



An Overview of Carbon Sequestration Opportunities in Texas

Texas Forest Service

Introduction

As concerns continue to mount over increased emissions of greenhouse gases (GHGs), more focus is being placed on GHG reduction strategies. Human-caused contributions of carbon dioxide (CO₂) are getting the most attention. This GHG is released when fossil fuels are burned for energy and from deforestation/land conversion. While CO₂ emissions are currently unregulated, politicians, public and private agencies, and environmental groups are debating cap-and-trade schemes, carbon taxes, and carbon registries as potential solutions. One system at the forefront is the Chicago Climate Exchange.

Chicago Climate Exchange

The Chicago Climate Exchange (CCX) is the world's first marketplace for integrating voluntary emissions reductions with emissions trading and offsets for GHGs. CCX member companies sign a voluntary, legally binding commitment to reduce CO₂ emissions. Those that reduce below the targets have surplus allowances that they can bank or sell; those that emit above the targets comply by purchasing allowances from other companies or through offsets, such as those from forests. These allowances, or credits, are traded on the open market, similar to how stocks are traded on Wall Street.

The Role of Forests in Mitigating Carbon Dioxide Emissions

One of most important benefits that forests provide is the function of helping to maintain the carbon balance in the earth's atmosphere. Growing trees remove carbon dioxide from the atmosphere and release oxygen through the process of photosynthesis. While trees can also release carbon dioxide through decomposition, healthy growing forests usually have net gains in carbon.

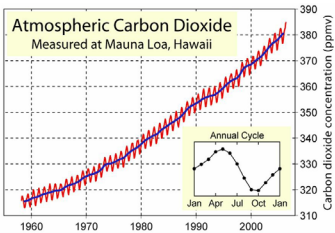
Carbon Offsets: Opportunities for Texas Landowners

Landowners can earn offset credits from their forestlands that can be sold on the CCX open market. Within the forestry offset program, there are three main protocols — afforestation, managed forests, and long lived wood products. These protocols are designed to increase the amount of forestland, promote the sustainable management of forestland, and encourage the longevity of carbon storage in wood products. To enroll in the afforestation protocol, land must have been planted after 2002 and in non-forest use for the previous 10 years. Harvesting is not allowed for 15 years. The managed forests protocol is available to landowners that have the Tree Farm certification and agree to maintain their land for 15 years. Landowners can also claim long lived wood products credits by reporting the quantity of wood harvested in product class categories. The amount of stored carbon is determined through modeling or reference tables. Offset credits can generate extra revenue for landowners.

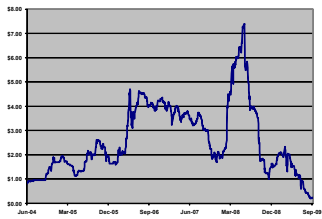
How Do I Participate?

Landowners interested in participating should contact CCX directly or work with an approved carbon aggregator. A professional forester can help determine the amount of sequestered carbon and assist with the application process. All projects are subject to independent, third party verification of the quantity of stored carbon on their forestland. Before signing up, landowners should read and understand all terms of the contract, as well as any applicable fees that may apply.

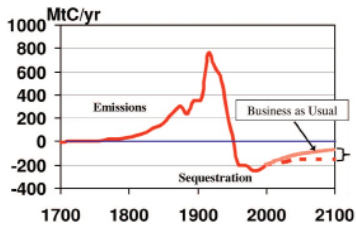
Atmospheric CO₂ Levels



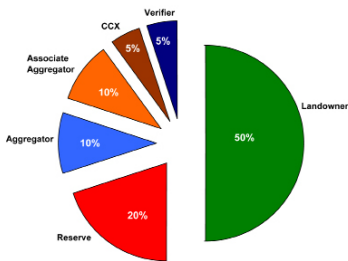
Historical Price Trends of CCX Carbon Credits



Prospective Effect of Forest Carbon Management



Anticipated Fees and Reserve



Substantially Improves Financial Returns

