



ALASKA HOUSE FINANCE COMMITTEE

# Forest Carbon - 101

April 6, 2023



# Agenda

- About Anew
- Compliance vs Voluntary Markets
- Components of Offset Quality
- Alaska Pilot Projects Outlook
- Project Development Process
- Questions

# About Anew

- Oldest and largest carbon offset developer in North America (20+ years)
- Voted Environmental Finance's Best Project Developer (North America) and Best Offset Developer (California) for seven years running
- Dedicated forestry team: in-house finance, marketing, and legal experts, plus >30 professional foresters with unparalleled forest carbon experience

**200+**

Projects

**20+**

Project types

**180+**

Million tonnes  
emission reductions

**100+**

Forest carbon projects  
under management

**5+**

Million acres enrolled  
in carbon projects

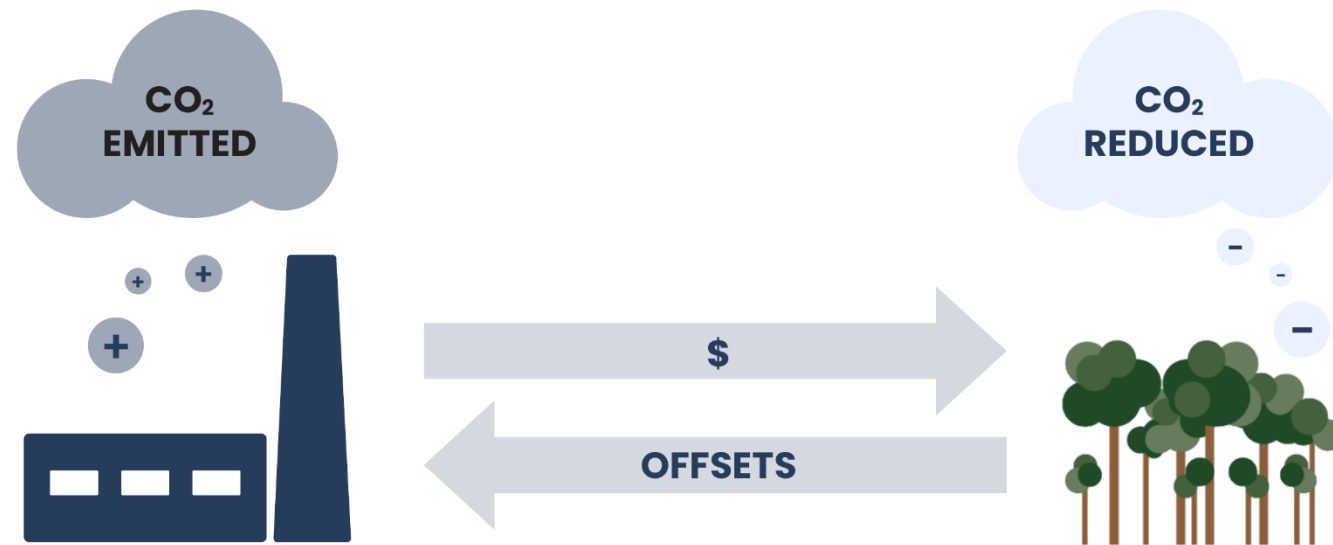




# Forest Carbon Basics

# What are forest carbon offsets?

- Forests across the US sequester substantial amounts of CO<sub>2</sub>.
- By maintaining or increasing forest stocking, forest landowners can generate units of CO<sub>2</sub> emissions reductions ("Carbon Offsets").
- Companies wishing to combat climate change are willing to pay forest owners for these Carbon Offsets, thereby claiming credit for reducing CO<sub>2</sub> emissions and mitigating some of the effects of climate change.



# Forest Carbon Markets

## Voluntary Market

**Companies voluntarily choose to purchase offsets to reduce their emissions**

- Greater variation in pricing
  - \$4 to \$35
- Premium value attributed to “charismatic” projects
- Less certain demand

## Compliance Market

**Companies purchase offsets to help meet their legally mandated emissions targets (CA & Quebec)**

- More consistent pricing
  - \$15 to \$20
- Built-in demand through 2030

### **Additional Compliance Programs**

- Washington
- CORSIA (international aviation)
- Canada (Federal and Provincial)
- Oregon



# Credit Buyers





# Landowner Obligations

- **Harvesting should not exceed growth**
- **Must maintain certification (FSC, SFI, ATFS) or have state approved Forest Management Plan**

	Monitoring Obligations	
	ACR Voluntary	ARB Compliance
Verification	5	6
Inventory	10	12
Reporting	Annually	Annually
Monitoring Period	40	100+



# Key Components Of Offset Quality



**Additionality**



**Permanence**



**Verification/Monitoring**



**Registration/Serialization**  
(CAR, ACR, VCS, ARB)



**Leakage**

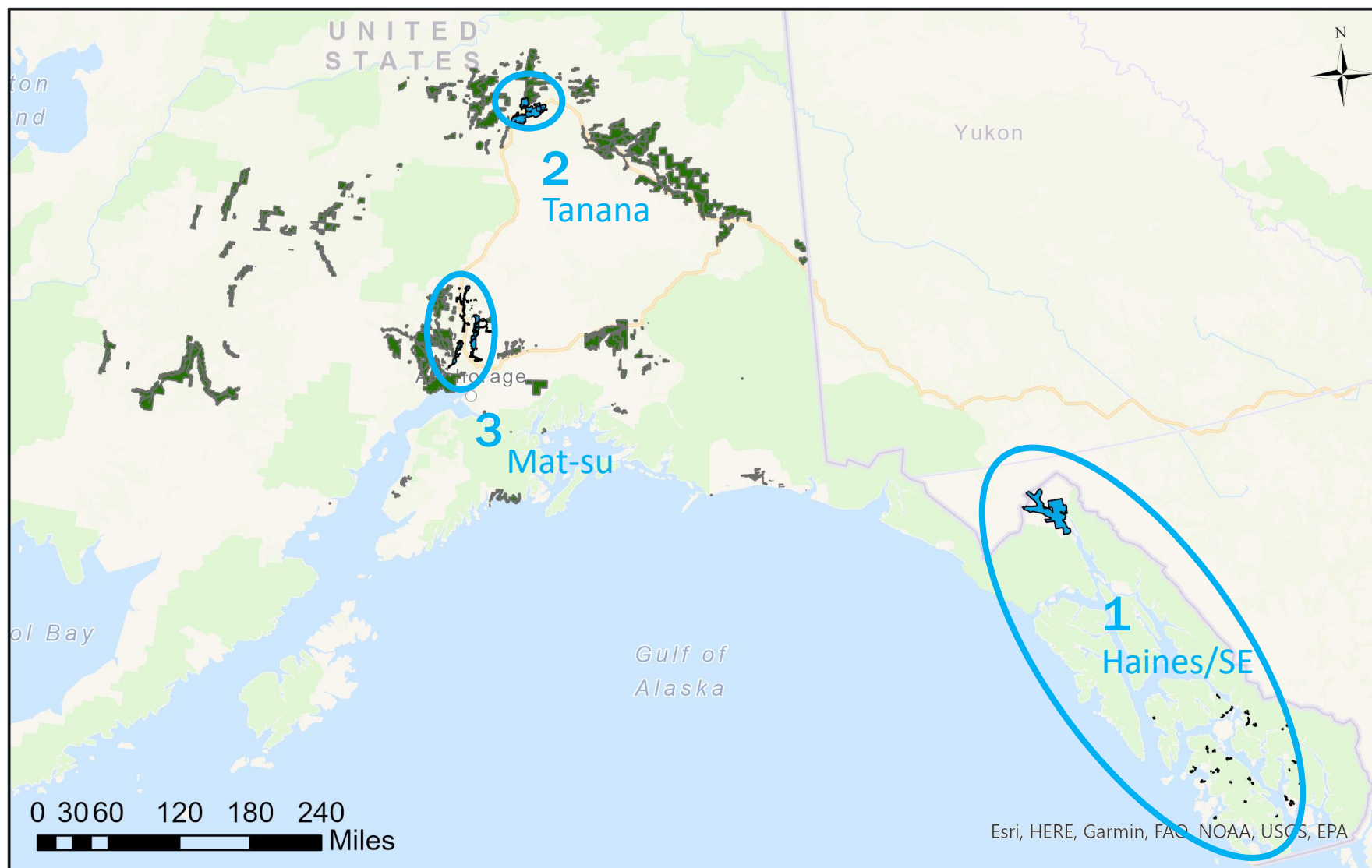


**Reversal**  
(intention/unintentional)



**Buffer**

# Alaska DNR Pilot Projects



- Three areas were selected as pilot projects due to their carbon stocking, accessibility, and timber marketability
- Three projects could collectively generate ~10 million offsets over 40-year life
- >\$80 million in revenue over 1<sup>st</sup> decade alone



# Project Development Process



# Development Components



# Development Timeline

STAGE	INITIAL DEVELOPMENT PERIOD (MONTHS)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
<b>0 Establishment of ACR account &amp; project listing</b>																		
<b>1 Forest Carbon Inventory</b>																		
Inventory Sampling Design																		
Inventory Field Work																		
Data Cleaning																		
<b>2 Credit Marketing &amp; Contracting</b>																		
<b>3 Carbon Calculations</b>																		
Project Growth & Yield Modeling																		
Baseline Scenario Modeling																		
Quantification of Carbon Offset Generation																		
<b>4 Project Document Drafting</b>																		
<b>5 Third Party Verification</b>																		
Project Orientation and Document Submittal																		
Site Audit																		
Responses to Verifier Questions/Findings																		
<b>6 Registration</b>																		
Verification Report Reviewed by Registry																		
Respond to Registry Questions/Findings																		
Credit Issuance																		
Credit Sale Execution																		



# Questions?



# Thank you

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# Ancillary Slides



# Voluntary IFM Quantification Mechanics

