Tasmanian government and private forest owners. The allometrics in the Toolbox were developed from an extensive collection of field data by Forestry Tasmania, the government department responsible for measuring State Forests. This model is specific to the ecosystems within which the Project is defined. Where the species is not included in the Farm Forestry Toolbox v5.0, the allometric equation for dry native sclerophyll forest

	was utilized ($R^2 = 0.963$) (Keith et al 2000). Aboveground biomass estimates from this equation are then divided by BCEF 1.17 and wood density to provide an estimate of volume.
Equation 2 requires the estimation of mean merchantable volume per unit area of species in the stratus	The results of Equation 1 are extrapolated to hectare level and average in Equation 2. This information provided the means to develop logging Projections, specifically the volume extracted in m³/ha at each harvesting event. This parameter (Projected volume extracted) will be confirmed against measurements of merchantable volume of timber (based on fieldwork samples and assessments with the Farm Forestry Toolbox) and modeling of regeneration rates with FullCAM. The results of Equation 2 will be used to assist in the development of the timber harvest plan. Utilizing the modeled carbon stock and expected regeneration rates as a limitation to extraction provides additional justification that the harvest regime can be supported by the modeled ecosystem.
Equation 3 calculates the mean carbon stock of harvested biomass per unit area for each species.	The carbon stock of harvested biomass is then calculated using Equation 3. The parameters include the results of Equation 2, combined with the carbon fraction value prescribed in the methodology (0.5) and a Biomass Conversion and Expansion Factor of 1.17. IPCC default values were used in the absence of national BCEF values.
Equation 4 calculates the mean carbon stock of extracted timber per unit area for the species in the stratum	The carbon stock of extracted biomass is calculated in accordance with Equation 4, using the result of Equation 2 multiplied by species-specific wood densities and the carbon fraction to determine the mean carbon stock extracted from the forest.
Equation 5 estimates the change in carbon stock of dead wood resulting from timber harvest per unit areas in the stratum	According to this methodology, dead wood is considered only when it is a by-product of the harvesting process. In Equation 5, the mean extracted carbon stock (product of Equation 4) is subtracted from the mean harvested carbon stock (the product of Equation 3) to calculate the dead wood per

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	stratum.
Equation 6 estimates the sum of the extracted biomass	Equation 6 was presented accurately in the spreadsheet.
Equation 7 calculates the carbon stock sequestered in wood products in each stratum as a result of planned timber harvest in the baseline scenario	The gross percentages of volume extracted for each wood product class will be assigned based on historical Forest Practices Plans: 10-30% of the extracted timber is usually used for sawn wood, and the remaining 70-90% for pulp and paper. The proportion of biomass extracted that remains sequestered in long-term wood products after 100 years is calculated using Equation 7 and data from Winjum et al. (1997) and the Climate Action Reserve (2009). This approach is consistent with the methodology.
Equation 8 calculates the change in carbon stock resulting from wood product conversion and retirement for each stratum	The value estimated in Equation 7 is subtracted from the carbon in extracted timber (Equation 8) which is otherwise emitted as carbon dioxide. These equations use the simplifying and conservative assumption that all extracted biomass not retained is emitted in the year harvested.
Equation 9 calculates carbon sequestration resulting from forest regrowth after timber harvest by stratum	Carbon sequestration in the baseline scenario (after planned timber harvest) is based on local species growth rates as modeled by FullCAM. Redd Forests uses site-specific data to predict native regeneration rates after selective logging and clearfell events. The strata within each Project activity instance will be individually modeled according to their specific logging histories and Projections for the baseline scenario. Two values will be extracted from FullCAM for the baseline scenario. Firstly, the merchantable volume of timber (tree stems in m³/ha) will be used in Equations 3 and 4 to confirm the possible volume of extracted timber for each harvest. Secondly, the carbon stock of aboveground trees (tC/ha) will be used to determine the sequestration according to Equation 9. The FullCAM model is an Internationally recognized Tier 3 methodology and is

	capable of generating site and species specific re-growth estimates.
Equation 10 calculates the net change in carbon stock in each parcel of land	The total annual change in carbon stocks in all pools in the baseline scenario is equal to the stock change from planned timber harvest, plus the carbon stored through the conversion and retirement of wood products. Vegetation regrowth following harvest must be subtracted. The final result is converted into tones of carbon dioxide equivalent by multiplying it by the relative atomic mass of CO ₂ to C (44/12), according to Equation 12.
Equation 11 calculates the net change in carbon stocks across all parcels of land in the baseline scenario since the start of the Project activity	Equation 11 annualizes the carbon stock changes estimated in Equation 10.
Equation 12 calculates the net greenhouse gas emissions in the baseline scenario since the start of the Project activity.	The final result is converted into tones of carbon dioxide equivalent by multiplying it by the relative atomic mass of CO ₂ to C (44/12), according to Equation 12.

Conformance:Yes ☒ No ☐ N/A ☐**Non-Conformity Reports:**

None

New Information Requests:

None

Opportunities for Improvement:

None

3.5.4 Calculation of emissions from Project activities (ex-ante)

Step 4 of the methodology steps through the Equations 13-20 in determining the Project scenario. Section 4.c of the PD, page 51 provides a brief commentary of how this was conducted, combined with the calculation spreadsheet tabs labeled.

Equations and Parameters	Findings
Equation 13 estimates the carbon stock in aboveground biomass of trees at the plot level.	Equations 13-15 were therefore not required, and FullCAM used to calculate the product of Equation 15.
Equation 14 estimates above ground biomass carbon stock of all trees in the stratum at time t in the plot in the Project scenario	Equations 13-15 were therefore not required, and FullCAM used to calculate the product of Equation 15.
Equation 15 estimates mean	FullCAM used to calculate the product of

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aboveground biomass carbon stock of trees in each stratum at time t	Equation 15.
Equation 16 calculates annual carbon stock change in above-ground biomass of trees in each year	Equation 16 was then used to calculate sequestration (tCO ₂ -e/ha) in the Project scenario, by determining the difference in the carbon stock each year and multiplying it by the strata area.
Equation 17 calculates net greenhouse gas emissions from fire disturbance in each year	Equations 17-20 are used to calculate potential damage or degradation of the carbon stock in aboveground trees in the Project scenario. Equation 17 and 18 calculated the risk and likely extent of damage from fire, based on historical incidence of wildfire. The average area lost to fire every twenty-five years (based on records lasting fifty years) is multiplied by the difference between aboveground trees in the Project and baseline scenarios. This figure is in turn multiplied by standard IPCC combustion factors (0.63), emission factors (4.7) and the global warming potential (GWP) for methane. Equation 19 provides an ex-post means to measure carbon loss from non-fire natural disturbance. Equation 20 allows Projections of illegal logging, although this is not considered a plausible risk for IFM Projects in Tasmania. These equations were found to be executed correctly in the calculation spreadsheet.
Equation 18 estimates average aboveground biomass stock present in the Project scenario but absent in the baseline before burning	
Equation 19 calculates net greenhouse gas emissions resulting from non-fire natural disturbance in each year	
Equation 20 calculates net carbon stock changes as a result of illegal logging at time t	Equation 20 allows Projections of illegal logging, although this is not considered a plausible risk for IFM Projects in Tasmania. There will be no Projected deductions in the Project scenario from illegal logging, non-fire natural disturbance or leakage. Monitoring events will identify whether these elements have generated greenhouse gas emissions, and appropriate adjustments will be made to the carbon schedule if such activities are detected.

In addition to the equations presented in Step 4, the estimation of Forest Disturbance from illegal logging requires the completion of a participatory rural

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appraisal of the communities surrounding the Project area. This PRA process is required by the methodology to be repeated every two years to demonstrate that illegal logging is not present on the Project area. This requirement is clearly incorporated into the Project schedule in Section 7.0 of the PD.

The review of the spreadsheet for the first instance (Connorville Project Calculations V2.5.xlsx) was found to be consistent with the generic spreadsheet and that the ex-ante estimates were accurate based on the data presented.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.5 Calculation of emission reductions or avoided emissions due to the Project (ex-ante)

Step 4.3 steps through Equations 21 – 22 for the estimation of net greenhouse gas emissions in the Project scenario

Equations and Parameters	Findings
Equation 21 calculates net greenhouse gas emissions in the Project scenario in year t	Equations 21 and 22 sum the net Projected greenhouse gas emissions in the Project scenario, less the carbon sequestered through ongoing forest growth, using the products of Equations 13-20. This provided the estimate of carbon sequestered or emitted in the IFM Project scenario.
Equation 22 calculates net greenhouse gas emissions in the Project scenario since the start of the Project activity	

The review of the spreadsheet for the first instance (Connorville Project Calculations V2.5.xlsx) was found to be consistent with the generic spreadsheet and that the ex-ante estimates were accurate based on the data presented.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.6 *Calculation of emissions from leakage (ex-ante)*

The methodology requires the consideration of both activity shifting leakage and market leakage and outlines the approach in Step 5. The Projects approach to reporting and estimating leakage is presented in Section 3.2 of the PD.

Activity Shifting Leakage

The methodology states that there may be no emissions from activity shifting leakage. It may be common for Project Proponents of new instances to own multiple parcels of land. In this case the proponent must be demonstrated through that there is no change in their practices on lands excluded from the Project (that are a result of the Project). In accordance with the methodology this can be done through the provision of historical records showing trends in harvest volumes paired with records from the with-Project time period showing no deviation from historical trends.

In addition, each individual proponent is required to demonstrate the absence of activity shifting leakage. If they do not hold any other forested properties in Australia, this is considered an adequate demonstration that activity shifting leakage cannot occur. In instances where the proponents do own forested land which is not entirely included within the Project, there is opportunity for leakage through activity shifting. In order to address this, the landowner will provide documentation on the land use of any additional forested properties in their possession. At the initial verification of the property, the proponent must detail in the Project file:

- The location of the land;
- Historical records showing trends in harvest volumes; and
- if available, forest management plans prepared ≥ 24 months prior to the start of the Project showing harvest plans on all owned/managed lands.

As part of the annual verification requirements, the landowner must demonstrate that activity shifting has not occurred to any forested land not included in the IFM Project. The harvesting record from with-Project time for these forested areas is therefore required to show either;

- No deviation from historical trends; or
- No deviation from forest management plans.

If forest management plans have been prepared >24 months prior to the start of the Project, these logging Projections are preferable to using historical rates.

This is a very clear approach to enable each instance to address and quantify activity shifting leakage and is consistent with the methodology.

Market Leakage

The methodological approach to estimating leakage due to market effects is equal to the net emissions from planned timber harvest activities in the baseline scenario multiplied by an appropriate leakage factor. The leakage factor can be zero if it can be demonstrated that no market-effects leakage will occur within national

boundaries, that is if no new concessions are being assigned AND annual extracted volumes cannot be increased within existing national concessions AND illegal logging is absent (or *de minimis*) in the host country.

The PD provides evidence that three criteria above are relevant to the Project area and the leakage factor of zero is justified.

Potential market leakage will be monitored by tracking the annual extracted volumes within the national concessions and the PD describes this in Section 3.2 of the PD. This section states that “the Project Proponent will need to provide evidence that annual extracted volumes have not increased above the baseline threshold during the monitoring period. To achieve this, the Project Proponent must obtain data relating to the net volume extracted from private native forests in Tasmania (the most probable site for market leakage to occur) during the monitoring period, or as close as possible. This should be contrasted to the average volume extracted from this area during the ten years prior to the Project’s start date. If the net volume is lower in the Project scenario, or if spikes can be justified (for example, by unusual clearfell events by a major forestry company), it can be reasonably assumed that no market leakage has occurred as a result of the Project.

This approach to monitoring the market leakage and justifying the zero leakage factor was considered adequate.

Equations and Parameters	Findings
Equation 23 total market leakage as a result of IFM LtPF activities.	The calculation approach presented in the calculation spreadsheet was found to be implemented correctly.

Conformance: Yes ☐ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.7 Calculation of Net Project Greenhouse Gas Emissions Reductions

Step 6 of the methodology presents Equation 24 for the estimation of net Project greenhouse gas emission reductions in the Project scenario.

Equations and Parameters	Findings
Equation 24 estimates the Project greenhouse gas emission credits associated with the implementation of the improved forest management activities in the Project scenario	The net greenhouse gas emissions for each stratum, calculated in Equation 24, are the sum of the baseline scenario greenhouse emissions, less the Project scenario greenhouse gas emissions. This equation was found to be correctly applied in the calculation spreadsheet.

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Ex-ante estimates of net GHG emission reductions are estimated to be 26 688 tCO₂-e each year of the Project in the spreadsheet (Connorville Project Calculations V2.5.xlsx) and reported in Section 1.3 of the instance file Project file (Project File Addition 1 – Connorville V1.11). Therefore, over the twenty-five year crediting period, this Project will prevent 667 206 tCO₂-e being emitted.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.8 Uncertainty

Step 7 of the selected methodology presents the approach to estimating uncertainty and lists Equations 25.

Equations and Parameters	Findings
Equation 25 estimates the total uncertainty for the LtPF Project	The uncertainty is estimated at the 95% confidence interval as required by the methodology. The following parameters are considered in the uncertainty assessment: Project area, sampling error, harvesting Projections and re-growth rates at a stratum-level. Sampling error is estimating using the Winrock Sample Calculator. Uncertainty relating to Project area is considered to be minimal as it is based on cadastral boundaries registered with the Tasmanian Land Titles Office. In addition the forest stratification is based on Tasmanian Vegetation Map (TASVEG) and supported by field measurements; this uncertainty is considered to be within the confidence limits of the selected methodology and is therefore reported as zero. Based on the evidence provided this assumption appears to be founded. Re-growth rates are generated by the FullCAM model. This model was developed by the Australian Government and is widely reported to be conservative, particularly in areas of native forest (Brendan and Mackey, 2008, as cited in Kapambwe, M.; Keenan, R.; (2009). As the model is conservative, uncertainty for re-growth was reported as zero. Harvesting Projections are based on historical harvesting regimes for each particular instance. The estimated harvest Projections are limited by the Projections

	presented in the FullCAM model for re-growth following extraction. This check procedure ensures that Projected baseline harvest rates do not exceed the potential available aboveground biomass. Given this model is reportedly conservative the uncertainty is considered to be within the confidence interval required by the methodology. In general it was found that the Project presents an approach for the grouped Project that reports estimates that are based on measured or existing published data and relevant models that lead to a conservative approach. The propagation of error approach is conservative and consistent with the IPCC Good Practice Guidance. It is conservative as the uncertainty is applied to the total GHG estimate rather than individual estimates of each parameter.
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The calculations for the first instance were checked for conformance against the approach specified in the PD and found to be estimated correctly.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.9 Calculation of net VCUs to be issued (ex-ante)

Step 7 steps through Equations 26 - 27 for the estimation of net Project greenhouse gas emission reductions in the Project scenario.

Equations and Parameters	Findings
Equation 26 estimates the total greenhouse gas emission credits adjusted for uncertainty for each year in the crediting period.	The total greenhouse gas emissions credits adjusted for uncertainty, Equation 26, was found to be correctly applied in the calculation spreadsheet.
Equation 27 calculates the number of voluntary carbon units	The verified carbon units are calculated by subtracting the VCS buffer (determined by the risk assessment completed for each Project activity instance) in accordance with Equation 27. The equation was found to be correctly applied in the calculation spreadsheet.

The net VCU estimation approach for the first instance was found to be consistent with the requirements specified in the PD.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.6 Environmental and Social Impact

3.6.1 *Requirements for and approval of an Environmental Impact Assessment (if applicable)*

Section 5 of the PD states that an EIA is not applicable. This section explains that the requirement to conduct an Environmental Impact Assessment in the jurisdiction of the Project is covered by both state and national regulations. Environmental impact assessments within Tasmania are regulated through the *Environmental Management and Pollution Control Act 1994* (EMPCA). Activities classified as Level 2 activities are required to conduct an EIA. Forest protection is not listed as a Level 2 activity.

At the National level environmental impact assessments are regulated through the *Environmental Protection, Biodiversity Conservation Act 1999*. Under this act protection of native forest would not be considered to have a significant environmental impact and therefore conducting an EIA does not appear to be required.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.6.2 *Negative environmental and socio-economic impacts of the Project*

Section 5 of the Grouped Project PD states that the local community benefits from the conservation of the native forest. This ecosystem provides key services, such as pollination for the local crops, pest control by native bird species and the purification of water used by many of the neighboring properties. A healthy and unlogged forest also creates a more attractive landscape, which is economically important in an area seeking to expand ecotourism income and employment opportunities.

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In comparison to the baseline scenario the Project is unlikely to result in negative environmental impacts due to the cessation of logging and the protection of natural ecosystems.

Annex 1 to the PD presents the Project Risk Assessment. The response to the Regulatory and Social Risk (Risk of Social Instability) states “Logging has historically provided a major source of employment and income, and environmental campaigns for forest conservation have arguably not recognized the socio-economic impact of banning logging of native forests. Carbon financed IFM Projects arguably provide a synthesis between these two positions, providing comparable employment to foresters and income to landowners while protecting the carbon stocks and biodiversity of Tasmania’s native forests. This should help ameliorate any political and social tension associated with land use management in Tasmania.”

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.6.3 *Comments by stakeholders*

The PD states that the only relevant stakeholders are the land owners (Project Proponents) themselves as they are the rightful owners of the land and any carbon revenues generated by the Project.

Redd Forests maintains a website (Available at: <http://www.reddforests.com/>) where the philosophy behind the Project is presented and PD of validated Projects can be downloaded. The website provides contact details for Redd Forests including telephone numbers, street addresses of offices in Sydney and Tasmania and a facility to make contact via email.

Redd Forest also recently published a press release on the forest carbon portal available at: <http://www.forestcarbonportal.com/news/protecting-devils-forests-tasmanian-forests-saved-and-private-landowners-rewarded>). These facilities all demonstrate engagement with indirect stakeholders and forum which allow communication.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4 Validation conclusion

This validation assessed the Redd Forests “Grouped Project: Protection of Tasmanian Native Forest” (the Project) and its first instance (Addition 1 – Connorville) for conformance against the Voluntary Carbon Standard 2007.1 (VCS) and its supporting documents including the selected VCS approved methodology VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest (Version 1.0).

Redd Forests are listed as the implementing partner. The Project is designed to have many Project Proponents, who are the landowners for each instance. The Project start date is 1 April 2010. Project Crediting Period is 25 years from 1st April 2010 to 31st March 2035.

The review of the Project design documentation, site visits and subsequent follow-up interviews have provided SCS with sufficient evidence to determine the fulfillment of the stated criteria. The Project correctly applies the approved VCS methodology element VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest (Version 1.0).

The Project is designed to protect native Tasmanian forest which would if not for the Project, continue to undergo selective logging or be clear-felled and converted to pasture. The Project is designed to lead to reductions of GHG emissions that are real, measurable and give long-term benefits to the mitigation of climate change.

In summary, it is the opinion of SCS that the “Grouped Project: Protection of Tasmanian Native Forest” located in Tasmania, Australia as described in the VCS PD dated May, 2011 meets all relevant VCS 2007.1 requirements for a grouped Project and correctly applies the VCS approved methodology VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest (Version 1.0). In addition the first instance (Addition 1 – Connorville) also all the relevant requirements of the grouped Project documentation presented.



Name: Dr Carly Green
Position: Lead Auditor
Company: EAS
Date: May 13, 2011



Name: Todd Frank
Position: GHG Program Manager
Company: Scientific Certification Services
Date: May 13, 2011

References

Project Specific Documentation

Project Documents

PDD grouped Project version 1.20.docx
Project File - Addition 1 (Connorville) v1.11.doc
Connorville Project Calculations - v2.5.xls
Grouped Project - Monitoring plan version 1.8.doc

Standard Operation Procedures

Redd Forests' SOP - IFM calculations v1.3.pdf
Redd Forests' SOP - Stratification v1.3.pdf
Redd Forests' SOP - Data Entry and management v1.8.pdf
Redd Forests' SOP - Fieldwork v2.1.pdf
Redd Forests' SOP - QA, QC and data storage 1.2.pdf

Boundary Maps

Grouped Project- Protection of Tasmanian Native Forest.kmz
Map1.TIF
Map2.TIF
Logging history Appendix.pdf
map2_loghistory_den_gda.tif
map3_loghistory_connorville_gda.tif
map1_specvals_gda.tif

Proof of Ownership Files

PID 6753046.pdf
PID 6753038.pdf
PID 6752991.pdf
PID 6751497.pdf
PID 6751489.pdf
PID 6751470.pdf
PID 6208881.pdf
PID 6208670.pdf
PID 2680134.pdf
PID 2618138.pdf

FullCAM Model Files

Connerville Strata 1 Baseline V2.plo
Connerville Strata 2 Baseline V2.plo

Field Data Sheets

Connorville field sheets Jan 2011.pdf
Connorville field sheets .pdf

Background Documentation

1. Approved VCS methodology: “VM0010 – Methodology for Improved Forest Management – Logged to Protected Forest, Version 1.”
2. VCS Association, Voluntary Carbon Standard 2007.1, November 2008.
3. VCS Sectoral Scopes (http://www.v-c-s.org/sectoral_scopes.html).
4. VCS Guidance for Agriculture, Forestry and Other Land Use Projects, 18 November, 2008.
5. VCS Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination, 18 November, 2008.
6. VCS Update to the VCS 2007.1: Tool for Non-Permanence Risk Analysis and Buffer Determination, 8 September, 2010.
7. VCS VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities Version 1, 21 May, 2010.

5 Appendix 1 – Findings and Responses

NCR Number 2010.1 of 27 Dated 5th November 2010

Finding:

The selected methodology is yet to be approved by the VCS. Please provide evidence that the methodology is approved.

Proponent Response:

Please see <http://www.v-c-s.org/VM0010.html>.

Validator Response:

Response is adequate to close this potential non-conformity.

NCR Number 2010.2 of 27 Dated 5th November 2010

Finding:

The Project is not consistently referred to by name. The Project name should distinguish itself from other carbon Projects developed by REDD Forests and be consistently referred to by this name throughout the documentation.

Proponent Response:

Section 1.1 states;

Project title:

Protection of Tasmanian Native Forest: A Grouped Project

Please note that from this point in the PDD, the Project is referred to as the 'Grouped Project'.

With respect to the identification of new areas of land, page 5 now states:

"The Project is a grouped Project. This means that discrete Project activity instances (hereafter, instances) to be managed under the selected IFM methodology will be added within the Project area of Tasmania. These instances will be added at monitoring events.

And in definitions:

Project activity instance (Instance) A particular set of implemented technologies and/or measures that constitute the minimum unit of activity necessary to comply with the criteria and procedures applicable to the Project activity under the methodology applied to the Project

Project area Area eligible for inclusion in the Project, i.e. forested areas on private land under threat of logging within the state of Tasmania

Property area Area of land owned by a single Project Proponent, defined by cadastral boundaries and demonstrated through ownership documentation

Validator Response: The Project is consistently referred to by the correct Project name and other definitions are now consistent with VCS guidance for grouped Projects. This response and changes to the PD are adequate to close this NCR.

NCR Number 2010.3 of 27 Dated 5th November 2010

Finding:

The purposes and objectives of the Project are not clearly presented in the appropriate section of the PD. Whilst this Project is described as a grouped Project the PD presents significant material on one particular property which is not consistent with a grouped PD approach. The purpose and objective of the grouped Project should be clearly presented in the appropriate section of the PD.

Proponent Response:

The PD for the Grouped Project has been extensively restructured in response to this NCR. All information specific to a particular land parcel and/or Project Proponent has been removed and added to a 'Project file'. The PD now contains only information that will be consistent across all land parcels included in the PD: for example, the choice of VCS methodology, relevant standard Project management procedures (fieldwork, data management, establishing a baseline, conducting the calculations), the regulatory environment, etc. Information specific to each land parcel will instead be entered in its specific file and submitted individually for verification.

The purpose and objectives of the Grouped PD are detailed in Section 1.4

"The purpose and objective of the Grouped Project is to protect native forest that will be logged in the absence of carbon finance. Protecting forests from timber harvesting reduces emission caused by harvesting and maintains the forest carbon stock.

The Grouped Project was implemented in response to the ongoing logging of native forest within Tasmania, previously the only means to generate income from native forests. The timber industry is largely dependent upon the international market for wood chips, pulp and paper, all low value products. The establishment of an IFM Project is intended to maintain and enhance the carbon stocks in native forests for twenty-five years, preventing the emissions generated through business-as-usual logging practices. The Project will also have the additional benefits of enhancing local biodiversity (which is undermined by harvesting events and practices), diversifying landowners' income and maintaining the aesthetic and recreational values of the Tasmanian landscape.

By reducing the significant initial cost of validation and allowing discrete land parcels to be incorporated at monitoring events, the grouped Project allows a more rapid and affordable extension of carbon finance options to landowners. The implementing partner hopes that this will induce a shift away from unsustainable logging and clearfell practices, facilitating the effective conservation of biodiversity and carbon stocks in Tasmania."

Validator Response:

The restructure of the PD is more suited to a grouped Project. Details of procedures and approaches to adding new instances to ensure compliance with the standard and the selected methodology are clearer. These changes made are adequate to close this potential non-conformity.

NCR Number 2010.4 of 27 Dated 5th November 2010

Finding:

The PD does not adequately explain the type of Project, in particular that the Project is a grouped Project. The PD should provide some explanation of the Project type and link this to the purposes and objectives of the REDD Forests grouped Project.

Proponent Response:

The following text has been added to Section 1.2 to explain the type of Project:

“The Project is a grouped Project. This means that discrete land parcels to be managed under the selected IFM methodology will be added within the Project area of Tasmania. These land parcels will be added at monitoring events.

The Grouped Project adopts the following methodology Improved Forest Management (IFM), specifically conversion of Logged Forests to Protected Forests (LtPF). “

This is further explained, and linked to Redd Forests’ objectives in establishing a Grouped Project, in Section 1.4

“The purpose and objective of the Grouped Project is to protect native forest that will be logged in the absence of carbon finance. Protecting forests from timber harvesting reduces emission caused by harvesting and maintains the forest carbon stock.

The Grouped Project was implemented in response to the ongoing logging of native forest within Tasmania, previously the only means to generate income from native forests. The timber industry is largely dependent upon the international market for wood chips, pulp and paper, all low value products. The establishment of an IFM Project is intended to maintain and enhance the carbon stocks in native forests for twenty-five years, preventing the emissions generated through business-as-usual logging practices. The Project will also have the additional benefits of enhancing local biodiversity (which is undermined by harvesting events and practices), diversifying landowners’ income and maintaining the aesthetic and recreational values of the Tasmanian landscape.

By reducing the significant initial cost of validation and allowing discrete land parcels to be incorporated at monitoring events, the grouped Project allows a more rapid and affordable extension of carbon finance options to landowners. The implementing partner hopes that this will induce a shift away from unsustainable logging and clearfell practices, facilitating the effective conservation of biodiversity and carbon stocks in Tasmania.

Because this is a grouped Project, discrete areas to be managed under the selected IFM methodology will be defined within the Project area of Tasmania. These areas will be referred to as ‘land parcels’. They will be identifiable by the Project Proponent (also the landowner), and provided with a unique identification number. Each land parcel will have an individual file which will contain all of the information

required under VCS guidelines and the chosen methodology. This file will be submitted at verification events, without the requirement for full validation.”

Validator Response:

The restructure of the PD is more suited to a grouped Project. Details of procedures and approaches to adding new instances to ensure compliance with the standard and the selected methodology are clearer. This changes made are adequate to close this potential non-conformity.

NCR Number 2010.5 of 27 Dated 5th November 2010

Finding:

A kml file for the Project boundary (i.e. Tasmania) needs to be provided.

Proponent Response:

The Project location *Project Protection of Tasmanian Native Forest* is specified within section 1.5 of the PDD. This comprises the State of Tasmania. A KML / KMZ file for this area is provided below:

Grouped Project: Protection of Tasmanian Native Forest, Project area: [Grouped Project: Protection of Tasmanian Native Forest.kmz](#)

Validator Response:

This response is adequate to close this potential non-conformity.

NCR Number 2010.6 of 27 Dated 5th November 2010

Finding:

Section 1.9 of the PD describes fire prevention measures and aspects of monitoring and reporting (among other activities) as technologies that will be employed to meet the aims and objectives of the Project. It is not clear who is responsible for each task described. In accordance with the VCS requirements roles and responsibilities should be documented in the PD and should cover the technologies described.

Proponent Response:

Both the PDD (Sections 3.2 and 3.4) and the Monitoring Plan clearly define the monitoring and reporting tasks to be applied for all land parcels in the Grouped Project. A fire plan will be prepared (if not already developed) and documented in the Project file for each individual land parcel. Below are two examples of the tables used to identify monitoring and reporting responsibilities:

In the PDD:

Activity description	Indicator	Frequency	Responsibility
Determination of uncertainty in Project area. Calculated by comparing cadastral parcels.	Change in Project area	Annually	Project Proponent
Determination of carbon stock in aboveground trees per unit area per stratum. Calculated from plot data.	Carbon stock	Every 5 years	Project Proponent
Determination of carbon stock	Carbon stock	Annually	Project

change in aboveground trees. Extrapolated from FullCAM modeling and past fieldwork trends.	change		Proponent
Determination of carbon stock change in aboveground trees. Calculated from fieldwork data.	Carbon stock change	Every 5 years	Project Proponent
Determination of uncertainty in the forest inventory. Calculated using the Winrock sampling calculator.	Sampling error	Every 5 years	Project Proponent
Determination of uncertainty in carbon sequestration Projections.	Difference (as a percentage) between FullCAM Projections and field measurements	Every 5 years	Project Proponent
Site visit to assess natural disturbances.	Deforestation in hectares from natural disturbances	Annually	Project Proponent
Determination of carbon stock change in the carbon pools by natural disturbances.	Carbon stock change.	Annually (if required)	Project Proponent

Validator Response:

The PD now more clearly defines the roles and responsibilities. Redd Forests have also clearly documented a set of standard operating procedures and a property transition folder to assist the Project Proponent to fulfill their obligations should they choose not to engage Redd Forests in the ongoing management of their Project.

NCR Number 2010.7 of 27 Dated 5th November 2010**Finding:**

It is not clear if the 25 year Project duration is for the grouped Project or for each individual land parcel. Please clarify the Project start date.

Proponent Response:

Section 1.6 of the PDD states;

The Grouped Project start date is 1 April 2010. The grouped Project ceases 25 years after this start date on 31st March 2035.

The first Project activity instance (Addition 1 – Connorville) will have a crediting period of twenty-five years. The crediting period for the other instances is a minimum of twenty years, commencing upon the signing of a contract between Redd Forests and the Project Proponent. The additional Project Proponents must sign the contract to commence the Project within its first five years, and will be eligible for a maximum crediting period from this start date through to the end of

the Grouped Project crediting period (31st March 2034).

Instances within the Grouped Project will be monitored annually. These annual monitoring events will assess natural disturbance, changes to Project area and market leakage. Changes in the carbon stock will be calculated through modeling and extrapolation. Every five years, a more comprehensive monitoring event will be completed to assess changes in carbon stocks through fieldwork. This is in accordance with Schedule 7.0 and consistent with the Monitoring Plan.

Validator Response: The response provides clarity with regard to the Project start date and the criteria (signing of the contract with Redd Forests) for specifying the start date of each instance.

NIR Number 2010.8 of 27 Dated 5th November 2010

Finding:

A grouped Project should document evidence that will be collected to demonstrate land ownership/proof of title/rights of use for each new instance and who is responsible for the collection and storage of this information so that a third party can evaluate it.

Proponent Response:

“For each land parcel included within the grouped Project, the following information will be provided within the specific Project file:

- The total size of the land parcel, i.e. the forested area owned by the specific Project Proponent(s), generating carbon credits as part of the Redd Forests’ grouped IFM Project (hectares);
- The Projected emission reductions, calculated both as avoided emissions per annum and as a total for the land parcel over the crediting period of 25 years.” (Section 1.3)

“New land parcels must satisfy the following criteria: ...

1. The land parcel must be privately owned, with written consent for the IFM Project obtained from all landowners.
2. Property Identification (PID) numbers, property names and landowners must be clearly identified.
3. Geo-referenced maps in both digital and hard copy are to be presented, clearly showing the property and land parcel boundaries.
4. The land parcel must contain standing native forests under threat from legal timber harvesting under Tasmanian regulation. This should be demonstrated by a history of logging and eligibility for Forest Practices Plans and / or a private timber reserve.” (Section 1.4,)

“The crediting period for individual land parcels is a minimum of 25 years commencing upon the signing of a contract between Redd Forests and the Project Proponent. A copy of each contract will be provided for validation.” (Section 1.6,)

“Consistent with the above statement, each additional land parcel must include the following information:

- Description of the land use, both current and historical, within the land

parcel;

- Documented evidence demonstrating that:
 1. The Project site is representative of other forestlands harvested in the country within the past two years;
 2. The Project site is within commercially viable distance to existing transport networks and a port for timber export or a mill for timber processing.” (Section 1.7,)

“Each land parcel within the Grouped Project requires the following evidence:

- Land title documentation showing the cadastral parcel boundary, PID and the name of the legal landowner for the Project area. This documentation must contain evidence of approval from the Tasmanian Land Titles Office.
- Written approval for the IFM Project to be implemented on the land parcel from all shareholders.” (Section 8.1,)

Details concerning the collection and storage of this data are specified in both Section 3.4 of the PDD and in the Redd Forests’ standard operating procedures for data management and quality assurance.

Validator Response: These additional criteria appear appropriate. The changes made to the PD close out this issue.

NCR Number 2010.9 of 27 Dated 5th November 2010

Finding:

The Project schedule presented in Section 7 is not consistent with Project activities described throughout the PD, particularly the events described in Section 3.4 - Description of the Monitoring Plan of the PD. The monitoring events are listed in the documentation as 2 and 5 years and the schedule shows annual monitoring. Additionally the methodology requires that the PRA process be repeated every 2 years and this does not form part of the schedule.

Proponent Response:

Each instance must contain a table outlining the Project schedule for each year of the Project in accordance with the following structure:

Year	Baseline scenario	Project scenario	Responsibilities	Annualized verified carbon units:
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In addition, the monitoring events for each Project activity instance will conform to the following schedule:

VCS 2007.1 – Redd Forests – Grouped Project – Validation Report

Activity description	Indicator	Frequency	Responsibility
Determination of uncertainty in the Project activity instance area. Calculated by assessing forested area in satellite images.	Change in instance area	Annually	Project Proponent
Determination of carbon stock in aboveground trees per unit area per stratum. Calculated from plot data.	Carbon stock	Every 5 years	Project Proponent
Determination of carbon stock change in aboveground trees. Extrapolated from FullCAM modeling and past fieldwork trends.	Carbon stock change	Annually	Project Proponent
Determination of carbon stock change in aboveground trees. Calculated from fieldwork data.	Carbon stock change	Every 5 years	Project Proponent
Determination of uncertainty in the forest inventory. Calculated using the Winrock sampling calculator.	Sampling error	Every 5 years	Project Proponent
Determination of uncertainty in carbon sequestration Projections.	Difference (as a percentage) between FullCAM Projections and field measurements	Every 5 years	Project Proponent
Site visit to assess natural disturbances.	Deforestation in hectares from natural disturbances	Annually	Project Proponent
Determination of carbon stock change in the carbon pools by natural disturbances.	Carbon stock change.	Annually (if required)	Project Proponent
Participatory Rural Appraisal.	Risk of illegal logging.	Every 2 years.	Project Proponent
Comparison of the annual extracted volume to the long-term average volume of extracted timber from private native forests in Tasmania.	Market leakage factor.	Annually	Project Proponent

Validator Response: The schedule presents activities/indicators/frequencies that are consistent with the requirements of the selected methodology and the PRA process has been incorporated into the schedule as required.

NCR Number 2010.10 of 27 Dated 5th November 2010

Finding:

The roles and responsibilities listed are consistent with the level of skill required based on the description of the Project with the exception of the ongoing monitoring and reporting requirements of the landholder. Roles and responsibilities for the collection and archiving of data related to monitoring are not defined. Whilst

evidence collected during the site visit indicated that the skills mentioned are amongst the Redd Forest Project team it is not clear who is responsible for the ongoing Project monitoring and data collection once the initial contract between Redd Forests and the Project Proponent has expired after the first monitoring event. Please provide some evidence that provision is being made to ensure that the roles and responsibilities are within the capability of those allocated the task. Additionally the standard requires the definition of who is responsible for coordinating the ongoing verification events and the registration of the credits. Please include this in the documentation.

Proponent Response:

As evidence that provision is being made to ensure that the roles and responsibilities are within the capability of those allocated the task, the following text has been added to the PDD:

“Monitoring and verification for each land parcel is the responsibility of the Project Proponent. Redd Forests will provide the proponent with all of the necessary information and advice to allow them to manage the monitoring events, or to seek support for those tasks that they are unable to undertake. This information will comprise a ‘property transition folder’ and will include:

- Paper and electronic copies of their Project specific PDD;
- Paper and electronic copies of the signed monitoring plan, including:
 - o The monitoring and verification schedule
 - o Guidelines for forest inventory techniques
 - o Data management and quality control procedures
 - o Guidelines for relevant parameters for using the relevant VCS methodologies
- KML files of the land parcels;
- Paper and electronic property maps identifying strata, plot locations and their proximity to access points;
- Electronic copies of original fieldwork data sheets;
- GPS coordinates for the permanent monitoring plots including waypoints for each of the plot boundaries;
- A copy of the following tools:
 - o The GreenCollar IFM LtPF Methodology
 - o The VCS Tool for AFOLU Methodological Issues
 - o The Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities
 - o The VCS Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination
 - o The Winrock Sampling Calculator (to apply the CDM Tool for the Calculation of the Number of Sample Plots for Measurements within A/R CDM Project Activities)
- Contact details of Redd Forests and a proposal to provide ongoing support in relation to undertaking the required monitoring tasks; and
- Contact details of accredited VCS validators.
- Details of the established the VCU account for the land parcel.

The Project Proponents or their associates (family members, property managers, etc) are encouraged to participate in the fieldwork to allow for training in locating and measuring the field plots. A Redd Forests' Project Manager also spends extensive time working through the calculation processes outlined in the GreenCollar IFM LtPF methodology to ensure that the landowner understands the principles and stages of the Project as well as the proponent's ongoing responsibilities." (Section 3.4).

The following text has been added to the PDD to define roles and responsibilities for the collection and archiving of data related to monitoring:

"The Project Proponent will also be responsible for the storage of information collected in relation to monitoring events." (Section 1.15)

"Electronic and hard copies of all data are stored in the following two locations.

- Redd Forests Sydney office: Unit 36, 75 Buckland Street, Chippendale, NSW 2008 and
- Redd Forests, Tasmanian Office: Level 1 – 148 Elizabeth Street, Hobart, 7000.

For each land parcel within the Grouped Project, the following file structure will be created to store electronic data:

- Contract
- Budget
- Ownership
 - o PID data
 - o Written consent from other shareholders
- Stratification
 - o Satellite images
 - o Layers (if required)
 - o Strata maps
 - o Winrock sampling calculator
- Fieldwork
 - o Data sheets (electronic copies)
 - o FFT data
 - o GPS waypoints
- VCS Project file
 - o Project file
 - o Calculations
 - Logging history and forecast
 - FullCAM
 - PLO files
 - Excel output
 - o NCRs/NIRs
 - o Monitoring
 - Monitoring plan
 - Monitoring report
 - Satellite images for first verification

The accompanying documentation (signed contracts, signed Monitoring Plan, signed Monitoring Report and field data sheets) and key hard copies (the PDD, Monitoring Plan and Monitoring Report) will be stored in a safe at each location.” (Section 1.16)

The following text has been added to the PDD to define who is responsible for coordinating future monitoring events and the registration of credits:

“After the first verification, Project management and monitoring events will be the responsibility of the Project Proponent...

It is the responsibility of the Project Proponent to register credits. However, as implementing partners, Redd Forests has contracted to establish an account in the name of the Project Proponent in one of the accepted registries and to facilitate the registration of the credits arising from the 1st verification.

The Project Proponent for each land parcel is responsible for coordinating the ongoing monitoring events and the registration of the credits.” (Section 1.15)

Validator Response:

The response provides a clearer indication of who is responsible for various Project activities. Redd Forests have incorporated a Project Proponent transition folder should the proponent decide not to have Redd Forests provide ongoing Project management services. The Project Proponent is also required to sign the monitoring report before verification. These additional processes provide exposure to the requirements and responsibilities of Redd Forests and the Project Proponent and are seen as an appropriate mitigation approach to the risk of Project management failure given the Project management structure.

NCR Number 2010.11 of 27 Dated 5th November 2010

Finding:

Section 1.10 of the PD states that Redd Forest complies with all applicable local, state and national workplace standards. Australia has comprehensive laws and regulations a list of ALL relevant laws and regulations are not presented. (For example regulations relating to: minimum wages and environmental performance are absent). Demonstration of compliance with these laws has not been demonstrated (For example: evidence of employment policies/protocols)? Please provide a full list of laws and regulations to which the Project conforms and present some evidence of compliance with these laws.

Proponent Response:

The Project complies with all relevant legislation surrounding land use, ownership, forest practices, environmental impact, employment rights, and health and safety standards. The most relevant legislation to the Project has been addressed in the PDD:

“Project Proponent;

Within each Project file for land parcels, an assessment of the Project Proponent’s adherence to the following laws and regulations will be undertaken;

Tasmanian Forest Practices Act 1985;
Tasmanian Forest Practices Code 2000;
Tasmanian Forest Practices Regulation 2007;
Australian Workplace Safety Standards Act 2005;
Tasmanian Workplace Health and Safety regulations 1998;
Australian Fair Work Act 2009.

Project developer;

The Project developer adheres to all laws and regulations relevant to the Project, including the Forest Practices Act 1985, the Forest Practices Code 2000 and the Forest Practices Regulation 2007.

The Project Proponents and Project developer comply with the Australian Workplace Safety Standards Act 2005 and the Tasmanian Workplace Health and Safety regulations 1998, including the Forest Safety Code. Redd Forests follows appropriate safe labor practices to prevention of injuries in the workplace, a particular risk for workers engaged in forestry operations. A site safety plan will be prepared for each land parcel and will contain property specific contact details and emergency response protocols.

An additional law of relevance to this Project is Fair Work Act 2009. The Fair Work Act provides a safety net of enforceable minimum employment terms and conditions through the National Employment Standards (NES). Redd Forests employee contracts comply with the Fair Work Act 2009.

The IFM Project does not contravene or inhibit compliance with any of the above regulations.

Validator Response:

The response provided is adequate. Australia has relatively strict enforcement mechanisms and non-compliance with these regulations would be followed up. To operate the business and activities that relate to this Project would enact these mechanisms and therefore it would be difficult for the proponent to be in non-conformance with the regulations without financial or legal repercussions.

NIR Number 2010.12 of 27 Dated 5th November 2010

Finding:

Please provide evidence to support the following text in Section 1.10 of the PD: "Indeed, the Project does not just satisfy local regulation but demonstrates best practice, as demonstrated by its planned validation under the Climate, Community and Biodiversity Standard and because significant areas of the Project are certified by the Forest Stewardship Council.

Proponent Response:

The paragraph: "Indeed, the Project does not just satisfy local regulation but demonstrates best practice, as demonstrated by its planned validation under the Climate, Community and Biodiversity Standard and because significant areas of the Project are certified by the Forest Stewardship Council" has been removed from the

PDD. None of the proposed land parcels are currently FSC-certified. This was an error and was incorrectly placed in the PDD from another document.

Redd Forests still intends to validate this Project under the CCB standard.

Validator Response:

Response is adequate to close this new information request.

NIR Number 2010.13 of 27 Dated 5th November 2010

Finding:

The PD is presented for a grouped Project with a particular land parcel "Connorville" being the first Project instance included. The PD is a mixed version of a grouped PD and a Project instance specific PD. The grouped PD should present an approach to adding additional land parcels that can be verified by a third party at subsequent verifications. The current presentation of the PD does not allow this. Please reconsider the presentation of the Project approach from a grouped Project perspective, in particular the criteria each new instance will be assessed against and the generic steps taken to incorporate each new instance into the Project. This specifically relates to applicability criteria and standard operating procedures in mapping, fieldwork and monitoring and data storage.

Proponent Response:

The PDD has been restructured to reflect a Grouped Project, and a separate Project file prepared for the land parcel 'Connorville'. In particular, the following text has been added to define the criteria against which each new land parcel will be assessed:

"New land parcels must satisfy the following criteria:

1. The land parcel must fall within the Project area, comprising the state of Tasmania, Australia (see Section 1.5).
2. The duration of the crediting period for each land parcel must start and finish within the Grouped Project timeframe (see Section 1.6).
3. The land parcel must be privately owned, with written consent for the IFM Project obtained from all landowners.
4. Property Identification (PID) numbers, property names and landowners must be clearly identified.
5. Geo-referenced maps in both digital and hard copy are to be presented, clearly showing the property and land parcel boundaries.
6. The land parcel must contain standing native forests under threat from legal timber harvesting under Tasmanian regulation. This should be demonstrated by a history of logging and/or eligibility for Forest Practices Plans and a private timber reserve.
7. The land parcels must satisfy all requirements and applicability conditions as defined in the relevant VCS guidelines and the LtPF methodology.
8. The land parcels must satisfy all requirements and applicability conditions as defined in the GreenCollar IFM LtPF methodology (see Section 1.8).
9. All carbon emissions and reductions must be calculated using the GreenCollar IFM LtPF methodology, with support and guidance from the Redd Forests' standard operating procedures for completing the calculations.
10. The Project must be implemented and managed in accordance with the most recent versions of the Redd Forests' standard operating procedures, including those for stratification of the vegetation, developing the forest inventory through fieldwork and data management and quality assurance.

11. Each land parcel must be suitable for the Monitoring Plan (see Section 3.0).”
(Section 1.4)

The generic steps taken to incorporate each new land parcel (particularly evidence to be collected) are defined in Sections 1.16 and 4.0 of the PDD, as well as NCR2011.8. The SOPs have been submitted to the validator for review.

Validator Response: The changes to the PD have adequately closed this issue. The Project document presents the generic requirements for inclusion of new instances. The standard operating procedures developed present sufficient guidance to add new instances in accordance with the descriptions provided in the PD. All relevant information for the first instance named “Connorville” was provided.

NCR Number 2010.14 of 27 Dated 5th November 2010

Finding:

The methodology requires the application of the Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities. The application of this tool is presented in Section 2.5 of the PD. In general the tool has not been applied correctly. There seems to be some misunderstanding of the requirements and purpose of each of the steps, in particular the Simple Cost Analysis is incomplete. In addition, Section 2.5 of the PD does not consider other relevant baseline scenarios as required by rule 6.3 VCS (2007.1), in particular the scenario of the government legislating against native timber harvesting on private land as has been done in other states of Australia.

Proponent Response:

The application of the VCS Tool in Section 2.5 has been revised. In particular, the following text has been added to account for the scenario of government legislating against native timber harvesting:

“Logging of native forests is banned in Tasmania:

It is possible that the Forest Practices Authority will, in the future, impose further restrictions on the logging of native forests in Tasmania. If logging of native forests is banned, the baseline scenario would resemble the Project scenario: the absence of logging would permit the recovery of native forests, and the carbon stocks would be protected and enhanced. In this scenario, the carbon stocks would be protected and enhanced. However, this is an unlikely scenario. If such policy changes were introduced, the only possible revenue from native forests would be some form of environmental compensation to landowners. Such action would also negate any landowner income derived from the sale of carbon credits (i.e. the Project scenario). It is therefore unlikely that government will constrain native timber harvesting due to the loss of income for landowners, and subsequent economic and political costs of compensation. It is also worth noting that, even in discussions with environmental groups, there has been no suggestion that timber harvesting on private lands be abolished. For example, with recent discussions about the future logging of publicly owned ‘State Forest’ which is currently managed by the Government Business Enterprise, Forestry Tasmania, specific reference is made to private land within the principles:

“Encourage and support but not mandate to seek assistance for certification and

protect, maintain and enhance high conservation value forests on their properties¹.”

This reflects both the socio-economic acceptance of logging on private lands and the political reluctance to impose any form of regulation on private forest logging. Instead, it is more likely that the need for Forest Stewardship Council or similar certifications will be imposed on native forest wood products, compared to plantation-sourced timber. Such regulations will still permit logging events and the accompanying greenhouse gas emissions.”

A discussion of the main environmental alternative to carbon-financed IFM Projects, Conservation Covenants, has also been added:

“Covenant all of the forested land:

The landowner places the entire forest estate within a Conservation Covenant that is binding on the land title. In some instances this can generate some income, typically in the form of a lump sum payment. Like an IFM LtPF Project, this helps to maintain and enhance ecosystem services. However, many landowners have already pursued this option, which has been available since the Nature Conservation Act 2002. Landowners currently are only participating in covenant programs on a voluntary basis and the rate of landowners signing covenant agreements is declining. The carbon market provides an opportunity for diversification. Moreover, Conservation Covenants are not competitive with the return even for low-value wood products, and therefore do not provide a viable means for protecting the carbon stocks in native, privately owned forests.”

This section of the PDD now addresses a broader range of the landowners’ options, and possible future conditions affecting the forest.

Validator Response:

The inclusion of additional baseline options which are consistent with legislation in Australia complete the baseline options for this Project area. Additionally the client has added a simple cost analysis which now demonstrates compliance with the additionality tool.

NCR Number 2010.15 of 27 Dated 5th November 2010

Finding:

The PD does not provide a generic approach to establishing the baseline scenario for a grouped Project. The grouped PD should present an SOP for establishing the baseline scenario for each instance so that a third party can verify subsequent parcels of land have been added consistently and in accordance with the validated PD.

Proponent Response:

Section 2.5 has now been refined to reflect all of the possible baseline scenarios for native forests on private land in Tasmania (i.e. those land parcels eligible for inclusion in the Grouped Project). These include:

¹ *Tasmanian Forest Statement of Principles to Lead to an Agreement*

http://www.premier.tas.gov.au/_data/assets/pdf_file/0009/134991/draft_principles.pdf {accessed 23/11/2010}

- Native forest remains standing
- Covenant all forested land
- Selective logging
- Clearance and native regeneration
- Clearance and conversion to plantation
- Clearance and conversion to pasture
- Logging of native forests is banned in Tasmania

The baseline scenarios on all land parcels included in the Project will be some combination of these different treatments. The following text has been added to the PDD:

“The baseline scenario for any specific land parcel will be developed by the Project Proponent, with support from the Project developer, in accordance with the most recent version of the Redd Forests’ standard operating procedures for conducting IFM calculations.” (Section 2.5)

This SOP has been submitted for review by the validator.

Validator Response: The approach to setting the baseline scenario presented by in the relevant standard operating procedure (Redd Forests' SOP - IFM calculations v1.3.pdf) presents a relevant and appropriate approach to setting the baseline scenario that can utilized for each new instance. Additionally the eligibility criteria set for each new instance will increase transparency relating to the additionality for each new instance.

NCR Number 2010.16 of 27 Dated 5th November 2010

Finding:

In accordance with the selected methodology Section 2.5 of the PD presents the application of the current VCS ' Tool for the Demonstration and Assessment of Additionality in VCS Agriculture Forestry and Other Land Use (AFOLU) Project Activities". In general the tool has been incorrectly applied. Not all the requirements are specifically addressed.

Proponent Response:

The application of the VCS tool under section 2.5 has been revised to address all alternative land uses, specifically, the following text has been added;

“Covenant all of the forested land:

The landowner places the entire forest estate within a Conservation Covenant that is binding on the land title. In the past, this would generate some income, typically in the form of a lump sum payment. Today, registration of a land parcel as a Conservation Covenant is entirely voluntary and is associated with no financial incentives. Like an IFM LTPF Project, this helps to maintain and enhance ecosystem services. However, many landowners have already pursued this option, which has been available since the *Nature Conservation Act 2002*. Landowners currently are only participating in covenant programs on a voluntary basis and the rate of landowners signing covenant agreements is declining. The carbon market provides an opportunity for diversification. Moreover, even when associated with financial incentives, Conservation Covenants were not competitive with the return even for low-value wood products. As a voluntary program, they certainly do not provide a viable means for

protecting the carbon stocks in native, privately owned forests on a significant scale.

2a: Determine appropriate analysis method

Given that all instances within the Grouped Project are within the IFM VCS category, the Project Proponent will generate no financial or economic benefits other than income attained through the carbon market. For this reason and consistent with the VCS tool for additionality, each instance will require an assessment against the simple cost analysis (Sub step 2b, option 1). This must be completed in the Project file, but does not need to be repeated at monitoring events.

2b: Option I. Apply simple cost analysis

Each Project activity instance generates income from the sale of carbon credits.

The most significant cost for Project Proponents in developing the VCS IFM Project is engaging Redd Forests Pty Ltd to undertake stratification, fieldwork, calculations and prepare the Project Design Documents in accordance with the Community, Climate and Biodiversity Standard and Verified Carbon Standard. The costs associated with Project implementation for each instance will be available for review by the validator.

In each instance, Project Proponents forfeit potential income from the sale of woodchips and saw log timber. The market for woodchips has been declining by an average of 2.4% per year over the past twenty years², though the price of good-quality saw log remains high (>\$30). The sheer volume of wood products per hectare mean that timber harvesting remains viable – particularly if it is the only means to generate revenue from native forests.

If the proponents were to continue the Project activity without carbon finance (i.e. let the forest stand without registration as a VCS Project) or register it as a conservation covenant, they would not generate any income from the land. While these are not attractive options, they are a viable alternative scenarios and cheaper than the CDM/VCS Project activity. Therefore, the Project activity satisfies the investment analysis for additionality.

The simple cost analysis for each Project activity instance will be summarized in the following table format.

Forestry product:	Average yield per annum:	Current market price (\$):	Annual value (\$):
Pulp and saw log	(tones of pulp) (tones of saw	\$/tone of pulp	Revenue – harvesting costs.

² Ajani, J. (11/10/2007) Gunns' double-barrelled dilemma, *The Age*. Available from <<http://www.theage.com.au/news/business/gunns-doublebarrelled-dilemma/2007/10/10/1191695991840.html?page=fullpage#contentSwap1>> [accessed 22/02/2011]

	log)	\$/tone of saw log	
Carbon	(VCUs)	\$/VCU	Revenue less monitoring costs, less: Cost of Project development Lifetime of Project
Project scenario without carbon-financing	0	0	0

STEP 3: Barrier analysis.

This step does not need to be completed. If the simple cost analysis in Step 2 reveals a less costly alternative land use (i.e. allowing the native forest to remain standing without either harvesting or establishing an IFM Project), then Step 3 can be bypassed and the analysis move directly to Step 4: common practice analysis.

STEP 4: Common practice analysis.

4a: Analyze other activities similar to the proposed Project activity.

The Grouped Project has two precedents in Australia: IFM LtPF Projects implemented on 790ha on the Archers' property in the Northern Midlands of Tasmania (the Redd Forests' pilot Project) and on 7 666ha on Peter Downie's property in the Central Highlands of Tasmania.

4b: Discuss any similar options that are occurring

As outlined above, there are two comparable Projects to the grouped Project in Tasmania. However, even if the establishment of the Grouped Project allows improved forest management practices to become widespread in Australia, any discrete instance that conform to the eligibility criteria outlined in Section 1.5 will satisfy the VCS Tool for the Demonstration and Assessment of Additionality. Specifically, they satisfy the investment analysis in Step 2 because the landowners forfeit potential income from pulp and saw log with no alternative revenue except for carbon finance. For this reason, the proposed Project activity would not be implemented without the incentive of VCS approval and subsequent sale of carbon credits. Every instance within the Redd Forests' Grouped Project is therefore

additional.

Validator Response: The approach to conducting a simple cost analysis has been improved to contribute to demonstrating additionality for each instance. These changes to the PD as sufficient to close this potential non-conformity.

NCR Number 2010.17 of 27 Dated 5th November 2010

Finding:

The implementing partner needs to implement QA/QC standard operating procedures in its Project management. In general documents have no version control, inconsistent naming, inconsistent terminology, inadequate referencing and an inadequate review process. Please provide a standard operating procedure that demonstrates an adequate approach to document QA/QC.

Proponent Response:

Redd Forests has developed, and now adheres to standard operating procedures relating to version control, document consistency inconsistent terminology, referencing, document review and archiving. This document has been communicated to all staff and is provided to the validator.

Validator Response:

Response is adequate to close this potential non-conformity.

NCR Number 2010.18 of 27 Dated 5th November 2010

Finding:

Uncertainty was considered for key parameters in the carbon stock assessment; however uncertainty in the estimation of the Project area was not factored into the equations. Please provide justification for a zero uncertainty for area parameters.

Proponent Response:

The following text has been added to the PDD:

“Uncertainty with respect to the Project area is effectively absent, as GIS programs are used to truth the PI layer and cadastral parcels against satellite images obtained from Google Earth and SPOT (or a close equivalent).” (Section 4.4)

Validator Response:

Response is adequate to close this potential non-conformity

NCR Number 2010.19 of 27 Dated 5th November 2010

Finding:

The calculation approach is described in the PD and presented in the calculation spreadsheet provided. A number of calculation errors were found in the calculation spreadsheet and require correction. Please ensure that the equations presented in the spreadsheet are consistent with the methodology and that the calculations use the correct parameters and subsequently lead to the correct calculation of GHG emissions.

Proponent Response:

The calculations have been extensively revised and corrected. The final version has been submitted to the validator for review.

Validator Response:

The calculation spreadsheet was reviewed and found to present the equations

required by the methodology such that new instances can use the calculator adequately and that a third party can evaluate it at verification.

NCR Number 2010.20 of 27 Dated 5th November 2010

Finding:

There is a deviation from the methodology approach in equations 13-15. All deviations should be described and justified in the appropriate section of the PD.

Proponent Response:

The following text was added to the PDD:

“The same data and model parameters entered into FullCAM for Equation 9 were used to calculate the carbon stock in aboveground trees (tC/ha), the required output of Equation 15. Its inputs are based on local taxonomic-, geographic- and climatic-specific information, and allometric relationships identified in the Technical Reports prepared for the National Carbon Accounting System³. FullCAM is part of the Australian National Carbon Accounting System (N-CAT) and international best practice in modeling carbon flows. However, the program does:

“tend to be highly conservative and radically underestimates forest carbon generated from mixed native species (Brendan and Mackey, 2008).”⁴

Moreover, for each stratum, FullCAM’s output was calibrated according to fieldwork estimates of aboveground trees (m³/ha) in 2010, and consistent between the baseline and Project scenarios until the first harvest. Because FullCAM was available as a best practice option, Redd Forests is submitting a deviation from the less precise, accurate and conservative requirements of the GreenCollar IFM methodology. Equations 13-15 were therefore not required, and FullCAM used to calculate the product of Equation 15 (tC/ha). “ (Section 4.3)

Validator Response:

Response is adequate to close this potential non-conformity

NCR Number 2010.21 of 27 Dated 5th November 2010

Finding:

The risk assessment is not correctly applied. The risk of permanence is not adequately assessed in accordance with the tool. Please revisit the 'high timber value' component of the tool. Additionally the technical/management risk needs to be adequately addressed given that the Project hands over monitoring and reporting

³ Raison, J. (2001) Carbon Accounting and Emissions Trading Related to Bioenergy, Wood Products and Carbon Sequestration: Development of a ‘Toolbox’ for Carbon Accounting in Forests, *IEA Bioenergy Task 38: Workshop in Canberra/Australia*, CSIRO, Forestry and Forest Products. Available from <<http://www.ieabioenergy-task38.org/workshops/canberra01/cansession1.pdf>> [viewed 07/03/2011]

⁴ as cited by Kapambwe, M.; Keenan, R.; (2009) *Biodiversity Outcomes from Carbon Biosequestration*, The University of Melbourne, commissioned by The Department of Sustainability and Environment, pp 23. Available from <[http://www.dse.vic.gov.au/CA256F310024B628/0/761E59489BC57A9ACA2576810079C4D4/\\$File/Biosequestration+and+Biodiversity.pdf](http://www.dse.vic.gov.au/CA256F310024B628/0/761E59489BC57A9ACA2576810079C4D4/$File/Biosequestration+and+Biodiversity.pdf)> [viewed 04/03/2011]

requirements to the landholder after first verification.

Proponent Response:

The following text has been added to the PDD in Appendix 1:

“The following elements of the risk analysis will require an individual assessment for each instance, and will be included within the relevant file:

- Risk of financial failure (Sub-step 1a)
- Risk of devastating fire (Sub step 1a)
- Risks of high timber value (Sub-step 1b)”

High timber value:

For the majority of the Project’s lifetime, the main opportunity cost for the land is the loss of income from harvesting the native forest. The majority of extracted timber (80-94%) is used for pulp and paper. This is a very low-value product: prices have hovered around \$8-10/ton over recent years⁵, and are continuing to decline as international markets demand plantation-sourced wood products. Forest carbon prices historically compare favorably: in 2009, the average price in compliance markets was over US\$10/ton⁶.

As the forests are allowed to recover from years of logging, the opportunity cost of not logging will increase. This is because a growing proportion of the merchantable timber will consist of saw log rather than pulp or paper. At roughly \$35/ton⁷, prime saw log has a much higher value than either alternative wood products or – historically – carbon. However, since the proportion of saw log will only increase over the Project’s lifetime and since the landowner is under contract to complete the Project, there is little risk of reversal of protection during the Project’s lifetime.

After completion of the Project, it is probable that most landowners will resume logging of the land. For this reason, this issue has been assigned a risk factor of ‘Medium’. However, three factors should be taken into account.

Firstly, after twenty-five years without logging, most of the native forests will have changed their condition. A higher proportion of the merchantable timber will be saw log quality, or approaching that state. Selective logging for saw log allows landowners to extract a significantly lower fraction of the biomass for the same return. This will maintain the carbon stocks at a higher level than the present period, so the Project will yield a net benefit in emission reductions.

Secondly, it is possible that carbon credits will continue to increase in value, particularly those with biodiversity and socioeconomic premiums like Redd Forests’ Projects. They may therefore be competitive not just with pulp, but also saw log.

Finally, there is a high probability of a policy shift towards the end of the Project’s lifetime, as social and cultural norms tend towards environmental conservation. Should this occur, this risk rating will be reduced to ‘Low’ as the forests will be

⁵ Private Forests Tasmania (2002) Tasmanian Market Information Update for Farm Forestry: Number 4 < <http://www.privateforests.tas.gov.au/files/active/0/marketreportpft4.pdf> > p12

⁶ Hamilton, K; Chokkalingam, U; Bendana, M (2009) State of the Forest Carbon Market, Ecosystem Marketplace

<http://www.ecosystemmarketplace.com/pages/dynamic/resources.library.page.php?page_id=7525§ion=our_publications&eod=1> [accessed 16/11/10]

⁷ Private Forests Tasmania (2002) Tasmanian Market Information Update for Farm Forestry: Number 4 < <http://www.privateforests.tas.gov.au/files/active/0/marketreportpft4.pdf> > p12

protected regardless of their increasing timber value.

Due to the variations in landowners' intentions and history, this risk factor is assessed separately for all instances. Refer to Appendix 1 of the Project file for each relevant Project activity instances.

Risk of technical failure:

"There is limited risk of technical failure during implementation of the IFM Project activities on new land parcels. The capabilities of the Redd Forests' team are detailed in Section 1.15, and consistent practices are maintained according to the company's standard operating procedures.

The Project has limited technical requirements following validation. No advancements in technologies or maintenance of technical systems are required for the Project's success.

The Project Proponents will each be provided with the resources and guidelines to assume responsibility for the Project. (see Section 1.15 and the Monitoring Plan) through training and the provision of a property transition file. This contains all of the necessary information, instructions, tools and contacts to allow the proponent to undertake the technical requirements associated with their obligations for verification and monitoring. This file contains;

- Paper and electronic copies of their Project specific PDD;
- Paper and electronic copies of the signed monitoring plan, including:
 - o The monitoring and verification schedule
 - o Guidelines for forest inventory techniques
 - o Data management and quality control procedures
 - o Guidelines for relevant parameters for using the relevant VCS methodologies
- KML files of the land parcels;
- Paper and electronic property maps identifying strata, plot locations and their proximity to access points;
- Electronic copies of original fieldwork data sheets;
- GPS coordinates for the permanent monitoring plots including waypoints for each of the plot boundaries;
- A copy of the following tools:
 - o The GreenCollar IFM LtPF Methodology
 - o The VCS Tool for AFOLU Methodological Issues
 - o The Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities
 - o The VCS Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination
 - o The Winrock Sampling Calculator (to apply the CDM Tool for the Calculation of the Number of Sample Plots for Measurements within A/R CDM Project Activities)
- Contact details of Redd Forests and a proposal to provide ongoing support in relation to undertaking the required monitoring tasks; and
- Contact details of accredited VCS validators.

The proponents will benefit from an increasingly educated network as more landowners adopt carbon financed Improved Forest Management as a mechanism to

generate revenue while enhancing privately owned native forests. Finally, Redd Forests and its external staff will also remain available to undertake any technical work, should they be required. This will grant the landowners ongoing access to staff with relevant qualifications and suitable experience.”

Risk of Management Failure:

“Due to the stable political and social environment, and the clearly established and communicated future requirements of the Project, management of the Project from this point has limited risk of failure.

The allocation of responsibilities and revenue are clearly delineated in all contracts. The nature of these responsibilities and the necessary resources are provided to the Project Proponent within the ‘property transition file’ specific to the land parcel. See also ‘Risk of Technical Failure’.”

Validator Response:

The Project Proponent has identified three risks that may be specific to each instance that will be assessed for each instance. These risks appear to be relevant to a specific instance. The Project Proponent has managed technical/management risk associated with ‘hand over’ to the Project Proponent should they wish to conduct the monitoring and reporting themselves. Standard Operating Procedures and an instant specific file will be handed to the Project Proponent. The contents of the file appears to be complete and is an appropriate mitigation response to potential technical and management failure.

NCR Number 2010.22 of 27 Dated 5th November 2010

Finding:

The FullCAM model outputs include both above ground biomass and belowground biomass in the total tree biomass output. The selected methodology requires the belowground biomass pool be excluded. Please explain how the belowground biomass pool is treated in the FullCAM outputs used.

Proponent Response:

The following text has been added to the PDD:

“Two values will be extracted from FullCAM for the baseline scenario. Firstly, the merchantable volume of timber (tree stems in m³/ha) will be used in Equations 3 and 4 to confirm the possible volume of extracted timber for each harvest. Secondly, the carbon stock of aboveground trees (tC/ha) will be used to determine the sequestration according to Equation 9.” (Section 4.2)

“The same data and model parameters entered into FullCAM for Equation 9 will be used *ex ante* to calculate the carbon stock in aboveground trees (tC/ha), the required output of Equation 15. For each stratum-specific model in FullCAM, the value extracted for the Project scenario was the carbon stock of aboveground trees (tC/ha).” (Section 4.3).

Validator Response:

The description of how the FullCAM model is applied and how belowground biomass is excluded is adequate to close this issue. The Project developer also demonstrated the application of the FullCAM model to the validator during the field visit which confirmed that the belowground biomass pool was excluded.

NIR Number 2010.23 of 27 Dated 5th November 2010

Finding:

Please provide more detail about the terms and conditions for landowners to place their land under conservation covenant.

Proponent Response:

Page 23 provides a review of conservation covenants as an alternative land use and states;

“The landowner places the entire forest estate within a Conservation Covenant that is binding on the land title. In the past, this would generate some income, typically in the form of a lump sum payment. Today, registration of a land parcel as a Conservation Covenant is entirely voluntary and is associated with no financial incentives. Like an IFM LtPF Project, this helps to maintain and enhance ecosystem services. However, many landowners have already pursued this option, which has been available since the *Nature Conservation Act 2002*. Landowners currently are only participating in covenant programs on a voluntary basis and the rate of landowners signing covenant agreements is declining. The carbon market provides an opportunity for diversification. Moreover, even when associated with financial incentives, Conservation Covenants were not competitive with the return even for low-value wood products. As a voluntary program, they certainly do not provide a viable means for protecting the carbon stocks in native, privately owned forests on a significant scale.”

Validator Response:

This response is adequate to close this NIR. Section 1.16 explains how areas classified as conservation covenants are excluded from the Project area. These areas classified as conservation covenants are mapped and well maintained by the State Government of Tasmania.

NCR Number 2010.24 of 27 Dated 5th November 2010

Finding:

In accordance with the methodology please clearly explain and justify the selection of uncertainty propagation in the VCS-PD.

Proponent Response:

Section 4.4 of the PDD reads:

Uncertainty is taken into account using Equations 25-26. This is calculated within a 95% confidence interval from error/variance with respect to Project area, sampling error, harvesting Projections and regrowth rates at a stratum-level.

The sampling error is automatically calculated by the Winrock Sampling Calculator, according to the error level for the number of plots completed for that stratum. Uncertainty with respect to the Project area is minimal, as GIS programs are used to truth the PI layer and cadastral parcels against satellite images obtained from Google Earth and SPOT (or a close equivalent). The uncertainty surrounding the targeted harvest levels will be subject to the landowners' logging history, understanding of the forest (as compared to fieldwork data and FullCAM modeling) and involvement with historical harvesting operations. This level of uncertainty is determined in accordance with the Redd Forests' standard operating procedures for IFM calculations. Error with respect to regrowth rates will be determined from field data at the comprehensive monitoring events every five years.

Before calculating using Equation 25 from the GreenCollar methodology, it is necessary to propagate the error. This is done in accordance with Equation 5.2.2 of the IPCC Good Practice Guidance for LULUCF⁸.

$$U_E = \frac{\sqrt{(U_1 \bullet E_1)^2 + (U_2 \bullet E_2)^2 + \dots + (U_n \bullet E_n)^2}}{|E_1 + E_2 + \dots + E_n|}$$

The uncertainty values from sampling error, variation in harvesting levels, etc is summed together to produce U_i . This is multiplied by E_i , the removal estimate for stratum i . The removal estimate is the percentage of the Project's total emission reductions contributed by that stratum. The resulting values for each stratum are individually squared and then summed. The square root of this sum is then calculated and divided by the sum of the removal estimates to produce U_E .

UE should be calculated separately for the Project and baseline scenarios, i.e. producing a figure $U_{|PRJ}$ and $U_{|BSL}$. These parameters are used to calculate uncertainty in accordance with Equation 25 and 26.

Validator Response: The response provided by the proponent describes a simple propagation of error approach that is consistent with good practice guidance. This approach is correctly presented in the calculation spreadsheet tab for uncertainty (Tab Equation 25).

NCR Number 2010.25 of 27 Dated 5th November 2010

Finding:

The new guidance provided by the 2011 states that Determination of baseline scenario and demonstration of additionality are based upon the initial Project activity instances. It also states that "Geographic areas with no initial Project activity instances shall not be included in the Project unless it can be demonstrated that such areas are subject to the same (or at least as conservative) baseline scenario and rationale for the demonstration of additionality as a geographic area that does include initial Project activity instances." Please make clear in the PD the data/evidence that will be collected to correctly implement VT0001 to demonstrate that new instances are subject to the same baseline scenario and rationale for demonstrating additionality.

Proponent Response:

The following text was added to the eligibility criteria in the PDD (Section 1.4):

1. The Project activity instance must contain standing native forests under threat from legal timber harvesting under Tasmanian regulation. This threat should be demonstrated by a history of logging, eligibility for Forest Practices Plans and/or a private timber reserve (see Section 1.7). Therefore, the forest in the instance should be subject to the baseline scenario outlined in Section 2.5 of this PDD, i.e. some combination of selective logging, clearfell with natural regeneration and clearfell for conversion to pasture (as permitted on

⁸ IPCC (2003) Good Practice Guidance for LULUCF, Institute for Global Environmental Strategies, Japan, pp 5.11. Available from < http://www.ipcc-nggip.iges.or.jp/public/gpglulucf/gpglulucf_files/Chp5/Chp5_1_&_5_2_Uncertainties.pdf > [viewed 29/04/11]

private native forests in Tasmania under the *Forest Practices Act 1985*, the Forest Practices Code 2000 and the Forest Practices Regulation 2007).

2. The Project activity instance must satisfy additionality through characteristics consistent with the PDD and first Project activity instance (Addition 1 – Connorville). Specifically, each Project activity instance must satisfy Step 2: Investment Analysis of the VCS Tool for the Demonstration and Assessment of Additionality (see Section 2.5). This will be achieved if Criteria 6 (above) is satisfied.
3. All carbon emissions and reductions must be calculated using the GreenCollar IFM LtPF methodology, with support and guidance from the Redd Forests' standard operating procedures for completing the calculations.
4. The Project must be implemented and managed in accordance with this PDD and the most recent versions of the Redd Forests' standard operating procedures, including those for stratification of the vegetation, developing the forest inventory through fieldwork and data management and quality assurance. Therefore, new Project activity instances must use and apply the technologies and measures specified in this document, unless improved systems become available (for example, updated versions of FullCAM or ArcGIS). In this case, a deviation must be submitted in the instance file to justify the use of different technologies or measures.

This explicitly states that new instances are subject to the same baseline scenario and rationale for demonstrating additionality.

The evidence that will be collected to demonstrate that new instances are subject to the same baseline includes (Section 1.7):

The Grouped Project relates to private land areas that have been and will continue to be harvested in compliance with these laws. The Grouped Project activities do not contravene or inhibit compliance with any of the above regulations.

- Description of the land use, both current and historical, within the instance;
- Documented evidence demonstrating that:
 1. The Project site is representative of other forestlands harvested in the country within the past two years;
 2. The Project site is within commercially viable distance to existing transport networks and a port for timber export or a mill for timber processing.”

This will demonstrate that logging of the native forests within the instance is widespread, permissible and viable, and consequently that the instance is threatened by further logging.

Because all Projects have a consistent baseline scenario and comparable regulatory environment, they will all share the same rationale for demonstrating additionality.

“Given that all instances within the Grouped Project are within the IFM VCS category, the Project Proponent will generate no financial or economic benefits other than income attained through the carbon market. For this reason and consistent with the VCS tool for additionality, each instance will require an assessment against the simple cost analysis (Sub step 2b, option 1).

...

In each instance, Project Proponents forfeit potential income from the sale of

woodchips and saw log timber. The market for woodchips has been declining by an average of 2.4% per year over the past twenty years⁹, though the price of good-quality saw log remains high (>\$30). The sheer volume of wood products per hectare mean that timber harvesting remains viable – particularly if it is the only means to generate revenue from native forests.

If the proponents were to continue the Project activity without carbon finance (i.e. let the forest stand without registration as a VCS Project) or register it as a conservation covenant, they would not generate any income from the land. While these are not attractive options, they are a viable alternative scenarios and cheaper than the CDM/VCS Project activity.

Therefore, the Project activity satisfies the investment analysis for additionality.

...

As outlined above, there are two comparable Projects to the grouped Project in Tasmania. However, even if the establishment of the Grouped Project allows improved forest management practices to become widespread in Australia, any discrete instance that conform to the eligibility criteria outlined in Section 1.5 will satisfy the VCS Tool for the Demonstration and Assessment of Additionality. Specifically, they satisfy the investment analysis in Step 2 because the landowners forfeit potential income from pulp and saw log with no alternative revenue except for carbon finance. For this reason, the proposed Project activity would not be implemented without the incentive of VCS approval and subsequent sale of carbon credits. Every instance within the Redd Forests' Grouped Project is therefore additional. (Step 4, 4b)

Validator Response: The Project Proponent developed eligibility criteria for the inclusion of new instances and developed the standard operating procedure for establishing the baseline for each instance. The improvements made to the PD suggest that all new instances will be subject to the same baseline scenario and rationale for demonstrating additionality.

NCR Number 2010.26 of 27 Dated 5th November 2010

Finding:

Whilst this Project is being validated against 2007.1, it is advised that the eligibility criteria for the inclusion of a new instance, specified in Section 3.4.2 of VCS 2011, are included in the criteria presented in the PD. In particular existing criteria 2, 4 and 5 should be strengthened. Please provide guidance on what needs to be collected/shown or what tool needs to be implemented to meet conformance with the eligibility criteria.

Proponent Response:

The following text has been added to list of eligibility criteria (Section 1.4 of the PDD):

To address Criteria 2: **“(New Project activity instances) use the technologies or measures specified in the Project description.”**

⁹ Ajani, J. (11/10/2007) Gunns' double-barrelled dilemma, *The Age*. Available from <<http://www.theage.com.au/news/business/gunns-doublebarrelled-dilemma/2007/10/10/1191695991840.html?page=fullpage#contentSwap1>> [accessed 22/02/2011]

“The Project must be implemented and managed in accordance with this PDD and the most recent versions of the Redd Forests’ standard operating procedures, including those for stratification of the vegetation, developing the forest inventory through fieldwork and data management and quality assurance. Therefore, new Project activity instances must use and apply the technologies and measures specified in this document, unless improved systems become available (for example, updated versions of FullCAM or ArcGIS). In this case, a deviation must be submitted in the instance file to justify the use of different technologies or measures.”

To address Criteria 4: **“(New Project activity instances) are subject to the baseline scenario determined in the Project description for the specified Project activity and geographic area.”**

“The Project activity instance must contain standing native forests under threat from legal timber harvesting under Tasmanian regulation. This threat should be demonstrated by a history of logging, eligibility for Forest Practices Plans and/or a private timber reserve (see Section 1.7). Therefore, the forest in the instance should be subject to the baseline scenario outlined in Section 2.5 of this PDD, i.e. some combination of selective logging, clearfell with natural regeneration and clearfell for conversion to pasture (as permitted on private native forests in Tasmania under the *Forest Practices Act 1985*, the *Forest Practices Code 2000* and the *Forest Practices Regulation 2007*).”

To address Criteria 5: **“(New Project activity instances) have characteristics with respect to additionality that are consistent with the initial instances for the specified Project activity and geographic area (e.g., the new Project activity instances have financial, technical and/or other parameters consistent with the initial instances, or face the same investment, technological and/or other barriers as the initial instances).”**

“The Project activity instance must satisfy additionality through characteristics consistent with the PDD and first Project activity instance (Addition 1 – Connorville). Specifically, each Project activity instance must satisfy Step 2: Investment Analysis of the VCS Tool for the Demonstration and Assessment of Additionality (see Section 2.5). This will be achieved if Criteria 6 (above) is satisfied.”

Moreover, Section 1.4 (Page 6) states the following;

“New Project activity instances will satisfy the following criteria:

1. The Project activity instance must fall within the Project area, comprising the state of Tasmania, Australia (see Section 1.5).
2. The duration of the crediting period for each instance must start and finish within the Grouped Project timeframe (see Section 1.6).
3. The instance must be privately owned, with written consent for the IFM Project obtained from all landowners.
4. Property Identification (PID) numbers, property names and landowners must be clearly identified.
5. Geo-referenced maps in both digital and hard copy are to be presented, clearly showing the property and Project activity instance boundaries.
6. The Project activity instance must contain standing native forests under threat from legal timber harvesting under Tasmanian regulation. This threat

should be demonstrated by a history of logging, eligibility for Forest Practices Plans and/or a private timber reserve (see Section 1.7). Therefore, the forest in the instance should be subject to the baseline scenario outlined in Section 2.5 of this PDD, i.e. some combination of selective logging, clearfell with natural regeneration and clearfell for conversion to pasture (as permitted on private native forests in Tasmania under the *Forest Practices Act 1985*, the Forest Practices Code 2000 and the Forest Practices Regulation 2007).

7. The Project activity instance must satisfy additionality through characteristics consistent with the PDD and first Project activity instance (Addition 1 – Connorville). Specifically, each Project activity instance must satisfy Step 2: Investment Analysis of the VCS Tool for the Demonstration and Assessment of Additionality (see Section 2.5). This will be achieved if Criteria 6 (above) is satisfied.
8. The Project activity instances must satisfy all requirements and applicability conditions as defined in the relevant VCS guidelines and the GreenCollar IFM LtPF methodology (see Section 1.8).
9. All carbon emissions and reductions must be calculated using the GreenCollar IFM LtPF methodology, with support and guidance from the Redd Forests' standard operating procedures for completing the calculations.
10. The Project must be implemented and managed in accordance with this PDD and the most recent versions of the Redd Forests' standard operating procedures, including those for stratification of the vegetation, developing the forest inventory through fieldwork and data management and quality assurance. Therefore, new Project activity instances must use and apply the technologies and measures specified in this document, unless improved systems become available (for example, updated versions of FullCAM or ArcGIS). In this case, a deviation must be submitted in the instance file to justify the use of different technologies or measures.
11. Each Project activity instance must be suitable for the Monitoring Plan (see Section 3.0).

Validator Response: The response to this NCR appears sufficient to address the VCS guidance for new instances in a grouped Project.

NCR Number 2010.27 of 27 Dated 5th November 2010

Finding:

Please present a procedure for the inclusion of new Project Proponents that is consistent with the VCS document Registration and Issuance Process.

Proponent Response:

Page 6 of the PDD States;

"Because this is a grouped Project, discrete areas to be managed under the selected IFM methodology will be defined within the Project area of Tasmania. These areas will be referred to as 'Project activity instances' or 'instances'. They will be identifiable by the Project Proponent or property (depending on which is the more appropriate identifier), and provided with a unique identification number. Each instance will have an individual file which will contain all of the information required under VCS guidelines and the chosen methodology. This file will be submitted at monitoring events, without the requirement for full validation.

New Project activity instances will satisfy the following criteria:

1. The Project activity instance must fall within the Project area, comprising the state of Tasmania, Australia (see Section 1.5).
2. The duration of the crediting period for each instance must start and finish within the Grouped Project timeframe (see Section 1.6).
3. The instance must be privately owned, with written consent for the IFM Project obtained from all landowners.

Property Identification (PID) numbers, property names and landowners must be clearly identified.

5. Geo-referenced maps in both digital and hard copy are to be presented, clearly showing the property and Project activity instance boundaries.
6. The Project activity instance must contain standing native forests under threat from legal timber harvesting under Tasmanian regulation. This threat should be demonstrated by a history of logging, eligibility for Forest Practices Plans and/or a private timber reserve (see Section 1.7). Therefore, the forest in the instance should be subject to the baseline scenario outlined in Section 2.5 of this PDD, i.e. some combination of selective logging, clearfell with natural regeneration and clearfell for conversion to pasture (as permitted on private native forests in Tasmania under the *Forest Practices Act 1985*, the *Forest Practices Code 2000* and the *Forest Practices Regulation 2007*).
7. The Project activity instance must satisfy additionality through characteristics consistent with the PDD and first Project activity instance (Addition 1 – Connorville). Specifically, each Project activity instance must satisfy Step 2: Investment Analysis of the VCS Tool for the Demonstration and Assessment of Additionality (see Section 2.5). This will be achieved if Criteria 6 (above) is satisfied.
8. The Project activity instances must satisfy all requirements and applicability conditions as defined in the relevant VCS guidelines and the GreenCollar IFM LtPF methodology (see Section 1.8).
9. All carbon emissions and reductions must be calculated using the GreenCollar IFM LtPF methodology, with support and guidance from the Redd Forests' standard operating procedures for completing the calculations.
10. The Project must be implemented and managed in accordance with this PDD and the most recent versions of the Redd Forests' standard operating procedures, including those for stratification of the vegetation, developing the forest inventory through fieldwork and data management and quality assurance. Therefore, new Project activity instances must use and apply the technologies and measures specified in this document, unless improved systems become available (for example, updated versions of FullCAM or ArcGIS). In this case, a deviation must be submitted in the instance file to justify the use of different technologies or measures.
11. Each Project activity instance must be suitable for the Monitoring Plan (see Section 3.0)."

Page 14 of the PDD then states:

Credit registration

“It is the responsibility of the Project Proponent to register credits. However, as the implementing partner, Redd Forests has been contracted to register the Project, open a VCS Registry Account in the name of each Project Proponent and to facilitate the issuance of the credits arising from the first verification. This will be completed in accordance with the VCS Guidance Document: VCS Project Registration and VCU Issuance Process (version 1.1).

The Project Proponent for each instance is responsible for co-coordinating the ongoing monitoring events and the registration of the credits in accordance with the VCS Guidance Document.”

Validator Response:

The changes to the PD appear to be sufficient to cover the Project requirements specified in the VCS document Registration and Issuance Process. This response is adequate to close this potential non-conformance.