

# Carbon Sequestration Marketing Explanation



New England  
Forestry Foundation

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# A New Forest Product & Market

- a metric tonne of CO<sub>2</sub> equivalent , that represents the amount of carbon in the entire tree including branches, stump and coarse roots, except the foliage.
  - 1 ton of green wood = .8 tonnes of CO<sub>2</sub>
  - A tree whose traditionally marketable stem weighs 1 ton has about 1.6 tonnes of marketable CO<sub>2</sub> in the whole tree.
- “development” firms put together registerable/saleable quantities of these CO<sub>2</sub> tons.
- They assist landowners in identifying, quantifying, understanding , managing and selling a forest product.
- These firms get paid for their work by a getting a % of the either the product itself or the sale amount.
- Carbon registries are the middlemen
- CO<sub>2</sub> emitting companies are the buyers.

# Different “Quality “ tonnes

- Defined by the rigor and “permanency of sequestration” of the registry system that approves them.
- Lowest quality and cheapest are the Chicago Climate Exchange (CCX) tons and the highest quality most expensive are the California Climate Action Reserve (CAR) tons.
- CCX - 15 year sequestration contract and their price is now about \$.08/ton
- CAR - 100 year sequestration contract and their price is about \$6.00/ton.
- Other registries are VCS and ACR.

# Cap & Trade

- This means a CO2 emitter has their allowed emissions capped at some level below their total output, so they must trade to acquire offsets of sequestered carbon for the amount of CO2 they emit above their cap.
- People in the know are betting that the system that has the best chance of being accepted by any new federal system, will be the Climate Action Reserve (CAR).
- I believe it is unwise to have only one option.

# Rose and Thorns

- New product with probably rising prices
- Selling carbon through CAR on some of your land affects all of your land for 100 years.
  - There is an expensive rigorous third party verification and inventory system to assure that the forest is growing as it is being paid for.
- You can only sell a tree/tonne once.
  - If you plan to harvest no wood, this may make sense.
  - If you plan to harvest wood, the best option may be to accumulate the growth credits, and then decide whether to sell trees or credits at the time of a possible harvest.

# Finite Carbon Market Brief #4

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