



Delaware CO₂ Budget Trading Program

Offset Project Consistency Application Instructions

U.S. Forest Projects – Improved Forest Management

March 2019



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1. Overview

To demonstrate that a U.S. Forest offset project qualifies for the award of CO₂ offset allowances, a Project Sponsor must submit to the Delaware Department of Natural Resources and Environmental (Department), a fully completed *Offset Project Consistency Application – U.S. Forest Projects – Improved Forest Management* (“*Consistency Application*”), including the coversheet and all forms and related attachments. An incomplete *Consistency Application* will not be reviewed to determine consistency. Following these instructions will ensure that the *Consistency Application* contains all necessary information and is submitted properly.

Each Project Sponsor should review the CO₂ Budget Trading Program regulations at 7 DE Reg. 1147 addressing offset projects and the award of CO₂ allowances. All offset application materials and other documents are available at: <https://dnrec.alpha.delaware.gov/air/greenhouse-gas/offsets/>

Before the *Consistency Application* can be completed, the Project Sponsor must establish a general account and obtain an offset project ID code through the RGGI CO₂ Allowance Tracking System (RGGI COATS). The Project Sponsor identified in the *Consistency Application* must be the same as the Authorized Account Representative for the RGGI COATS general account identified in the *Consistency Application*. For information about establishing a RGGI COATS general account and offset project ID code, consult the RGGI COATS User’s Guide, available at: <https://rggi-coats.org/eats/rggi/>

Key eligibility dates and application submittal requirements for offset projects are as follows:

- U.S. Forest Projects may be applied for in a RGGI participating state (excluding NY and CT) or anywhere in the United States if Project State has entered into a Memorandum of Understanding with RGGI states.
- The *Consistency Application* must be submitted within one year after the project is commenced

2. Submission Instruction

Submit one (1) complete hardcopy original *Consistency Application* as well as an electronic copy in the form of a CD disk to the Department at the location specified below. Submit hardcopies of forms requiring signatures as originally-signed copies and scan such signed forms for electronic submission. Facsimiles of the *Consistency Application* are not acceptable under any circumstances.

***CO₂ Budget Trading Program
DNREC Division of Air Quality
100 W. Water Street, Suite 6A
Dover, Delaware 19904***

The *Consistency Application* has three parts, as described below. Each part comprises specified forms and required documentation. The *Consistency Application* has been created as a Microsoft Word document with editable fields. Enter information directly into the fields provided or submit information or documentation as an attachment, as directed. Include headers on all attachments indicating the form to which each is attached, the offset project name, and offset project ID code.

The Project Sponsor should save an electronic copy for his or her file to serve as a reference for any necessary remediation.



3. Consistency Application Forms

The *Consistency Application* includes twelve (12) forms, including coversheet, divided into three parts, as follows:

Part 1. General Information Forms

- Coversheet
- Form 1.1 – General Information
- Form 1.2 – Project Sponsor Attestations
- Form 1.3 – Project Sponsor Agreement
- Form 1.4 – Disclosure of Greenhouse Gas Emissions Data Reporting

Part 2. Category-Specific Information and Documentation Forms

- Form 2.1 – Project Description
- Form 2.2 – Demonstration of Eligibility
- Form 2.3 – Baseline Modeling
- Form 2.4 – Monitoring and Verification Plan
- Form 2.5 – Reversal Risk Rating

Part 3. Independent Verification Form

- Form 3.1 – General Information
- Form 3.2 – Independent Verifier Certification Statement and Report

The following instructions address each of the forms in numerical order. Note that the forms themselves include many embedded instructions.

Part 1. General Information Forms

The five (5) forms, including coversheet, in Part 1 of the *Consistency Application* address general requirements applicable to U.S. Forest – Improved Forest Management offset projects. Instructions for the Part 1 forms are provided below.

Coversheet

Enter the offset project name and ID code in the editable text fields.

Check the boxes to indicate which forms are being submitted. For information about entering the Project Sponsor, offset project name and offset project ID code, and RGGI COATS account name and number, see instructions below for Form 1.1, General Information.

Submit all forms including the Coversheet. If a required form is not submitted, the *Consistency Application* will not be considered complete for commencement of review by the Department.

Form 1.1. General Information

Consistency Application Instructions: U.S Forest Projects – Improved Forest Management, Version 3.0 – *March 14, 2019*



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Enter the requested information in the editable text fields in the Form. If a text field is not applicable or is unanswerable, enter “NA.” Note the following:

Offset Project ID Code: Enter the offset project ID code. The offset project ID code is the alphanumeric code generated when the Project Sponsor creates a record of the offset project in the RGGI CO₂ Allowance Tracking System (RGGI COATS). See the RGGI COATS User’s Guide for more information about creating an offset project record in RGGI COATS, available at: <https://rggi-coats.org/eats/rggi/>

Project Information: Enter project information. The name of the offset project should be the same name entered by the Project Sponsor when creating a project record in RGGI COATS. The project location entered should be the primary location of the project if the project consists of actions at multiple locations. The summary narrative of the project should indicate all locations where project actions occur or will occur.

Project Sponsor: Identify the Project Sponsor and provide his or her contact information. The Project Sponsor is the natural person who is the Authorized Account Representative for the RGGI COATS general account identified in the *Consistency Application*.

Project Sponsor Organization: Provide the full legal name of the organization the Project Sponsor represents, including any alternative names under which the organization also may be doing business (e.g., John Doe Enterprises, Inc., d/b/a JDE). If the Project Sponsor is representing himself or herself as an individual, enter “NA”.

RGGI COATS General Account Name and Number: Enter the RGGI COATS general account name and number. The RGGI COATS general account identified in the *Consistency Application* is the RGGI COATS account into which any awarded CO₂ offset allowances related to the offset project will be transferred.

Form 1.2 Project Sponsor Attestations

Sign and date the form. Submit the originally signed form as part of the paper hardcopy *Consistency Application*. Scan the signed and dated form for submission as part of the electronic version of the *Consistency Application*.

Form 1.3 Project Sponsor Agreement

Sign and date the form. Submit the originally signed form as part of the paper hardcopy *Consistency Application*. Scan the signed and dated form for submission as part of the electronic version of the *Consistency Application*.

Form 1.4 Disclosures of Greenhouse Gas Emissions Data Reporting

Check the appropriate box in the form to indicate whether greenhouse gas emissions data related to the offset project have been or will be reported to any voluntary or mandatory programs other than the CO₂ Budget Trading Program. For each program for which data have been or will be reported, provide the program name, the program type (voluntary or mandatory), program contact information (website or street address), the categories of data reported, the frequency of reporting, when the reporting began or will begin, and reporting status (prior, current, future). The Project Sponsor must disclose future reporting related to current commitments made to voluntary programs as well as future reporting mandated by current statutes, regulations, or judicial or administrative orders.



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Part 2. Category-Specific Information and Documentation Forms

The five (5) forms in Part 2 of the *Consistency Application* address category-specific requirements and documentation for U.S. Forest – Improved Forest Management offset projects. Instructions for the Part 2 forms are provided below.

Form 2.1 Project Description

Attach a detailed narrative of the actions to be taken by the offset project. The attached narrative must include a header that indicates it is an attachment to Form 2.1 and identifies the offset project name and offset project ID code. Check the boxes in Form 2.1 to indicate that the narrative included the required components. The narrative must include the following information:

1. **Land Owners.** Identify the owner(s) of the land within the offset project boundary. Attach a copy of the deed or title filed with the state or local registrar of deeds. State whether the landowner(s) leased subsurface or surface rights to other parties. Provide a table that includes each owner’s name, status (individual, corporation, LLC, partnership, LLP, trust, foundation, cooperative, government entity), ownership share, and expected role (Project Sponsor must be identified), if any, in the management of the offset project. The table should be formatted in a manner consistent with the example below and include a row for each distinct land owner:

Names on Fee Title	Status	Percent Ownership	Role in Offset Project

2. **Project Area.** Identify whether the offset project will take place on private or public lands. Confirm whether the project is located on land that is either owned by, or subject to an ownership or possessory interest of a Tribe, “Indian lands” of a Tribe, as defined by 25 U.S.C. §81(a)(1), or owned by any person, entity, or Tribe, within the external borders of such Indian lands. If the project is located on land that meets any of these criteria, the project must obtain a waiver of sovereign immunity between the tribe and the Participating State. Provide the longitude and latitude of the project, as well as total project area acreage.
3. **Conservation Easement.** Attach a copy of any conservation easements or other legal encumbrances (either an executed copy or a copy of the to-be-executed easement) encumbering the project boundary.
4. **Identify the Assessment Area(s).** Provide a table that lists each of the Supersections and Assessment Areas associated with the Project Area. The table should include a row for each Assessment Area and be formatted in a manner consistent with the example below:

<u>Supersection</u>	<u>Assessment Area</u>	<u>Acreage</u>
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Form 2.2 Demonstration of Eligibility

Attach documentation to Form 2.2 to demonstrate offset project eligibility. The attachment must include a header that indicates it is an attachment to Form 2.2 and includes the offset project name and offset project ID code.

The following documentation must be provided:

1. Demonstration of Tree Canopy Cover. Attach documentation that indicates that the project takes place on land with greater than 10 percent tree canopy cover.
2. Project Commencement. Identify the Project Commencement Date, as well as the action being used to demonstrate the offset project commencement date per Section 3.2 of the RGGI U.S. Forest Protocol.
3. Demonstration of Natural Forest Management. Describe how the project will meet the definition of Natural Forest Management according to Table 3.2 of the RGGI U.S. Forest Protocol. In order to meet the definition of Natural Forest Management, describe how the project will meet each of the following requirements:
 - Native Species: Describe what percentage of the standing live carbon pool will be comprised of native species. The project must consist of at least 95% native species, or must demonstrate that management practices will lead to this goal being met over the project life.
 - Species Diversity: Describe the percentage each distinct tree species comprises of total basal area. No single species may exceed the maximum percentage shown in the Assessment Area Data File under the “Species Diversity Index” column. If any single species exceeds this percentage, describe how the project will demonstrate a trend towards achieving the Species Diversity Index within the project life.
 - Sustainable Management: Indicate which of the following options the project will use to meet the sustainable management requirement, as applied to all forest landholdings owned or controlled by the Forest Owner.
 - No commercial harvesting is taking place within the Project Area.
 - Third party certification of sustainable management via Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), or Tree Farm System.
 - Adherence to a renewable long-term management plan demonstrating sustainable harvest levels sanctioned and monitored by a state or federal agency.
 - Employment of uneven-aged silvicultural practices and canopy cover retention averaging at least 40% across forest landholdings, as measured on any 20 acres within the entire forestland owned or controlled by the Forest Owner.
 - Structural Elements: Describe how the project will ensure that standing and lying dead wood is retained according to the requirements of Table 3.2 of the RGGI U.S. Forest Protocol for the duration of the project life.
 - Legal Requirement: Indicate whether the project is being implemented as result of any law, statute, regulation, court order, or other legally binding mandate. If so, explain.
 - Broadcast Fertilization: Indicate whether the project will employ broadcast fertilization.



Form 2.3 Baseline Modeling

Provide documentation of the sequestration baseline where indicated in Form 2.3 or as an attachment to Form 2.3, as directed below. Each attachment must include a header that indicates it is an attachment to Form 2.3 and includes the offset project name and offset project ID code. Multiple attachments may be integrated into a single document, as appropriate, as long as each element is clearly identified, as specified below. For submission of the electronic version of the *Consistency Application*, spreadsheets must be provided as a distinct electronic file or files (distinct spreadsheets may be incorporated into a single spreadsheet file, as appropriate, as long as each element is clearly identified, as specified below). Check the boxes in Form 2.3 to indicate that required documentation is attached and includes the required components.

The following documentation must be provided:

1. Modeling Plan. Describe the project’s modeling plan according to Appendix B, Section B.3 of the RGGI U.S. Forest Protocol. Indicate which approved growth model will be used for the project.
2. Initial Carbon Stocks. Provide the estimated initial above ground carbon stocking level per acre for the project.
3. Common Practice. Provide the Common Practice statistic associated with the Project Area. This must be calculated in accordance with Appendix F of the RGGI U.S. Forest Protocol.
4. Minimum Baseline Level. Calculate the Minimum Baseline Level according to Equations 6.5 or 6.6 of the RGGI U.S. Forest Protocol as appropriate, depending on whether the Initial Carbon Stocks are above or below Common Practice.
5. Estimated Baseline Carbon Stocks. Describe and estimate the project’s baseline onsite carbon stocks, explaining the modeled activity causing any changes in baseline carbon stocks over time. Attach a graph displaying the baseline carbon stocks (above ground standing live, belowground standing live, standing dead, and harvested wood products), as well as the overall 100 year average baseline stocking level.
6. Baseline Harvested Wood Products. Provide an estimate of carbon that will be stored in long-term harvested wood products in the baseline. Describe the method used to calculate baseline harvested wood products.
7. Legal Constraints. Provide a table detailing the legal constraints affecting forest management of the project, including a description of the constraint, its impact on forest management, and how the constraint is modeled in the baseline. The table should include one row for each constraint, and be formatted in a manner consistent with the example below:

Regulation (or other constraint)	Project Impact	Modeling Constraint

8. Financial Feasibility. Demonstrate how the project meets the financial feasibility requirement by either conducting a financial analysis of the anticipated growth and harvesting regime that captures all relevant costs and returns, taking into consideration all legal, physical, and biological constraints, using regional norms or



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documented costs and returns for the project area or other properties in the Project’s Assessment Area, or by providing evidence that activities similar to the proposed baseline growth and harvesting regime have taken place on other properties within the Project’s Assessment Area within the past 15 years.

Form 2.4 Monitoring and Verification Plan

Provide the Monitoring and Verification Plan (M&V Plan) as multiple attachments to Form 2.4. Each attachment must include a header that indicates it is an attachment to Form 2.4 and includes the offset project name and offset project ID code. Multiple attachments may be integrated into a single document as long as each element is clearly identified, as specified below. Check the appropriate boxes in Form 2.4 to indicate that required documentation is attached to the form.

The M&V Plan must include the following:

1. Designation of Inventory Methodology. Describe the inventory design, detailing the year of the inventory and how the sampling plots were selected. If the project is stratified, include the stratification rules, attach a map of vegetation strata, and describe the results of stratification (area by strata) and the tools for application (GIS, aerial photos, etc.).
2. Identification of Sampling Plots. Attach a map depicting the project boundary and the locations of the sampling plots as well as a list of the number, sizes, and coordinates of the plots. The attachment must include recent photos of the plots, and distinct plot identifiers to provide for verification of reported sequestered carbon by an independent verifier or the Department.
3. Documentation of Field Measurements. Attach a list that documents all field procedures that will be/were used to take measurements and monument the sampling plots.
4. Documentation of the Modeling Plan. Attach the project modeling plan that was used to update the inventory and describe the approved model. The modeling plan must contain all of the elements specified in Appendix B.3 of the RGGI U.S. Forest Protocol
5. Assessment of Forest Management Practices if Commercial Timber Harvest Activities Have Occurred. If commercial timber harvest activities are anticipated to occur, attach the assessment or certification issued by the American Tree Farm System (ATFS), Forest Stewardship Council (FSC), Sustainable Forestry Institute (SFI), or other similar organizations as approved by the Department ensuring that the land within the offset project boundary is being managed in accordance with environmentally sustainable forestry practices. If the certification has not been provided yet, state that the certification will be completed prior to the completion of the first reporting period. If no commercial harvesting activities are anticipated to take place, state as such.
6. Documentation of Quality Assurance Procedures Conducted. Document the quality assurance procedures for the project that will ensure accuracy in data collection, data analysis, and data storage.

Form 2.5 Reversal Risk Rating

Provide the Reversal Risk Rating calculation in a table formatted in a manner consistent with the table below:
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Risk Category	Forest Projects not on public lands or without a Qualified Conservation Easement	Forest Project on public lands or with a Qualified Conservation Easement
Financial Risk	5% (Default Value)	1% (Default Value)
Illegal Forest Biomass Removal	0% (Default Value)	0% (Default Value)
Conversion	2% (Default Value)	0% (Default Value)
Over-harvesting	2% (Default Value)	0% (Default Value)
Social	2% (Default Value)	2% (Default Value)
Wildfire	___% (Must be supported per Appendix D, Table D.7) or 4% (Default Value)	___% (Must be supported per Appendix D, Table D.7) or 4% (Default Value)
Disease or Insect Outbreak	3% (Default Value)	3% (Default Value)
Other Catastrophic Events	3% (Default Value)	3% (Default Value)

Include the overall calculation of the Reversal Risk Rating according to the calculation displayed in Appendix D:

$$\text{Reversal Risk Rating} = 100\% - ((1 - \text{Financial Risk \%}) \times (1 - \text{Illegal Forest Biomass Removal \%}) \times (1 - \text{Conversion \%}) \times (1 - \text{Over-harvesting \%}) \times (1 - \text{Social Risk \%}) \times (1 - \text{Wildfire \%}) \times (1 - \text{Disease/Insect Outbreak \%}) \times (1 - \text{Other Catastrophic Events \%}))$$

Part 3. Independent Verification Form

The two (2) forms in Part 3 of the *Consistency Application* addresses requirements and documentation related to the independent verifier general information and certification statement and report. Instructions for the forms in Part 3 are provided below.

Form 3.1 General Information

Enter the requested information in the editable text fields in the form. If a text field is not applicable or is unanswerable, enter “NA.”

Form 3.2 Independent Verifier Certification Statement and Report

An accredited verifier must sign and date the form. Submit the originally signed form as part of the paper hardcopy of the *Consistency Application*. Scan the signed and dated form for submission as part of the electronic version of the *Consistency Application*.

Provide the independent verifier report as an attachment to Form 3.2. The verifier report must include a header that indicates it is an attachment to Form 3.2 and includes the offset project name and offset project ID code.

The verifier report must document the following:

1. The verifier has reviewed the entire *Consistency Application* and evaluated the contents of the application in relation to the applicable requirements of 7 DE Reg. 1147-10.



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2. The verifier has evaluated the adequacy and validity of information supplied by the Project Sponsor to demonstrate that the offset project meets the applicable eligibility requirements of 7 DE Reg. 1147-10.3 and 10.5.
3. The verifier has evaluated the adequacy and validity of information supplied by the Project Sponsor to demonstrate baseline CO₂-equivalent sequestration, pursuant to the applicable requirements 7 DE Reg. 1147-10.5.
4. The verifier has evaluated the adequacy of the Monitoring and Verification Plan submitted pursuant to 7 DE Reg. 1147-10.5.

The verifier report must include the following contents, in the order listed below:

- Cover page with report title and date
- Table of contents
- List of acronyms and abbreviations
- Executive summary
- Description of objective of report
- Identification of the client, including name, address, and other contact information
- Identification of the offset project
- Description of evaluation criteria (applicable regulatory provisions and documentation required in the *Consistency Application*)
- Description of the review and evaluation process, including any site visits and interviews
- Identification of individuals performing the verification work, including the verification team leader and key personnel, and contact information for the team leader
- Description of the materials provided to the verifier by the Project Sponsor
- Evaluation conclusions and findings, including level of assurance provided