

WAC 173-446-570 Forestry offset reversals. (1) For forest sequestration projects, a portion of ecology offset credits issued to the offset project operator will be placed by ecology into the forest buffer account.

(a) The number of ecology offset credits that must be placed in the forest buffer account shall be determined as set forth in the applicable version of the compliance offset protocol.

(b) Ecology offset credits will be transferred to the forest buffer account by ecology at the time of ecology offset credit registration under WAC 173-446-565.

(c) If a forest offset project is originally listed by an offset project registry, an equal number of registry offset credits must be removed or canceled by the offset project registry, such that those registry offset credits are no longer available for use in transactions on the offset project registry system, and issued by ecology for placement in the forest buffer account.

(d) The ecology offset credits placed into the forest buffer account must correspond to the reporting period for which the ecology offset credits are issued.

(2) Unintentional reversals. If there has been an unintentional reversal, the offset project operator or authorized project designee must provide written notification of the reversal to ecology or the offset project registry, as applicable, and provide an explanation of the nature of the unintentional reversal within 30 calendar days of its discovery.

(a) In the event of an unintentional reversal, the offset project operator or authorized project designee shall provide in writing to ecology or the offset project registry, as applicable, a completed verified estimate of current carbon stocks within the offset project boundary within 23 months of the discovery of the unintentional reversal.

To determine the verified estimate of current carbon stocks, a full offset verification must be conducted, including a site visit. The verified estimate may be submitted as a separate offset verification service, or incorporated into a chapter of the detailed verification report prepared under WAC 173-446-535 (4)(e)(iii) when offset verification services are conducted for an offset project data report.

(b) After an unintentional reversal, the offset project operator or authorized project designee does not need to submit an offset project data report until the required verified estimate of current carbon stocks within the offset project boundary is completed.

(c) If ecology determines that there has been an unintentional reversal, and ecology offset credits have been issued to the offset project, ecology will retire a number of those ecology offset credits from the forest buffer account. Ecology will retire the number of ecology offset credits equal to the number of metric tons CO₂e reversed for all reporting periods.

(3) Intentional reversals. Requirements for intentional reversals are as follows:

(a) If an intentional reversal occurs, the offset project operator or authorized project designee shall, within 30 calendar days of the intentional reversal:

(i) Provide notice, in writing, to ecology or the offset project registry, as applicable, of the intentional reversal; and

(ii) Provide a written description and explanation of the nature of the intentional reversal to ecology or the offset project registry, as applicable.

(b) Within one year of the occurrence of an intentional reversal, the offset project operator or authorized project designee shall submit to ecology or the offset project registry, as applicable, a completed verified estimate of current carbon stocks within the offset project boundary.

To determine the verified estimate of current carbon stocks, a full offset verification must be conducted, including a site visit. The verified estimate may be submitted as a separate offset verification services, or incorporated into a chapter of the detailed verification report prepared under WAC 173-446-535 (4)(e)(iii) when offset verification services are conducted for an offset project data report.

(c) If an intentional reversal occurs from a forest offset project, and ecology offset credits have been issued to the offset project, the current or most recent (in the case of an offset project after the final crediting period) forest owner(s) must submit to ecology for placement in the retirement account a number of valid ecology offset credits or other approved compliance instruments within six months of notification by ecology. The forest owner(s) must turn in the number of such valid compliance instruments equal to the number of metric tons CO₂e reversed for all reporting periods.

(d) Notification by ecology of the requirement to submit compliance instruments under (c) of this subsection will occur after the verified estimate of carbon stocks has been submitted to ecology, or after one year has elapsed since the occurrence of the reversal if the offset project operator or authorized project designee fails to submit the verified estimate of carbon stocks.

(e) If the forest owner(s) fails to submit the required number of valid ecology offset credits or other approved compliance instruments to ecology within six months of notification by ecology under (d) of this subsection, ecology will retire a number of ecology offset credits equal to the difference between the number of metric tons of CO₂e determined pursuant to this section and the number of retired approved compliance instruments from the forest buffer account, and the forest owner(s) will be subject to enforcement action under WAC 173-446-610. Each ecology offset credit retired from the forest buffer account pursuant to this subsection will constitute a separate violation.

(f) Early project terminations. If a project termination, as defined in the applicable compliance offset protocol, occurs to a forest offset project, and ecology offset credits have been issued to the offset project, the current or most recent (in the case of an offset project after the final crediting period), forest owner(s) must submit to ecology for placement in the retirement account the number of valid ecology offset credits or other approved compliance instruments equal to the number of ecology offset credits issued to the offset project for each reporting period, except for improved forest management forest offset projects. If the project is an improved forest management forest offset project, the number of metric tons CO₂e reversed must be multiplied by the compensation rate in the applicable compliance offset protocol.

(i) Ecology will notify the forest owner(s) of how many ecology offset credits must be replaced with valid compliance instruments.

(ii) The forest owner(s) must submit to ecology for placement in the retirement account a valid ecology offset credit or another ap-

proved compliance instrument for each ecology offset credit required to be replaced within six months of ecology's retirement.

(iii) If the forest owner(s) fails to submit the required number of valid ecology offset credits or other approved compliance instruments to ecology within six months of ecology's notification, ecology will retire the number of ecology offset credits equal to the difference between the number of metric tons of CO₂e determined pursuant to this section and the number of retired approved compliance instruments from the forest buffer account, and the forest owner(s) will be subject to enforcement action under WAC 173-446-610. Each ecology offset credit retired from the forest buffer account pursuant to this subsection will constitute a separate violation.

(4) Disposition of forest sequestration projects after a reversal. If an unintentional or intentional reversal lowers the forest offset project's actual standing live carbon stocks below its project baseline standing live carbon stocks, the forest offset project will be terminated by ecology or the offset project registry, as applicable.

(a) If the forest offset project is terminated due to an unintentional reversal, ecology will retire from the forest buffer account the number of ecology offset credits equal to the total number of ecology offset credits issued pursuant to WAC 173-446-555.

(b) If the forest offset project is terminated due to an unintentional reversal, another offset project may be subsequently initiated and submitted to ecology or an offset project registry for listing within the same offset project boundary.

(c) If the forest offset project has experienced an unintentional reversal and its actual standing live carbon stocks are still above the approved baseline levels, it may continue without termination as long as the unintentional reversal has been compensated by the forest buffer account pursuant to subsection (2)(b) of this section. The offset project operator or authorized project designee must continue contributing to the forest buffer account in future years.

(d) If the forest offset project is terminated due to any reason except an unintentional reversal, new offset projects may not be initiated within the same offset project boundary, unless otherwise specified in the applicable compliance offset protocol.

(5) Change of forest owner or offset project operator. When a forest owner or offset project operator changes, whether by merger, acquisition, or any other means, the successor forest owner or offset project operator, after the change in ownership, as applicable, is expressly liable for all obligations of the predecessor forest owner or offset project operator to submit compliance instruments under this chapter. For the avoidance of doubt, this obligation of the successor forest owner or offset project operator, as applicable, consists of the difference between the number of metric tons of CO₂e determined pursuant to this section and the number of valid ecology offset credits or other approved compliance instruments submitted by the predecessor forest owner.

[Statutory Authority: RCW 70A.65.220. WSR 22-20-056 (Order 21-06), § 173-446-570, filed 9/29/22, effective 10/30/22.]