

May 16, 2008

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# Investors Jump Into Forest Carbon Credits

*Nonprofit Matches Landowners, Investors*

By Lindsay Riddell

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For the first time, private forest owners are finding ways to profit by not cutting down their trees. The Pacific Forest Trust announced recently that a private forest it manages has sold an estimated half-million dollars worth of greenhouse gas emissions credits to an investment firm.

Since then, the trust's phones are ringing, as other landowners want to get in on this new revenue stream.

The nonprofit forest conservation group, based in the Presidio, works to sustain private forests, and interest among California landowners in turning their trees into verified carbon credit producers has exploded in anticipation of 2012 when mandatory carbon reduction emissions laws go into effect in the state.

Right now the Pacific Forest Trust is working with landowners controlling more than 50,000 acres of forestland who are interested in cashing

in carbon emissions reductions. The Trust manages the 2,200-acre Van Eck Forest Project in Humboldt County -- the first project verified to reduce carbon emissions in the state.

When the investment firm Natsource Asset Management LLC bought emissions credits for 60,000 tons from Van Eck in February not to offset its emissions but as an investment -- that changed the playing field. It rocketed forests to the front lines of the developing carbon credit market.

"When the California Air Resources Board adopted the use of the forest protocols to create carbon emissions reductions, it radically changed the landscape for using forests to reduce CO2 emissions," said Laurie Wayburn, president of the Pacific Forest Trust, and part of the working group that developed emissions reductions standards for forests last year. "This changed it from a purely voluntary discussion

into how you could help meet your compliance goals. And the market has responded to that because you've given real (monetary) value to those things."

The California Global Warming Solutions Act (or AB32) requires California to reduce greenhouse gas emissions to 1990 levels by 2020 -- about a 25 percent reduction. One way companies could meet reductions goals is to offset emissions by buying carbon credits.

### **Pushing Sustainable Forestry**

The Pacific Forest Trust holds conservation easements on more than 38,000 acres of forest land. The easements protect the land from development and guide its management.

Van Eck so far is the Pacific Forest Trust's only project being managed for its reductions using sustainable forestry practices, including a lower harvesting rate than typically found in traditional working forests. That means landowners agree to let trees grow older, so they can sequester more carbon longer, than they otherwise would. And that sequestration is verified and turned into a carbon credit.

Public officials including Governor Arnold Schwarzenegger and U.S. Speaker of the House Nancy Pelosi have bought reductions from the forest to offset the cost of their travel, and private businesses -- including a bus company -- have bought credits to offset emissions they produce.

The process could be applied to methane as well, with landfills and dairy farms quantifying emissions reductions for the capture of methane to sell as credits. Standards have been developed, though those have not yet been approved by the Air Resources Board.

Now that forestry has tested the Van Eck and other projects, the process to verify forest emissions reductions should be a lot easier and spur more projects to seek verification and register with the California Climate Action Registry, said Nancy Whalen, spokesperson for the registry.

"We expect at least a dozen in the next six months," she said.

Still, even conservation advocates admit the economics of carbon offsets don't make it attractive for landowners to completely replace harvesting.

"It's not clear yet that carbon credits by themselves ... (are) enough of a revenue stream to protect the forest entirely or take the place of cutting down trees," says California Council of Land Trusts executive director Darla Guenzler. "But it is one of the potential revenue sources that can assist with management and can help make the economics work to keep the trees around a little longer."

Based on how much Pacific Gas & Electric Co. charges a typical customer to offset an average 540 kw of electricity and 45 therms of natural gas per month, offsetting one ton of carbon emissions costs about \$9.71.

Within a month, PG&E will solicit bids for up to one million tons of carbon emissions reductions credits, up from the 214,000 tons customers bought through forests that sold credits to the ClimateSmart program last year, said ClimateSmart manager Robert Parkhurst.