

SB 48: Carbon Offset Projects on State Lands

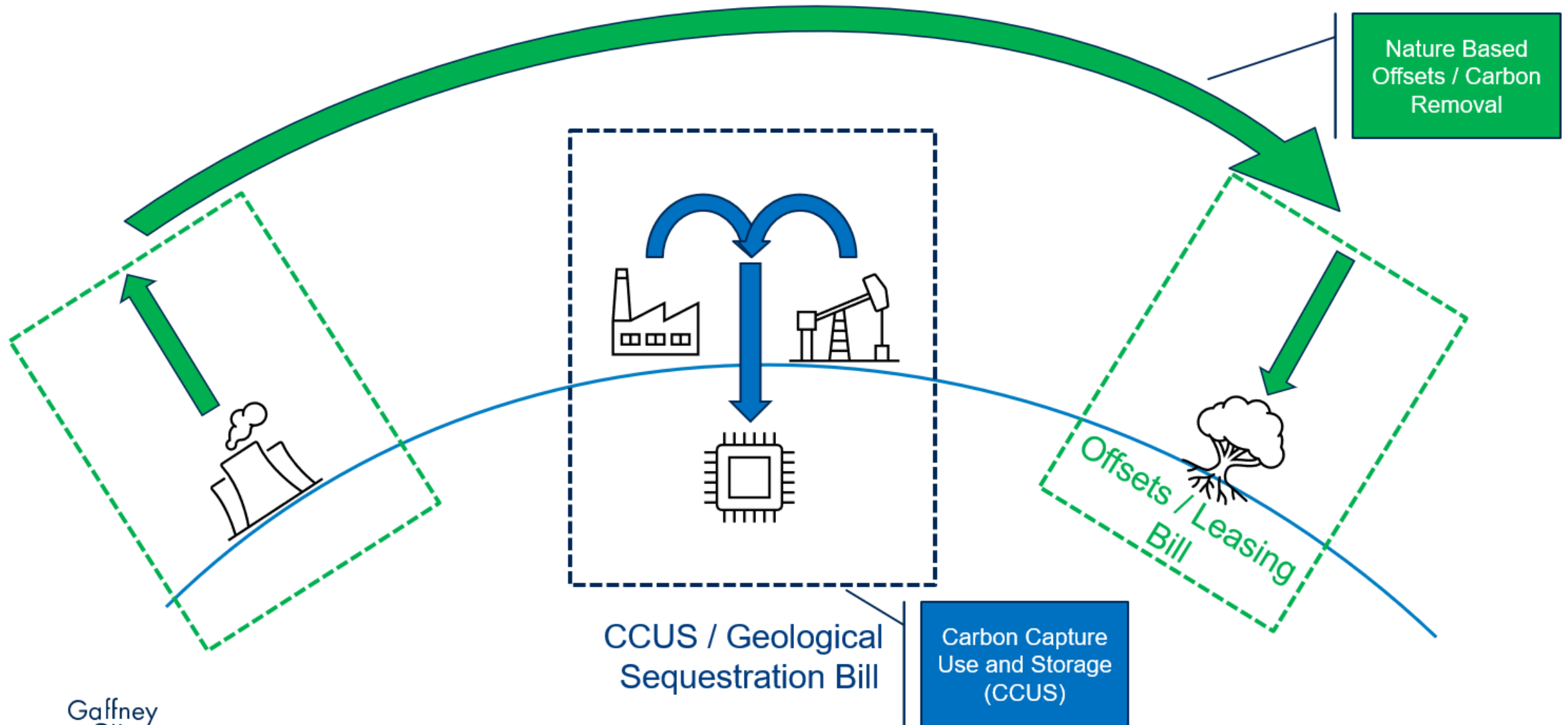
Senate Resources Committee



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Alaska Department of Natural Resources
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Carbon Management



Carbon Offset Projects



1. Project manages living matter to reduce CO₂ in the atmosphere
2. Work with a registry: methodology, project data, validation, audits
3. Credits generated to project, then sold on market
4. Credits applied by buyer to offset emissions



Carbon Markets - Growth

Insights from:



2021

Compliance market soared to



The voluntary market reached



~\$850bn in value

2.5x value of 2020

~15 GtCO₂ transacted volume

~\$2bn in value

4x value of 2020

~500 MtCO₂ transacted volume

2022

was a record-breaking year for both compliance and voluntary carbon markets

During which, approximately

166Mt

of carbon emissions were covered by retirements

Voluntary markets expected to be

5x

bigger by 2030

Reaching a market size of

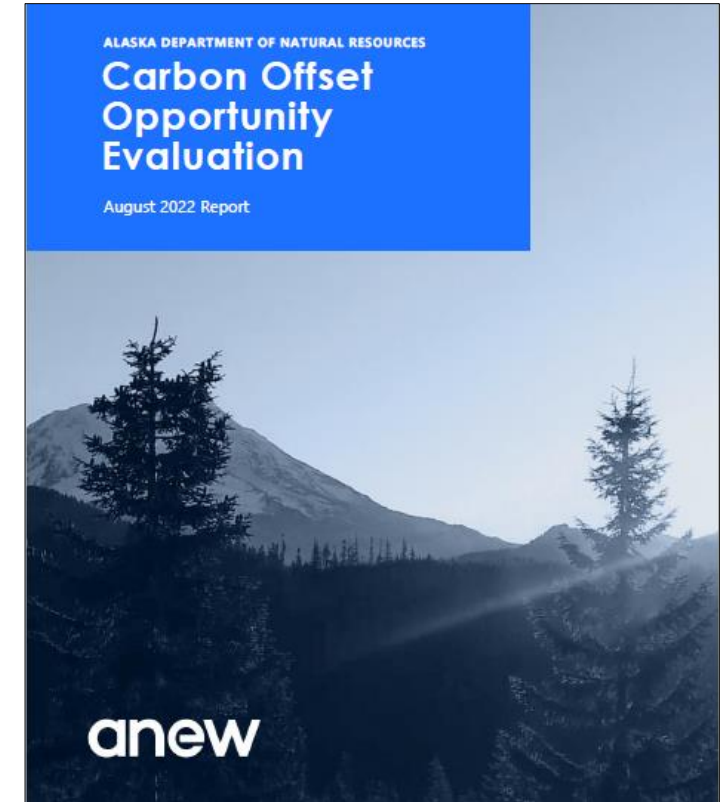
\$10-40 bn in value
and **0.5-1.5 GtCO₂** in scale⁴

That is comparable to the emissions of the aviation industry, which reached ~1 GtCO₂ in 2019⁵.

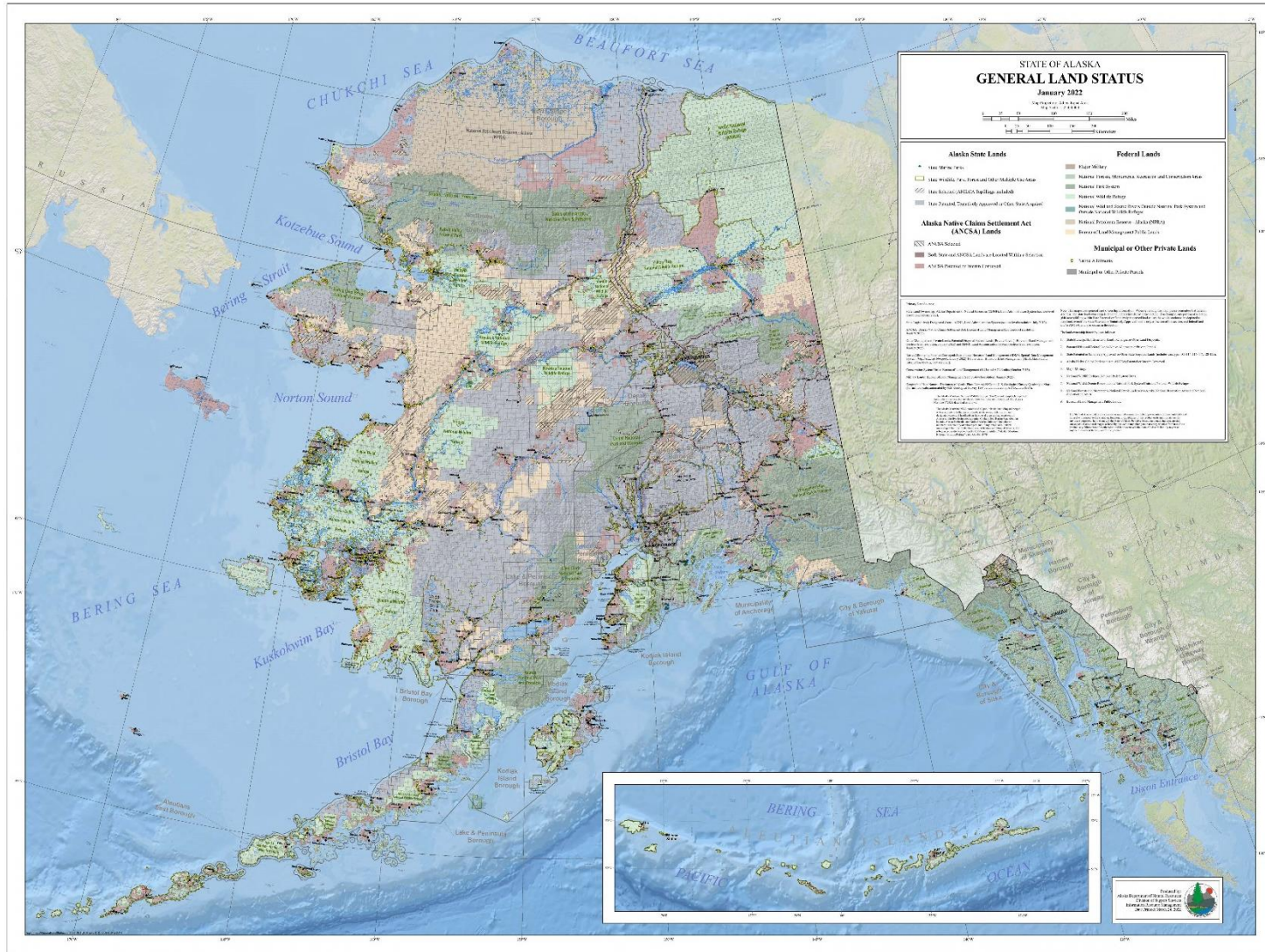
Opportunity for Alaska



- Alaska has the resources
 - Forest carbon potential:
 - 100 million acres of uplands
 - Millions and millions of acres of forested state lands
 - Kelp potential:
 - 60 million acres of tide and submerged lands
- Potential affirmed by third parties
- Benefits for revenue, diversification, economic development
- Constitutional responsibility to maximize use



Vast Land Resource



Potential questions



- Why would anyone pay us for what we are already doing?
- How does it impact other land uses?
- How to achieve additionality?
- Leakage potential
- Reversals



What's next?



Enable carbon offset projects on state's vast landholdings and extensive shorelines by:

- Making carbon management a possible use of state land
- Allow DNR to lease land to third parties for carbon management purposes
- Task DNR with standing up a carbon offsets program to do state-sponsored projects
- Inventory and assess state's resources for suitability and prospectivity

SB48: Overview



- Adds a new, revenue-generating option to DNR's state lands management toolkit
- Provides flexibility as state engages in a dynamic field with commercial markets
- Protects the public interest in state lands and multiple-use land management
- Maintains existing land uses by individual Alaskans and by Alaska industries

SB48: Overview: Land leases



SB48 enables private parties to lease state land for carbon management projects.

- Applicant applies for a lease up to 55 years
- Lease compensation must be designed to maximize return to the state
- DNR ensures lease is in best interests of the state through formal finding
- No lessee preference conveyed



SB48 establishes Carbon Offset Program

- DNR undertakes carbon offset projects on state land
- Viability, state/local economic effects among evaluation criteria
- Proposed projects require best interest finding/public process
- Makes eligible state land available for carbon offset projects (among other uses)
- State-sponsored projects not allowed on state parks, refuges, rec areas, etc., without legislative approval
- State land remains open to the public for traditional uses (hunting, fishing, access, etc.)
- Program revenue pays for administration, additional projects

SB48: Overview: Forest plans



SB48 grants legislative approval for state-sponsored carbon offset programs on state forests.

- Haines State Forest, Southeast State Forest, Tanana Valley State Forest
- Adds carbon offset projects to existing non-timber uses
- Requires management plans to identify appropriate forest land for projects, and requires projects be consistent with management plans

Sectional Analysis



- Section 1: Exempts carbon offset program contracts from procurement code
- Section 2: Directs program revenue into a new fund to pay for program costs
- Section 3: Conforms to Sec. 4 / waives typical lease award process

Sectional Analysis, con't.



Section 4: Sets a new process for carbon management state land leasing; instructs DNR in case of multiple applications; caps leases at 55 years; requires compensation designed for maximum returns to the state; requires best interest finding

Sectional Analysis



- Section 5: Ensures state land leases for carbon management purposes do not grant preferential rights
- Section 6: Establishes the new Carbon Offset Program in DNR to undertake projects on state land

Sectional Analysis



Section 6, continued:

- Affirms private landowner rights and ability to conduct private carbon offset programs on private land
- Sets criteria for DNR to evaluate projects on state land
- Requires best interest finding/public process; caps projects at 55 years
- Protects existing public access and use of state lands
- Allows DNR to register a project and sell credits
- Establishes new fund for project revenues

Sectional Analysis



Sections 7-9: Enable DNR carbon offset projects within Haines State Forest

Sections 10-13: Enables carbon offset projects within other state forests

Sectional Analysis



- Section 14: Authorizes DNR to adopt regulations implementing the bill
- Section 15: Sets immediate effective date for authority to adopt regulations

Thank you!



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