

Carbon credit market forms

Despite hurdles, companies invest in new revenue stream

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A professional forester who died 25 years ago would not recognize the words and concepts that are the new currency in the woods.

In addition to selling timber from their lands, foresters now can be rewarded for being better stewards of the land and for adding carbon inventory to their forests.

Carbon credits appear to be the Next Big Thing. For the North American temperate rain forest — which includes the entire Oregon and Washington coastal forest — carbon credits represent a new income stream that's based on plant biology and is prodded by global warming and climate change.

In essence, a forest owner may receive payments (carbon credits) for preserving forest land, adding forest (afforestation), or restoring forest following harvest (reforestation).

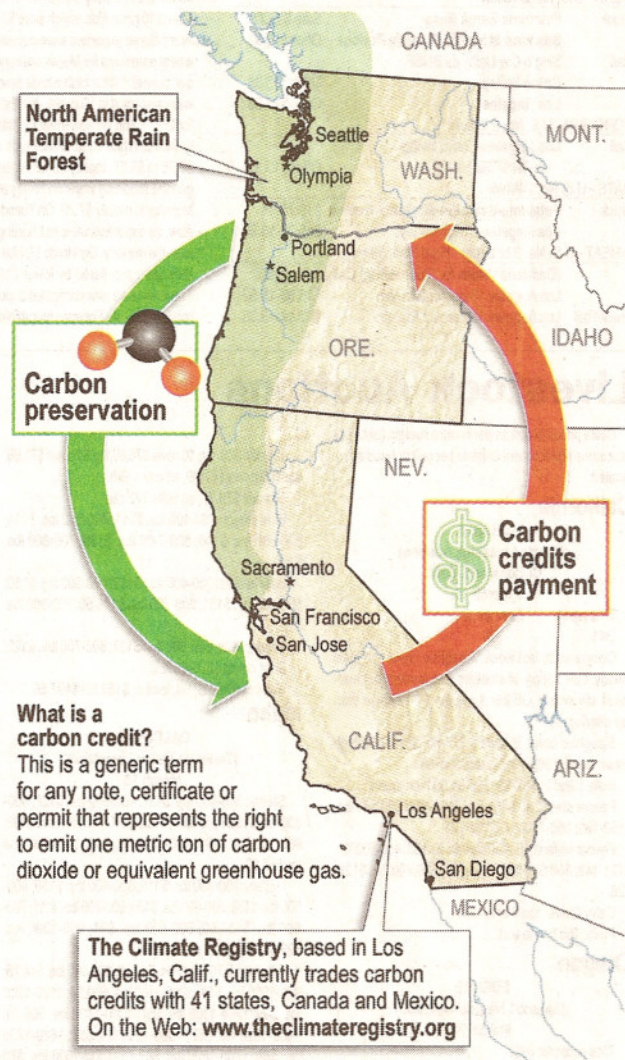
Because the U.S. has not joined the Kyoto Protocol, there is no national market for carbon credits in America. Thus the domestic market has taken shape by fits and starts. Closure of the Chicago Climate Exchange last November was a setback. But in December, the California Air Resources Board enacted carbon standards, and now the Climate Action Registry has led to the creation of a carbon market focused on that state.

In essence, the Climate Action Registry, based in Los Angeles, links companies that need carbon credits with forest owners who are the custodians of carbon. The largest purchasers of carbon credits are utility companies.

Two regional groups that assist forests with carbon credits are the Northwest Natural Resource Group, which is headquartered in Seattle with an office in Coos Bay, and the Pacific

Carbon credit trading

Designed to reduce greenhouse gas emissions through market mechanisms, caps are set and markets are used to allocate output from various regulated sources through the buying and selling of carbon credits. For example, California's greenhouse-gas-emitting industries may purchase carbon credits from forestland owners in the Northwest, permitting them to emit more than the caps allow. In turn, landowners profit from the sale of credits through preserving, maintaining and restoring forestlands that absorb carbon dioxide from the atmosphere, thereby offsetting emissions of greenhouse gases.



Source: www.inforain.org; www.wikipedia.org

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ic Forest Trust, which is headquartered in San Francisco and has an office in Corvallis.

"There are spot trades (in carbon) and future trades going on," said Paula Swedeen, director of ecosystem services at Pacific Forest Trust. "This has created excitement in the carbon-trading world."

The Northwest Natural Resource Group hosts an umbrella group called Northwest Certified Forestry. That allows small forest landowners to participate

in the program, which certifies wood was grown in a sustainable fashion. Certification is a benefit in the marketplace.

"Additionality" is the term for what pays off for forest owners.

"The ecosystem market will pay for practices that are better than business-as-usual," said Denise Pranger, of the Northwest Natural Resource Group. And one of those measurements is retaining more carbon on the ground in forest products.