

# VERIFICATION REPORT

## *American Carbon Registry*

### *ACR398: Bluesource – Doe Mountain Improved Forest Management Project*

**Reporting Period:**  
**10 October 2018 to 9 October 2019**

**Prepared for:**

**Bluesource LLC**

**9 June 2020**



AMERICAN CARBON REGISTRY



ISO 14065 Greenhouse Gas  
Validation and Verification Body  
#0821

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<b>Project Title</b>	Bluesource – Doe Mountain Improved Forest Management Project
<b>Client</b>	Bluesource LLC
<b>Project Location</b>	Tennessee
<b>Reporting Period</b>	10 October 2018 to 9 October 2019
<b>Prepared by</b>	SCS Global Services (SCS)
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<b>Audit Team</b>	Lead Auditor: James Cwiklik, Verification Forester Verifier: Alexa Dugan, Verification Forester Technical Reviewer: Michael Hoe, Verification Forester

## Summary

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SCS Global Services (SCS) has performed the verification of the Bluesource – Doe Mountain Improved Forest Management Project (“the Project”) developed by Blue Source, for Doe Mountain Recreation Authority (“the Project Proponent”). This assessment covers the Project’s greenhouse gas emission reductions reported to the American Carbon Registry (the Registry or ACR) for the reporting period 10 October 2018 to 9 October 2019. This report presents the verification process, the findings raised during the assessment, and the conclusion reached by SCS.

This verification was undertaken to evaluate the representations provided in the Monitoring Report and assess whether the compiled data conforms to the assessment criteria. The evaluation was undertaken using the ACR Standard, Version 5.1 (July 2018), Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3 (April 2018), and the ACR Validation and Verification Standard, Version 1.1 (May 2018).

In the course of this assessment the SCS verifiers developed findings which included New Information Requests (NIRs), Non-Conformity Reports (NCRs) and Observations (OBSs). During this verification 2 findings were issued: 2 NCR, 0 NIR and 0 OBS. These findings are described in Appendix C. All NCRs and NIRs have been adequately responded to, resulting in their closure. OBSs are potential non-conformances that have been memorialized for future verifications.

SCS verified the adequacy of the information provided in the Monitoring Report and supporting documents, confirming that the documents meets the requirements of the assessment criteria. On the basis of the information made available to SCS and the analyses completed, SCS was able to reach a positive opinion, with a reasonable level of assurance, that, the claimed emission reductions and removals presented by Bluesource LLC meets the requirements of ACR. Thus, SCS has verified 154,770 metric tonnes of CO<sub>2</sub>e reductions and removals from the Bluesource – Doe Mountain Improved Forest Management Project for the reporting period of 10 October 2018 to 9 October 2019.

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# 1 Introduction

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SCS Global Services (SCS) is a global leader in third-party certification, auditing, testing services, and standards. Established as an independent third-party certification firm in 1984, our goal is to recognize the highest levels of performance in environmental protection and social responsibility in the private and public sectors, and to stimulate continuous improvement in sustainable development. In 2012, Scientific Certification Systems, Inc. began doing business as SCS Global Services, communicating its global position with offices and representatives in over 20 countries. SCS is currently accredited to ISO 14065 for GHG Validation and Verification by the American National Standards Institute (ANSI) and offers carbon offset project validation and verification under the Verified Carbon Standard (VCS) and the American Carbon Registry (ACR). SCS also offers carbon offset verification under the Climate Action Reserve (CAR) and the Climate, Community and Biodiversity (CCB) standards.

This document reports on verification activities for the Bluesource – Doe Mountain Improved Forest Management Project. Activities were focused on the evaluation of the Monitoring Report against the requirements of the ACR Standard, the ACR Validation and Verification Standard, and the ACR Methodology, “IFM Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands” (referred to collectively as the ACR Requirements). This report presents the findings of the assessment and provides a description of the steps involved in the verification process.

## 1.1 Project Description

The Project improves forest management on Doe Mountain Recreation Authority forests, with forest management practices representing an improvement in the carbon storage and conservation value compared to higher return management regimes of industrial private lands in the region, which are characterized by shorter, even-aged rotations. The project is located in Johnson County Tennessee, in the northeast of the state, on 8,485.58 acres of mixed hardwoods, oak-hickory, cover forest, and oak-pine. The project describes the project activities as having a focus on sustainable, natural forest growth and non-commercial maintenance harvests to reduce hazards for recreation users and forest health. In addition, the project ensures long-term sustainable management of the forests, which could otherwise undergo commercial timber harvesting.

## 1.2 Audit Team

The SCS audit team consisted of the following individuals:

### **Lead Verifier: James Cwiklik, SCS Global Services, Verification Forester**

Mr. Cwiklik holds a Masters of Forestry from Michigan Technological University. He completed his undergraduate work at the University of Pittsburgh, receiving a B.A. in Environmental Studies, with a minor in Religious Studies and a certificate in Geographic Information Systems. Previously he has been a Lead Consulting Forester with Davey Tree’s Resource Division supervising a team of foresters for Pacific Gas and Electric’s (PG&E) Community Pipeline Safety Initiative (CPSI) project. Mr. Cwiklik is a certified

Arborist and has contributed to the efforts of eradicating the Asian long horned beetle in southwestern Ohio as an Inventory Arborist and Quality Control Specialist. He has also worked with the Michigan Department of Natural Resources as a Forest Technician Crew Leader to lead forest inventories across northern Michigan with an emphasis on the spread of emerald ash borer and beech bark disease. Since joining SCS in February 2018, he has conducted multiple site visits under different standards to assist with data collection, analysis, and field training.

**Verifier: Alexa Dugan, SCS Global Services, Verification Forester**

Ms. Dugan holds a Master's in Geography from the University of Wyoming where she researched historical wildfire dynamics across the South Rim of Grand Canyon National Park. As a Graduate Research Assistant, she served as both a field and laboratory supervisor, overseeing the sampling, processing, and crossdating of tree cores and fire scar evidence. She completed her B.S. in Geography with minors in GIS, Spanish, and International Studies at Pennsylvania State University. Prior to joining SCS, Ms. Dugan worked for the U.S. Forest Service as a GIS Data Specialist and later a Natural Resource Specialist. At the Forest Service, she led the development of forest carbon assessments across the National Forest System and modeled forest sector climate change mitigation scenarios for several state partners. Ms. Dugan has also developed and delivered technical workshops for academic and governmental associates abroad in topics including GIS, Python programming, and forest inventory techniques. Early in her career, she worked as a Forest Inventory and Analysis Technician in Colorado. Ms. Dugan is based in Philadelphia, Pennsylvania.

**Independent Reviewer: Michael Hoe, SCS Global Services, Verification Forester**

Mr. Hoe has a M.S. in Sustainable Forest Management, with a minor in Forest Biometrics, from Oregon State University, where he also received his B.S. As a Graduate Research Assistant for OSU he organized a field crew and measurement protocol to obtain high quality field data. Previously he has been a Forester with Mason, Bruce, & Girard Inc, assisting with project management, quality control, and timber cruising. Mr. Hoe has also conducted research with the Bureau of Land Management, obtaining data on tree growth and damage through extensive field work. He has taught Forest Mensuration and plans to publish two papers on quantifying post-fire basal area mortality with multi-temporal LiDAR. Since joining SCS in 2016, he has conducted multiple site visits for domestic and international projects, leading audits, contributing to data analysis, the interpretation of remote sensing, and report writing. Michael is a Registered Professional Forester in the state of California and speaks Spanish at a professional level.

## 2 Assessment Details

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### 2.1 Assessment Objectives

**The objectives of verification are to evaluate:**

- Reported GHG baseline, project emissions and emission reductions/removal enhancements, leakage assessment, and impermanence risk assessment and mitigation (if applicable);
- Any significant changes to the project procedures or criteria since the last verification;
- Any significant changes in the GHG project's baseline emissions and emission reductions/removal enhancements since the last verification

## 2.2 Scope and Criteria

The scope of this assessment will be defined as the following:

- The Project and its baseline scenarios:
  - Confirm that no changes have occurred since the previous verification
- The project boundaries:
  - Confirm that no changes have occurred since the previous verification
- Assessment of the management systems, data handling and estimation methods used in calculating and reporting emissions data;
- Assessment of and issuance of an opinion on issues of leakage and additionality;
- Assessment of data accuracy and any assumptions made in the manipulation of that data;
- Validation that the organization is operating according to the methodology approved by ACR;
- Determine whether the project could reasonably be expected to achieve the claimed GHG reduction/removals;
- Assessment of completeness of the inventory;
- Verification of emissions reductions and removals reported;
- Verification that a measurement and monitoring system is in place that is capable of delivering high quality carbon stock data;
- Verification that the organization is operating according to the methodology approved by the ACR;
- Verification that the carbon stocks reported are real; and
- Conclusions developed on the declared tonnage for registration in ACR.
- The GHG sources, sinks and/or reservoirs that are applicable to the Project:
  - Baseline: Standing Live, Below Ground Live, Harvested Wood Products
  - Project: Standing Live, Below Ground Live, Harvested Wood Products
- The reporting period: 10 October 2018 to 9 October 2019

SCS conducted the verification assessment of the project and project documentation against the following criteria:

- American Carbon Registry Standard, Version 5.1
- ACR Approved Methodology: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3

As an ANSI-accredited verification body, SCS conducted the verification to the requirements of:

- ACR Validation and Verification Standard, Version 1.1
- ISO 14064-3: 2006, Greenhouse Gases – Part 3: Specification with guidance for the validation and verification of GHG assertions



## 2.3 Level of Assurance and Materiality

SCS performed the assessment activities to a **reasonable level** of assurance in accordance with the assessment criteria. Reasonable assurance is attained by examining a sufficient amount of information, through document review, site visits, and interviews with personnel involved in the execution of the Project. SCS applied a materiality threshold of  $\pm 5\%$ ; meaning, the reported emissions were free of material misstatements, omissions, and errors achieving a minimum level of at least 95% accuracy, in accordance with ACR's materiality threshold.

## 3 Verification Process

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### 3.1 Method and Criteria

SCS performed the verification through a combination of document reviews, and interviews with relevant personnel, as discussed in Section 3.3 through 3.6 of this report. At all times SCS assessed the Project's conformance to the criteria described in Section 2.2 of this report. As discussed in Section 3.6, the audit team issued findings to ensure that the project fully conformed to all requirements. Verification activities included the following:

### 3.2 Assessment Summary

The desk verification process consisted of the following:

1. **Project status updated on the ACR Registry:**

The Bluesource – Doe Mountain Improved Forest Management Project is listed on the Registry website. The status was updated to 'Verifier approved' on 16 December 2019 for the second reporting period (RP2). Bluesource LLC selected SCS as their verification body.

2. **Conflict of Interest Review.**

The conflict of interest assessment was conducted by SCS to identify any potential conflicts for the audit team and the COI form was submitted to ACR. No conflicts were identified and a determination of low potential for conflict of interest was received from ACR on December 4, 2019 prior to the commencement of verification activities.

3. **Appointment of Audit Team**

This verification was performed by James Cwiklik, SCS Lead Verifier, Alexa Dugan, Verifier, and reviewed by Michael Hoe, SCS Internal Reviewer. James Cwiklik and Michael Hoe are lead verifiers approved by SCS.

4. **Project Kick-Off Meeting**

A kick-off meeting was conducted between the verification team along with Cakey Worthington of Bluesource LLC on 19 December 2019. The purpose of the kick-off meeting was to review the

timeline of audit; confirm verification criteria; determine any changes in the site, sources, GHG management systems or personnel; and to begin gathering information.

#### 5. **Desk Review**

SCS received and reviewed the Monitoring Report and supporting documentation. A risk assessment was conducted to identify key factors that impact the reported emission reductions and removals. A Verification Plan was designed to review all project elements in areas of high risk of inaccuracy or non-conformance.

#### 6. **Site Visit**

No site visit is required as this is a desk review.

During the kick off call, the Project Developer confirmed there were no changes to the GHG Management system, data collection and handling or procedures since the previous site visit.

#### **Quantitative Review**

An assessment of the emission reduction calculation inputs and procedures was performed to review the quantitative analyses undertaken by Bluesource to convert the raw inventory data into emission reduction estimates.

#### 7. **Findings**

Throughout the verification, there is an iterative exchange between SCS and Bluesource to gather additional information for review and examination. This exchange includes the issuance of Findings—New Information Requests (NIR), Non-Conformity Reports (NCR) and Observations (OBS) — by SCS. The Project Proponent must respond to NIRs and NCRs in order for SCS to render a verification opinion. At this time all Findings have been appropriately addressed by Bluesource and subsequently closed by SCS. See section 3.5 for more information.

#### 8. **Draft Report and Statement**

This step in the verification process includes a final review of the submitted data, completion of the Verification Report, and drafting of the Verification Statement. A draft Verification Report and Statement are completed based on the results of the verification assessment.

#### 9. **Technical Review**

The draft report was presented to an SCS lead verifier, independent of the verification, who determined the Verification Statement to be justified given the evidence presented. The Verification Report and Verification Statement were then presented to Bluesource LLC for review and comment.

#### 10. **Final Report and Opinion**

Once Bluesource LLC approved these documents, SCS uploaded them to the Registry website for administrative review by ACR. Given a positive review, ACR will register the emissions reductions for the project and issue carbon tonnes for a reporting period of 10 October 2018 to 9 October 2019.

**11. Exit meeting with client:**

The exit meeting entails a review of the assessment process, summary of the verification findings, and to initiate scheduling for the next verification period.

**3.3 Document Review**

SCS conducted a document review to inform the planning process prior to verification activities. SCS carefully reviewed the Monitoring Report for conformance to the assessment criteria. A list of other documentation reviewed by the audit team is provided in Appendix B.

The verification process is a risk-based assessment aimed at identifying key factors that impact the reported emission reductions and removals. As a result of the document review and correspondence with project personnel, an audit plan and a sampling plan were developed for this engagement. SCS assessed the GHG Project Plan with actual project conditions, reviewed the baseline and project scenarios, assessed the eligibility, additionality, GHG emission reduction assertion and the underlying monitoring data to determine if either contained material or immaterial misstatements. The results of these reviews are discussed in greater detail below.

**3.4 Interviews**

Interviews constituted an important component of the audit process to help the audit team better understand the dynamics of the Project, the activities implemented in the Project, and how the reductions were real and accurate. The audit team interviewed the following personnel associated with the project proponent and any implementing partners. The phrase “Throughout audit” under “Date Interviewed” indicates that the individual in question was interviewed on multiple occasions throughout the audit process.

Individual	Affiliation	Date Interviewed
<b>Cakey Worthington</b>	Bluesource LLC.	Throughout the audit
<b>Ian Hash</b>	Bluesource LLC.	Throughout the audit

**3.5 Site Inspections**

No site visit is required as this is a desk review.

**3.6 Resolution of Any Material Discrepancy**

The Project Proponent and audit team resolved any potential or actual material discrepancies identified during the assessment process through the issuance of findings. SCS characterizes the types of findings it issued as follows:

**Non-Conformity Report (NCR):** An NCR signified a material discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a positive statement.

**New Information Request (NIR):** An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the Project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a positive statement.

**Observation (OBS):** An OBS indicated an area that should be monitored or ideally, improved upon. OBSs were considered to be an indication of something that could become a non-conformity if not given proper attention, and were sometimes issued in the case that a non-material discrepancy was identified. OBSs were considered to be closed upon issuance.

All NCRs and NIRs issued by the audit team during the assessment process have been closed. Appendix C lists all findings issued during the verification process.

## 4 Verification Findings

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### 4.1 Project Design

#### 4.1.1 Project Proponent

As indicated within the ACR GHG Project Plan Eligibility Screening form, the Project Proponent is the Doe Mountain Recreation Authority. The Plan indicates that the ACR account holder is Bluesource LLC, which SCS confirmed by reviewing the ACR website.

#### 4.1.2 Project Title

The GHG Plan notes the Project title as *“Bluesource – Doe Mountain Improved Forest Management Project”* which was confirmed on the ACR website.

#### 4.1.3 Project Type

The Monitoring Report notes the Project type as Improved Forest Management. The Project follows the approved ACR methodology: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3, as stated in the GHG Project Plan.

#### 4.1.4 Location

The project area is located in Johnson County, Tennessee. The project encompasses several parcels of mixed hardwoods, oak-hickory, oak-pine, and cove forest totaling approximately 8,486 acres.

Description	Included / Excluded	Gas	Justification
Above-ground biomass carbon	Included		Major carbon pool subjected to the project activity.
Below-ground biomass carbon	Included		Major carbon pool subjected to the project activity.
Standing dead wood	Included		Major carbon pool in unmanaged stands subjected to the project activity.
Harvested wood product	Included		Major carbon pool subjected to the project activity

#### 4.1.5 Project Summary and Action

SCS confirmed the Monitoring Report included a brief summary of the Project including the Project action.

#### 4.1.6 Ex-Ante Offset Projection

The project personnel provided ex-ante estimations of the baseline emissions avoided per each vintage of emission reductions, which SCS verified in its evaluation of data and calculations. See Section 4.3 below.

#### 4.1.7 Scope

The Project is a(n) Improved Forest Management project, as defined by ACR, within the Land Use Change and Forestry sector as defined by the methodology: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3. The Project complies fully with the criteria as set out in Section A.1 of the methodology.

#### 4.1.8 Parties

As this was previously validated and verified during the initial full verification, this was not assessed.

#### 4.1.9 Project Boundary

The project is located in Johnson County, Tennessee. The sources, sinks, and reservoirs of GHG emissions within the project boundary are listed in the table below. This is the case for both the baseline and Project scenarios.

### 4.2 Project Applicability & Eligibility

The ACR methodology provides a series of requirements for scope and applicability in Section A.2, in addition to the latest ACR program eligibility requirements as found in the ACR Standard. SCS confirmed

that the GHG Project Plan indicates how each applicability condition is met including supplemental requirements stipulated by ACR during the first validation and verification for the reporting period of 10 October 2018 through 9 October 2019.

### **Applicability Conditions**

SCS assessed the Monitoring Report against the requirements of the ACR documents listed in Section 2.2 of this report. Validation under ACR occurs once per crediting period and includes an in-depth assessment of the GHG Project Plan and supporting documentation to determine whether the Project is in conformance with ACR Requirements. Verification occurs once per reporting period, in this case for the reporting period of 10 October 2018 through 9 October 2019. The following sections describe the elements of the Monitoring Report that were examined.

#### **4.2.1 Project Start Date**

In accordance with Chapter 3 of the ACR Standard, the start date is defined as the date at which the project began to reduce GHG emissions against its baseline. As this project was previously verified and validated, the project Start Date was not assessed.

#### **4.2.2 Minimum Project Term**

There is no minimum term requirement for projects that reduce GHG emissions from project activities. Nonetheless, SCS confirmed the project personnel provided a timeline with a project term of 40 years, with annual monitoring, reporting and verification in the GHG Plan.

#### **4.2.3 Crediting and Reporting Period**

In ACR, the eligible crediting period for this type of project is listed as 20 years. SCS has confirmed the crediting period of 20 years, 10 October 2017 to 9 October 2037, was indicated in section H2 of the GHG Project Plan. SCS has concluded that the reporting period verified in this report is within the applicable crediting period of the Project.

#### **4.2.4 Offset Title**

Forestlands included in the project are owned directly by the Project Proponent, the Doe Mountain Recreation Authority, which holds full legal titles and thus have long term control of the land. Titles and contracts were available for review by the verifier.

As this project has been previously validated and verified, a review of the offset title was not required.

#### **4.2.5 Additionality**

The audit team assessed the GHG Project Plan and supporting evidence to determine whether the Project sufficiently passed the approved performance standard, as defined in the applicable methodology, and a regulatory additionality test. The audit team determined that the Project's additionality was

demonstrated in accordance with the requirements of the ACR Standard and ACR methodology. The specific evidence provided by the Project Proponent and the verification activities that the audit team performed are described in the sections below.

#### **Regulatory Surplus**

Based on its review, SCS determined that the Project Proponent provided clear evidence in the GHG Project Plan that the GHG reduction activity is not required by any applicable and enforced federal, state, or local laws, regulations, ordinances, consent decrees, or other legal arrangements besides as noted above.

#### **Performance Standard**

Not applicable.

#### **4.2.6 Regulatory Compliance**

Projects must maintain material regulatory compliance. In order to maintain material regulatory compliance, a project must complete all regulatory requirements at required intervals. During the desk review activities, SCS was able to confirm to a reasonable level of assurance that the Project is in compliance with local, state, and federal regulations and had no material regulatory non-conformance events. SCS reviewed the EPA Enforcement and Compliance Online History database and found no violations in respect to Clean Air Act or RCRA compliance. In addition, SCS reviewed the Occupational Safety and Health Administration Website and confirmed no issues of non-compliance or violation. Based on this review, SCS concludes the Project met the Regulatory Compliance requirements.

In addition, SCS reviewed the Attestation of Regulatory Compliance submitted by the Project Proponent, dated 7 February 2019 (“Annual-Project-Attestation\_2019\_signed.pdf”). SCS also reviewed the letter (“BlueSourceACRdoc”) signed by Daniel Reese which indicates he is authorized to sign and execute documents on behalf of Doe Mountain Recreational Authority that legally bind the organization (dated to 06/09/2020). These affirm that the Project’s compliance status throughout the reporting period.

#### **4.2.7 Permanence**

Section B8 of the GHG Project Plan asserts that the total risk percentage is 18% based on a risk assessment using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology. SCS confirmed the above via independent re-quantification of the risk value.

#### **4.2.8 Leakage**

Section E3 of the GHG Plan states: “To prevent activity-shifting leakage, Doe Mountain will not conduct harvests on other lands under its ownership that would offset the harvest reductions attributable to the project. Therefore, leakage is limited to market leakage. We conservatively assume market leakage of 40%.”

SCS confirmed the above via confirmation of total harvested wood products stored for 100 years within the Baseline and Project Scenario against the requirements in Sections D6 and D7 of the ACR methodology.

#### 4.2.9 Independently Validated and Verified

SCS Global Services is a third-party validation and verification body approved by ACR and therefore meets this requirement.

#### 4.2.10 Community and Environmental Impacts

SCS confirmed that the GHG Project Plan included an assessment of the potential community and environmental impacts due to the Project. There are no negative impacts identified and therefore no mitigation plan is necessary. The audit team agrees with the assertion by project personnel that any community or environmental impacts associated with this Project would be net positive due to the focused project boundary and reduction of emissions.

### 4.3 Evaluation of Data and Calculations

#### 4.3.1 Quantification of Project Emissions

The project activity is improved forest management, with Doe Mountain Recreation Authorities forest management practices representing a significant improvement in the carbon storage and conservation value than higher return, more aggressive management regimes of industrial private lands in the region, which are characterized by shorter, even-aged rotations with a large degree of commercial high grading. Management decisions of the forest focus on sustainable, natural forest growth and maintenance harvests for essential activities and forest health. The project ensures long-term sustainable management of the forests, which could otherwise undergo significant commercial timber harvesting.

#### 4.3.2 Quantification of Emissions Reductions

Emission reductions are calculated using the following equations.

$$\Delta C_{P,TREE,t} = (C_{P,TREE,t} - C_{P,TREE,t-1}) \quad (11)$$

Where:

t: Time in years.

$\Delta C_{P,TREE,t}$ : Change in the project carbon stock stored in above and below ground live trees (in metric tons CO<sub>2</sub>) for year t.

$C_{P,TREE,t}$ : Project value of carbon stored in above and below ground live trees at the beginning of the year t (in metric tons CO<sub>2</sub>) and t-1 signifies the value in the prior year.

$$\Delta C_{P,DEAD,t} = (C_{P,DEAD,t} - C_{P,DEAD,t-1}) \quad (12)$$



Where:

t: Time in years.

$\Delta C_{P,DEAD,t}$ : Change in the Project carbon stock stored in dead wood (in metric tons CO<sub>2</sub>) for year t.

$C_{P,DEAD,t}$ : Project value of carbon stored in dead wood at the beginning of the year t (in metric tons CO<sub>2</sub>) and t-1 signifies the value in the prior year.

$$GHG_{P,t} = BS_{P,t} * ER_{CH_4} * \frac{16}{44} * GWP_{CH_4} \quad (13)$$

Where:

t: Time in years.

$GHG_{P,t}$ : Greenhouse gas emission (in metric tons CO<sub>2</sub>e) resulting from the implementation of the project in year (t).

$BS_{P,t}$ : Carbon stock (in metric tons CO<sub>2</sub>) in logging slash burned in the project in year t.

$ER_{CH_4}$ : Methane (CH<sub>4</sub>) emission ratio (ratio of CO<sub>2</sub> as CH<sub>4</sub> to CO<sub>2</sub> burned). If local data on combustion efficiency is not available or if combustion efficiency cannot be estimated from fuel information, use IPCC default value<sup>17</sup> of 0.012

16/44: Molar mass ratio of CH<sub>4</sub> to CO<sub>2</sub>.

$GWP_{CH_4}$ : 100-year global warming potential (in CO<sub>2</sub> per CH<sub>4</sub>) for CH<sub>4</sub> (IPCC SAR-100 value of 21 per the Fourth Assessment Report)

$$\Delta C_{P,t} = \Delta C_{P,TREE,t} + \Delta C_{P,DEAD,t} + C_{P,HWP} - GHG_{P,t} \quad (14)$$

Where:

t: Time in years.

$\Delta C_{P,t}$ : Change in the project carbon stock and GHG emissions (in metric tons CO<sub>2</sub>e) for year t.

$\Delta C_{P,TREE,t}$ : Change in the project carbon stock stored in above and below ground live trees (in metric tons CO<sub>2</sub>) for year t.

$\Delta C_{P,DEAD,t}$ : Change in the project carbon stock stored in dead wood (in metric tons CO<sub>2</sub>) for year t.

$C_{P,HWP}$ : Carbon remaining stored in wood products 100 years after harvest (in metric tons CO<sub>2</sub>) for the project in year t.

$GHG_{P,t}$ : Greenhouse gas emission (in metric tons CO<sub>2</sub>e) resulting from the implementation of the project in year (t).

$$UNC_{P,t} = \frac{\sqrt{(C_{P,TREE,1} * \epsilon_{P,TREE})^2 + (C_{P,DEAD,1} * \epsilon_{P,DEAD})^2 + (C_{P,HWP,t} * \epsilon_{P,TREE})^2 + (GHG_{P,t} * \epsilon_{P,TREE})^2}}{C_{P,TREE,1} + C_{P,DEAD,1} + C_{P,HWP} + GHG_{P,t}} \quad (18)$$

Where:

$UNC_{P,t}$ : Percentage uncertainty in the combined carbon stocks in the project in year t.

$C_{P,TREE,t}$ : Carbon stock in the project stored in above and below ground live trees (in

- metric tons CO<sub>2</sub>) in year t.  $\Delta C_{BSL,Tree,t}$ : Change in the baseline carbon stock stored in above and below ground live trees (in metric tons CO<sub>2</sub>) for year t.
- $C_{P,DEAD,t}$ : Carbon stock in the baseline stored in dead wood (in metric tons CO<sub>2</sub>) in year t.
- $C_{P,HWP,t}$ : Annual carbon (in metric tons CO<sub>2</sub>) remaining stored in wood products in the project 100 years after harvest in year t.
- $GHG_{P,t}$ : Greenhouse gas emission (in metric tons CO<sub>2</sub>e) resulting from the implementation of the project in year t.
- $\epsilon_{P,TREE}$ : Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in above and below ground live trees (in metric tons CO<sub>2</sub>) for the last remeasurement of the inventory prior to year t.
- $\epsilon_{P,DEAD}$ : Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in dead wood (in metric tons CO<sub>2</sub>) for the last remeasurement of the inventory prior to year t.

$$UNC_t = \frac{\sqrt{(\Delta C_{BSL,t} * UNC_{BSL})^2 + (\Delta C_{P,t} * UNC_{P,t})^2}}{\Delta C_{BSL,t} + \Delta C_{P,t}} \quad (19)$$

Where:

- $UNC_t$ : Total project uncertainty in year t, in %.
- $\Delta C_{BSL,t}$ : Change in the baseline carbon stock and GHG emissions (in metric tons CO<sub>2</sub>) for year t.
- $UNC_{BSL}$ : Percentage uncertainty in the combined carbon stocks in the baseline.
- $C_{P,DEAD,t}$ : Carbon stock in the baseline stored in dead wood (in metric tons CO<sub>2</sub>) in year t.
- $C_{P,HWP,t}$ : Annual carbon (in metric tons CO<sub>2</sub>) remaining stored in wood products in the project 100 years after harvest in year t.
- $GHG_{P,t}$ : Greenhouse gas emission (in metric tons CO<sub>2</sub>e) resulting from the implementation of the project in year t.
- $\epsilon_{P,TREE}$ : Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in above and below ground live trees (in metric tons CO<sub>2</sub>) for the last remeasurement of the inventory prior to year t.
- $\epsilon_{P,DEAD}$ : Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in dead wood (in metric tons CO<sub>2</sub>) for the last remeasurement of the inventory prior to year t.

If calculated UNC in equation (19) is <10%, then UNC shall be considered 0% in equation (20).

$$C_{ACR,t} = (\Delta C_{P,t} - \Delta C_{BSL,t}) * (1 - LK) * (1 - UNC_t) * (1 - BUF) \quad (20)$$

Where:

- $C_{ACR,t}$ : Annual net greenhouse gas emission reductions (in metric tons CO<sub>2</sub>e) at time t.
- $\Delta C_{P,t}$ : Change in the project carbon stock and GHG emissions (in metric tons CO<sub>2</sub>e) for year

	t.
$\Delta C_{BSL,t}$ :	Change in the baseline carbon stock (in metric tons CO <sub>2</sub> ) for year t.
LK:	Leakage discount.
BUF:	The non-permanence buffer deduction. BUF will be set to zero if an ACR approved insurance product is used.
UNC <sub>t</sub> :	Total Project Uncertainty, (in %) for year t. UNC <sub>t</sub> will be set to zero if the project meets ACR's precision requirement of within $\pm 10\%$ of the mean with 90% confidence. If the project does not meet this precision target, UNC <sub>t</sub> should be the half-width of the confidence interval of calculated net GHG emission reductions.

Any negative project stock change ( $C_{ACR,t}$ ) values from time t will carry over to the following year through a balance of negative emission reduction tons ( $C_{NEG,t}$ ) which is calculated using equation 21.

$$C_{NEG,t} = C_{NEG,t-x} + C_{ACR,t} \quad (21)$$

Where:

$C_{NEG,t}$ :	Negative balance of annual net greenhouse gas emission reductions (in metric tons CO <sub>2</sub> e) at time t.
$C_{NEG,t-x}$ :	Negative balance of annual net greenhouse gas emission reductions (in metric tons CO <sub>2</sub> e) at the last valid verification report x years ago (time t-x).
$C_{ACR,t}$ :	Annual net greenhouse gas emission reductions (in metric tons CO <sub>2</sub> e) at time t.

If the value of  $C_{NEG,t}$  is less than zero in any year prior to the end of the Crediting Period, ERT values are calculated using equation 22, otherwise equation 23 is used.

$$ERT_t = 0 \quad (22)$$

$$ERT_t = C_{NEG,t-x} + C_{ACR,t} \quad (23)$$

Where:

ERT <sub>t</sub> :	Emission Reduction Tons issued with vintage year t.
$C_{NEG,t-x}$ :	Negative balance of annual net greenhouse gas emission reductions (in metric tons CO <sub>2</sub> e) at the last valid verification report x years ago (time t-x).
$C_{ACR,t}$ :	Annual net greenhouse gas emission reductions (in metric tons CO <sub>2</sub> e) at time t.

All of the data used for the project calculations above was made available to the audit team, and SCS confirmed the numbers by review of:

- DoeMountain\_GHG\_Plan\_3\_13\_19\_v6.pdf
- DoeMtn\_RP2\_MonitoringReport\_11\_13\_19.docx
- DoeMountain\_100Yr\_Calcs\_1\_29\_20.xlsx
- DoeMountain\_RP2\_CO2\_11\_07\_19.xlsx
- DoeMountain\_RP2\_ERT\_HWP\_1\_28\_20.xlsx

- DoeMountain\_Boundary\_5\_18\_18.shp

SCS concludes that the Monitoring Report and GHG Project Plan sufficiently assessed the emission reductions and calculated them accurately and correctly.

#### 4.3.3 Monitoring Plan

The monitoring parameters and the quantification approach employed by the Project Proponent in the baseline and project scenarios conform to the parameters and quantification methods required by the Methodology. SCS determined that the project team sufficiently documented and quantified each parameter. Bluesource monitored each parameter throughout the reporting period, and the resulting data was subsequently provided to the audit team.

<b>Parameter</b>	A <sub>1</sub>
<b>Units</b>	Acres
<b>Description</b>	Area of IFM Project
<b>Methodology</b>	Strata area figures adjusted based on stocking levels and species distribution
<b>Equation #(s)</b>	
<b>Source of Data</b>	GIS shape file derived from GPS coordinates
<b>Measurement</b>	
<b>Parameter</b>	T
<b>Units</b>	yr
<b>Description</b>	Number of years between monitoring time t and t1 ( $T = t_2 - t_1$ )
<b>Methodology</b>	
<b>Equation #(s)</b>	
<b>Source of Data</b>	Monitoring Reports
<b>Measurement</b>	Subtraction
<b>Parameter</b>	Diameter at breast height of tree
<b>Units</b>	Inches (to 1/10 <sup>th</sup> an inch)
<b>Description</b>	Tree diameter measure 4.5 feet above ground
<b>Methodology</b>	Measured with Loggers Tape or calipers
<b>Equation #(s)</b>	
<b>Source of Data</b>	Field measurement
<b>Parameter</b>	H
<b>Units</b>	Feet
<b>Description</b>	Height of tree
<b>Methodology</b>	Measured with clinometer or hypsometer
<b>Equation #(s)</b>	
<b>Source of Data</b>	Field measurement
<b>Measurement</b>	
<b>Parameter</b>	Decay Class

<b>Units</b>	
<b>Description</b>	Qualitative degree of decomposition
<b>Methodology Section</b>	Qualitative assessment of dead tree into 1 of 4 decay classes based on class descriptions
<b>Equation #(s)</b>	
<b>Source of Data</b>	Field measurement
<b>Measurement</b>	
<b>Parameter</b>	
Tree Live/Dead Status	
<b>Units</b>	
<b>Description</b>	Live or Dead
<b>Methodology</b>	Measured per the Doe Mountain Carbon Plot Methodology
<b>Equation #(s)</b>	
<b>Source of Data</b>	Field measurement
<b>Measurement</b>	
<b>Parameter</b>	
Defect	
<b>Units</b>	
<b>Description</b>	Qualitative percent of missing biomass
<b>Methodology Section</b>	Qualitative assessment of tree assessed by thirds for the % missing biomass from each third. Post-inventory weighting conducted for each third of tree (Bottom 65%, Middle 25%, Top 10%)
<b>Equation #(s)</b>	
<b>Source of Data</b>	Field measurement
<b>Measurement</b>	
<b>Parameter</b>	
Species Composition	
<b>Units</b>	
%	
<b>Description</b>	Spp composition as a percentage of basal area
<b>Methodology</b>	Derived from the basal area calculations in the inventory data.
<b>Equation #(s)</b>	
<b>Source of Data</b>	Calculation of project emissions.
<b>Measurement</b>	
<b>Parameter</b>	
Harvest Wood Products	
<b>Units</b>	
Metrics tons CO <sub>2</sub>	
<b>Description</b>	Carbon remaining in stored wood products 100 years after harvest for the project in year t.
<b>Methodology Section</b>	No harvesting is planned in the project area. If harvesting commences, wood products will be measured and recorded using an approved methodology.
<b>Equation #(s)</b>	
<b>Source of Data</b>	Field measurement
<b>Measurement</b>	
<b>Parameter</b>	
Forest Carbon	
<b>Units</b>	
Metrics tons of CO <sub>2</sub>	

<b>Description</b>	Carbon stores in above and below ground live trees at the beginning of the year t
<b>Methodology</b>	Consistent with Doe Mountain Carbon Plot Methodology.docx
<b>Equation #(s)</b>	
<b>Source of Data</b>	Calculation of project emissions.
<b>Measurement</b>	

#### 4.3.4 Verification Body Data checks

The audit team assessed the Project Proponent's emission reduction calculation inputs and procedures to convert the raw inventory data into emission reduction estimates. This review included a detailed look at the Project's data aggregation and processing procedures, recordkeeping and data storage, and the quality control and assurance procedures. Additionally, the audit team conducted interviews with relevant personnel involved in these activities.

#### 4.3.5 Parameters Monitored

SCS devoted a portion of the verification assessment to the review of the manner and by which net GHG reductions and removals were quantified. This assessment included a review of project assumptions, raw data inputs and accuracy of calculations. The formulas and raw data inputs used to determine emission reduction calculations as described in the methodology and the calculation spreadsheets were first reviewed for compliance. The main parameters were verified via independent re-quantification and are listed in sections 4.3.1 and 4.3.3 of this report. In some cases, a random sample was selected as all of the data could not be examined during verification services.

#### Emission Reductions

The audit team verified that the Project Proponent used the appropriate emissions factors and GWP's to calculate total emission reductions, which is adherent to the ACR Methodology. The team recalculated the final emission reductions and confirmed that they are without material discrepancy.

The ERT's associated with the second reporting period are reported in the ERT workbook and are verified by the verification team as follows:

- 154,770 tCO<sub>2</sub>e (Emissions reductions at the end of the current reporting period without risk buffer deductions)
- 126,911 tCO<sub>2</sub>e (Emissions reductions at the end of the current reporting period including risk buffer deductions)
- 27,859 t CO<sub>2</sub>e Risk buffer contribution
- 103,179 t CO<sub>2</sub>e Leakage deduction

#### Variances or Deviations

For this reporting period, there were no variances or deviations

#### Uncertainty

The project uncertainty of 6.9% was verified within “ACR\_BS\_DM\_RP2\_ProjectRecalc\_V1-0\_011720.xlsx”, “DoeMountain\_RP2\_ERT\_HW\_1\_28\_20.xlsx”, and “DoeMountain\_RP2\_CO2\_11\_07\_19.xlsx” via independent re-quantification (see table below).

#### 4.3.6 Project Uncertainty

The reported total Project Uncertainty (UNC<sub>t</sub>) value of -8.39% was independently re-quantified by SCS and no issues were found (See table below). The audit team found this difference reasonable and immaterial.

	SCS Values	Client Values	Difference
Year	UNC <sub>t</sub>	UNC <sub>t</sub>	
2019	-8.37%	-8.39%	-0.02%

#### Materiality

$$\% \text{ Error} = \frac{(\text{Project Emission Reduction Assertion} - \text{Verifier Emission Reduction Recalculation})}{\text{Verifier Emission Reduction Recalculation}} * 100$$

$$\% \text{ Error} = \frac{(126,911 - 127,151)}{127,151} * 100 = \frac{-240}{127,151} * 100 = -0.1884\%$$

## 5 Verification Conclusion

The audit team affirms with a reasonable level of assurance that the Bluesource – Doe Mountain Improved Forest Management Project has been designed and, for the duration of the reporting period 10 October 2018 to 9 October 2019, implemented in accordance with the verification criteria, as set out in the documents referenced in Section 2.2 above.

On the basis of the information made available SCS and the analyses completed during the verification, SCS was able to reach a positive opinion, with a reasonable level of assurance, that the emission reductions represented by the Project Proponent during the monitoring period of 10 October 2018 to 9 October 2019 are free from material misstatement and in conformance with the assessment criteria.

The following provides a summary of the verification results:

Reporting Period	Baseline Emissions tCO <sub>2</sub> e	Project Emissions tCO <sub>2</sub> e	Net GHG Emission Reductions tCO <sub>2</sub> e
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<b>10 October 2018 to 9 October 2019</b>	<b>-220,109</b>	<b>37,841</b>	<b>126,911</b>
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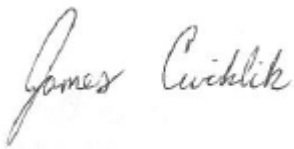

The following provides a summary of the ERT issuance for the current Reporting Period with the Leakage and the Buffer deductions included:

<b>Annual Emission Reduction in Metric Tons (tCO<sub>2</sub>e)</b>				
<b>Reporting Period</b>	<b>Vintage</b>	<b>Start Date</b>	<b>End Date</b>	<b>Net GHG Emission Reductions (tCO<sub>2</sub>e)</b>
2	2018	10 October 2018	31 December 2018	28,926
2	2019	1 January 2019	9 October 2019	97,985

The following provides a summary of the ERT issuance for the current Reporting Period with the Leakage deduction included and the Buffer deduction excluded (Buffer credits shown separately):

<b>Annual Emission Reduction in Metric Tons (tCO<sub>2</sub>e)</b>					
<b>Reporting Period</b>	<b>Vintage</b>	<b>Start Date</b>	<b>End Date</b>	<b>Net GHG Emission Reductions (tCO<sub>2</sub>e)</b>	<b>Quantity of Buffer Credits (tCO<sub>2</sub>e)</b>
2	2018	10 October 2018	31 December 2018	35,276	6,350
2	2019	1 January 2019	9 October 2019	119,494	21,509

*Note: final numbers are rounded for simplicity.*

<b>Lead Verifier's Approval</b>	 James Cwiklik, Lead Verifier
<b>Technical Reviewer's Approval</b>	 Michael Hoe, Technical Reviewer



## Appendix A: SCS Certification Mark

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Congratulations on receiving a positive verification for the Blue Source – Doe Mountain Improved Forest Management Project. Your project is now eligible to use the SCS Kingfisher Certification Mark B for Carbon Offset Project Verification, as represented on the cover page of this verification report. The SCS Kingfisher Certification Mark increases the recognition of your achievements with your verification carbon offset project.

Please refer to the *SCS Kingfisher Certification Mark Labeling and Language Guide: Mark B* provided to you by the GHG Verification Program staff for more information about your Mark and usage. Should you have any additional questions regarding your Mark, use, messaging, or other marketing opportunities, please contact the GHG Verification Team or SCS Marketing Staff at [NRmarcom@scsglobalservices.com](mailto:NRmarcom@scsglobalservices.com).

## Appendix B: List of Documents Reviewed During Audit Proceedings

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### RP2 Documents

- DoeMountain\_GHG\_Plan\_3\_13\_19\_v6.pdf
- DoeMtn\_RP2\_MonitoringReport\_11\_13\_19.docx
- Annual-Project-Attestation-2019\_Signed.pdf

### RP2 Workbooks

- DoeMountain\_100Yr\_Calcs\_1\_29\_20.xlsx
- DoeMountain\_100Yr\_Calcs\_1\_28\_20.xlsx
- DoeMountain\_RP2\_CO2\_11\_07\_19.xlsx
- DoeMountain\_RP2\_ERT\_HWP\_1\_28\_20.xlsx
- DoeMountain\_RP2\_ERT\_HWP\_11\_07\_19.xlsx

### GIS Data

- DoeMountain\_Boundary\_5\_18\_18.shp
- DoeMountain\_Plots\_5\_18\_18.shp

*In some cases, multiple version of a document or dataset were submitted during the verification. All versions of the above documents were reviewed.*

## Appendix C: List of Findings

Please see Section 3.6 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Client Response” is a verbatim transcription of responses.

### Project: Doe Mountain

#### Reporting Period: 10/10/2018 - 10/9/2019

##### **NCR 1 Dated 28 Jan 2020**

**Standard Reference:** ACR Standard v5.1

**Document Reference:** DoeMountain\_Rp2\_ERT\_HWP\_11\_07\_19.xlsx,  
DoeMountain\_100Yr\_Calcs\_2\_7\_18.xlsx

**Finding:** The ACR Standard states that "The Project Proponent shall reduce, as far as is practical, uncertainties related to the quantification of GHG emission reductions or removal enhancements." In cell B36, worksheet "Baseline\_Project\_40Yr\_CO2" the audit team found that the cell references the total live CO2e for 2062, rather than 2057. The origin of this error can be found in the "Project" tab in the "DoeMountain\_100Yr\_Calcs\_2\_7\_18.xlsx." For example, in workbook DoeMountain\_100Yr\_Calcs\_2\_7\_18.xlsx, sheet Project, the 2057 live tree CO2 per acre (cell SH15) is calculated by multiplying the area allocated (cell A15) by the 2062 live tree carbon (cell BX15). This results in an inaccurate assertion for year 2057. Likewise, the live tree CO2e per acre for 2062 (column SI) and 2067 (Column SJ) were not calculated using the correct cells. As a result, the calculation of project GHG emission reductions in DoeMountain\_RP2\_ERT\_HWP\_11\_07\_19.xlsx is inaccurate for those years and is not in conformance with the standard.

**Project Personnel Response:** In Workbook "DoeMountain\_100Yr\_Calcs\_1\_28\_20.xlsx" sheet "Project" Cells SH13:SH697, SI13:SI697, and SJ13:SH697 have been updated to use the Above Ground Live CO2 value for the correct year in corresponding cells in Columns BT13:BT:697, BX13:BX697, and CB13:CB697 respectively.

Cell B36 in Sheet "Baseline\_Project\_40Yr\_CO2" has in effect updated to the correct value.

In workbook "DoeMountain\_RP2\_ERT\_HWP\_1\_28\_20.xlsx" cell B36 and D36 have been updated to reflect the correct calculation of the project GHG emission reductions.

**Auditor Response:** Upon review of the updated calculations workbooks provided, the cells have been corrected as indicated and this finding is closed.

**Bearing on Material Misstatement or Conformance (M/C/NA):** C

**NCR 2 Dated 28 Jan 2020**

**Standard Reference:** ACR Standard v5.1

**Document Reference:** DoeMtn\_RP2\_MonitoringReport\_11\_13\_19.xlsx

**Finding:** The ACR Standard states that "Project Proponents are required to provide a regulatory compliance attestation to a verification body at each verification. This attestation must disclose all violations or other instances of non-compliance with laws, regulations, or other legally binding mandates directly related to Project Activities." Likewise, the Standard states "Project Proponents shall disclose in their Annual Attestations any negative environmental or community impacts or claims thereof and the appropriate mitigation measure." The client did not provide an attestation for this reporting period and therefore is not in conformance with the standard.

**Project Personnel Response:** The annual regulatory compliance attestation has been added to the shared folder here: DoeMountain\_RP2\_Verification\Attestations\Annual-Project-Attestation-2019\_Signed.pdf

**Auditor Response:** Upon review of the signed attestation that was provided, this finding is closed.

**Bearing on Material Misstatement or Conformance (M/C/NA):** C