



Carbon Credits from Forestry

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Forestry Carbon Basics

- Forestry Carbon Credits from:
 1. New forests established on bare land after 1990
 2. Altering forest management techniques to allow carbon stocks to increase e.g. longer rotations
 3. Implementing actions to reduce or stop deforestation
- Regulated market – Local and international
- Voluntary market – Local and international
- Forestry carbon credits are a one off vs. ongoing animal emissions
- A carbon credit is measured as one tonne carbon dioxide equivalent (tCO₂-e).
- One tree equals around 2 carbon credits



Regulated Market

- Local rules only (based on Kyoto Protocol)
 - Credits through the PFSI (currently active) or yet to be legislated NZETS
- PFSI forest carbon credits generated through establishment of new forests (1)
- NZETS forest carbon credits generated through establishment of new forests (1) and a nominal allocation for existing forests to avoid deforestation (3)
- New Zealand has not adopted number (2) as it is complicated by the large (6 million hectare) indigenous estate, which is arguably in decline.
- Carbon Credits generated either AAU's (PFSI) or NZU's (NZETS)



Voluntary Market

- No local voluntary market in New Zealand that I know of
- Possible to gain forest carbon credits from (1) (2) and (3) internationally
- Quality (and price) depends on standards chosen and verification used
- Current international voluntary markets include:
 - Chicago Climate eXchange – Includes forestry, low verification standards and low price.
 - Voluntary Carbon Standard – Forestry standards being developed, along the lines of CDM projects, stringent on double accounting and additionality, medium pricing
 - Community Biodiversity Standard – high end indigenous forest reversion projects, high pricing
 - Gold Standard – energy efficiency and renewable energy only – no forestry!



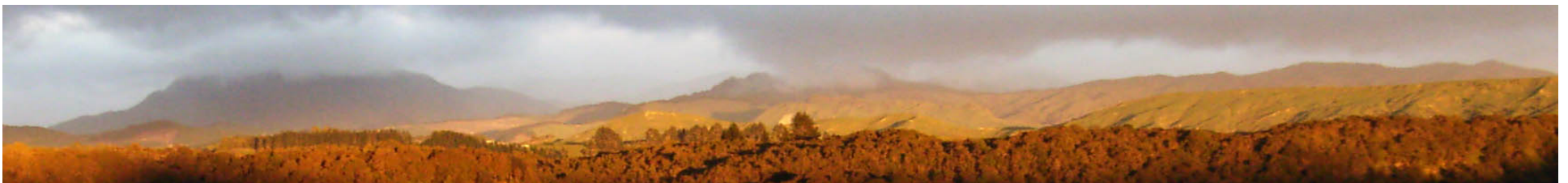
Forestry under the PFSI

- No species restriction, eg Pine & Native
- Can claim all credits generated after 2008
- 20% basal area harvest restriction per hectare
- Landowner to meet all administrative costs
- Landowner responsible for any risks, e.g. loss of carbon
- Covenant on title

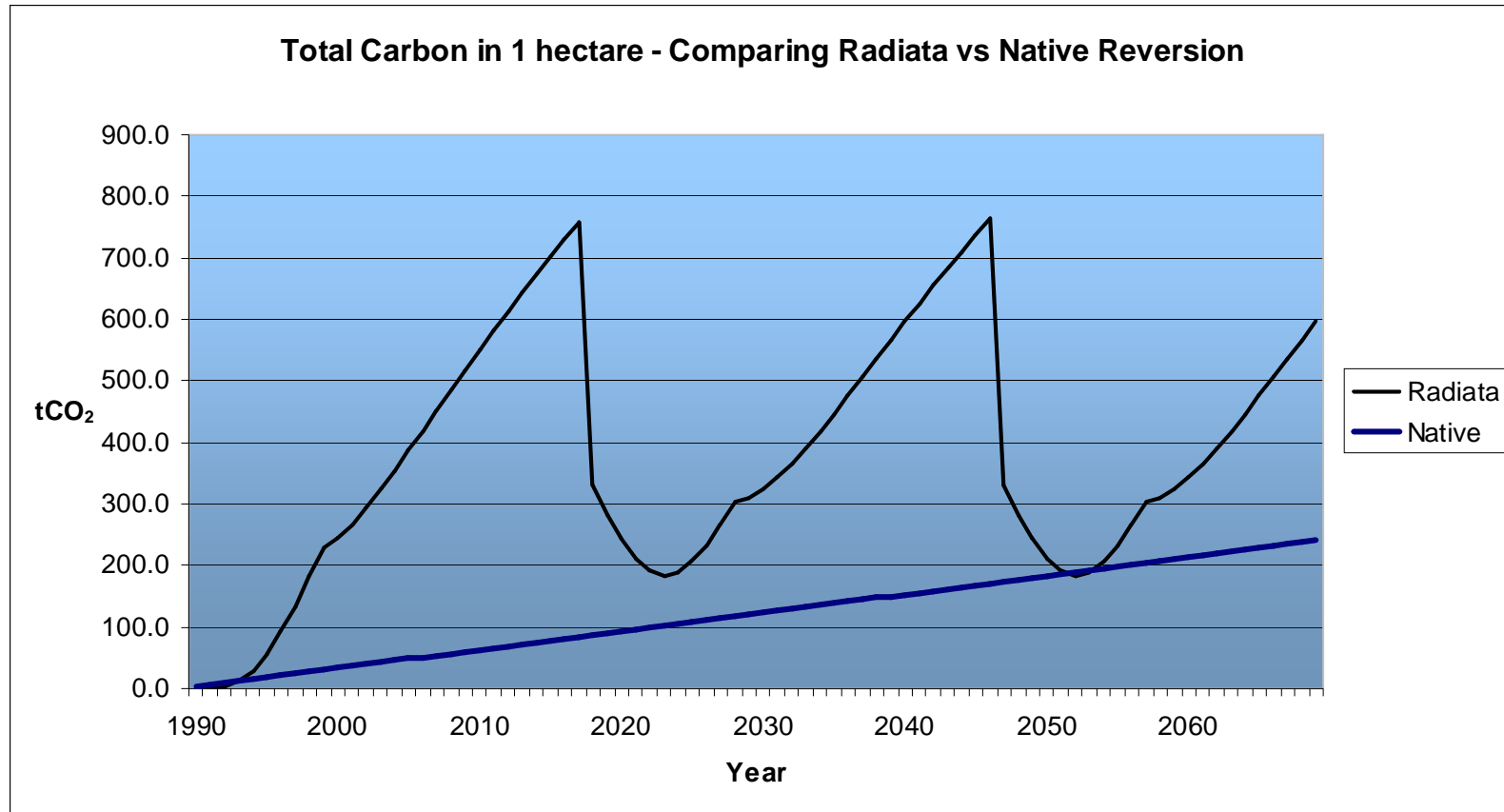


Forestry under the ETS

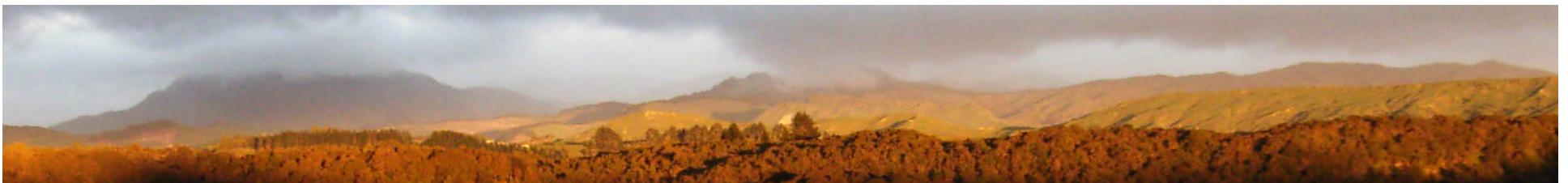
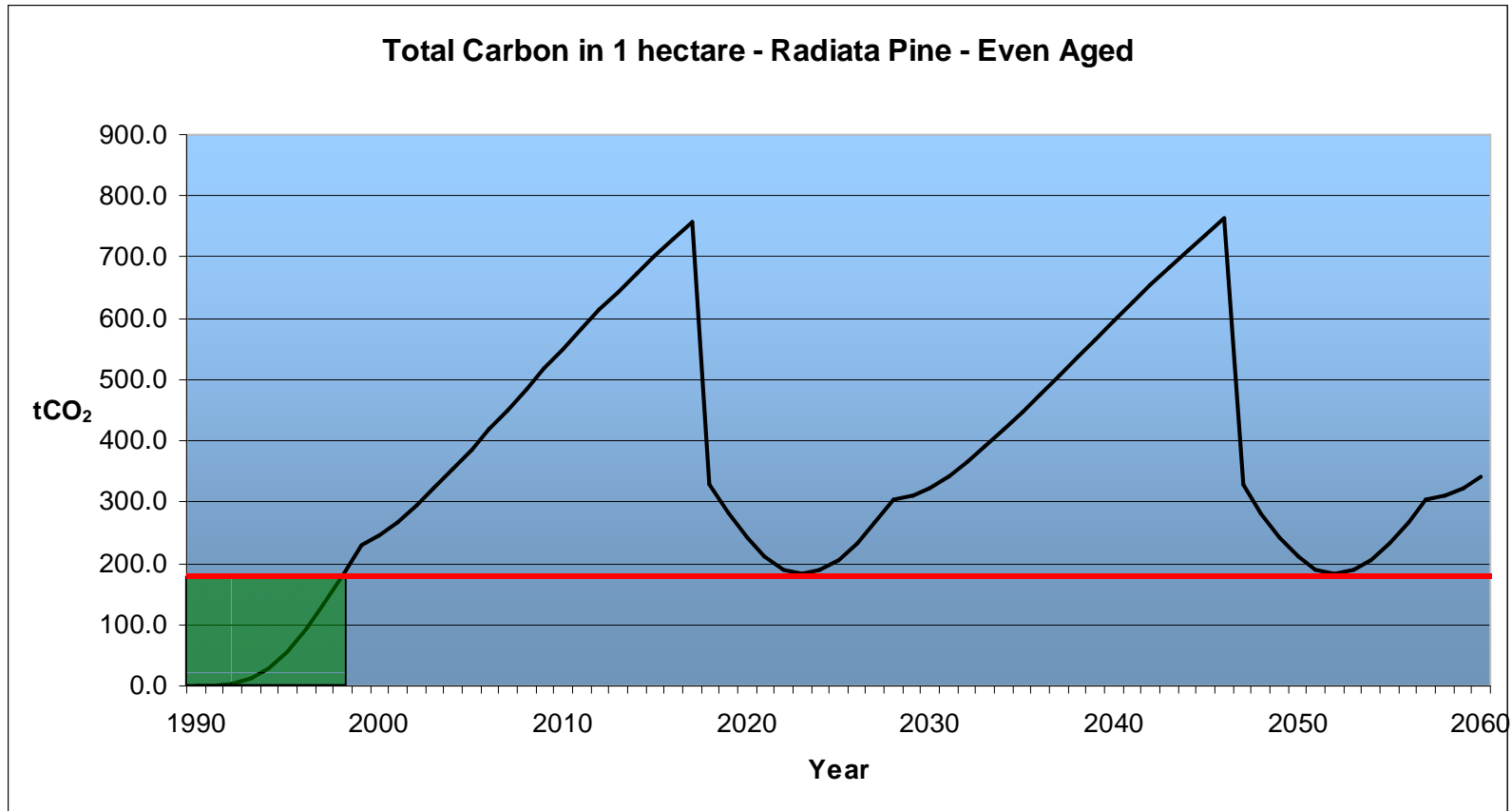
- No species restriction, e.g. Pine & Native
- Can claim all credits generated after 2008
- Required to pay credits back after harvest
- Landowner to meet all administrative costs
- Landowner responsible for any risks, e.g. loss of carbon
- No covenant on title



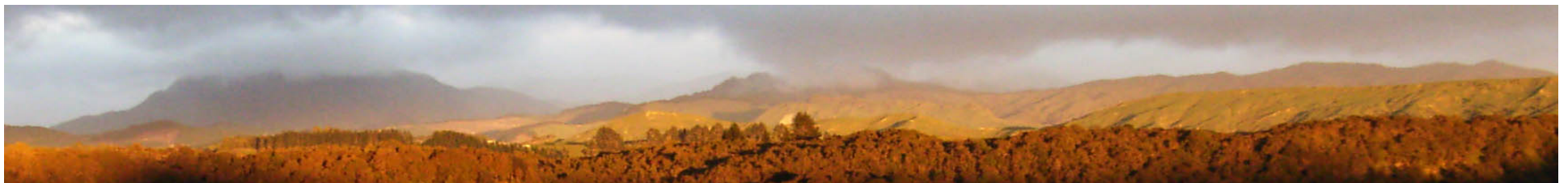
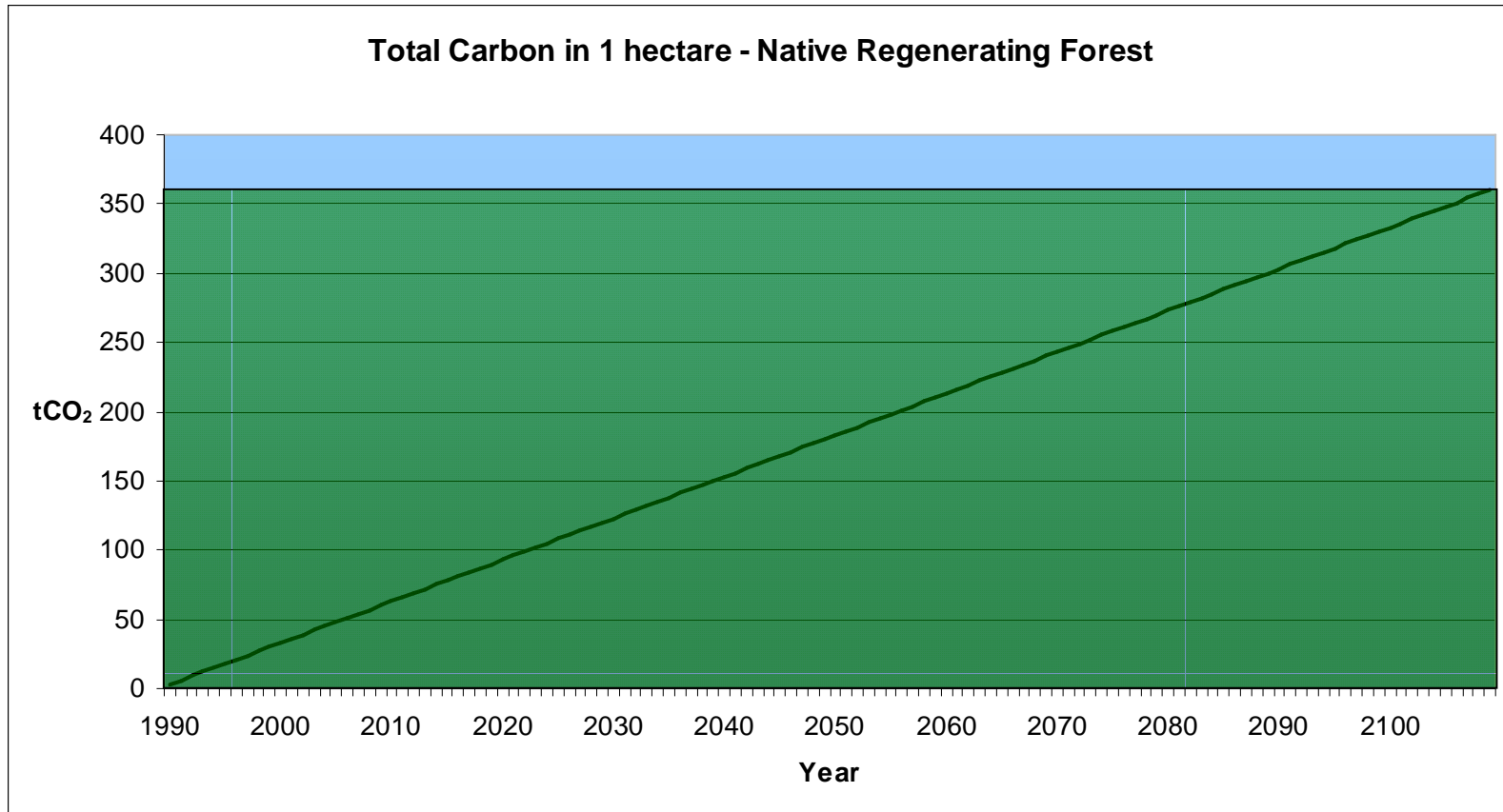
Carbon Growth Options



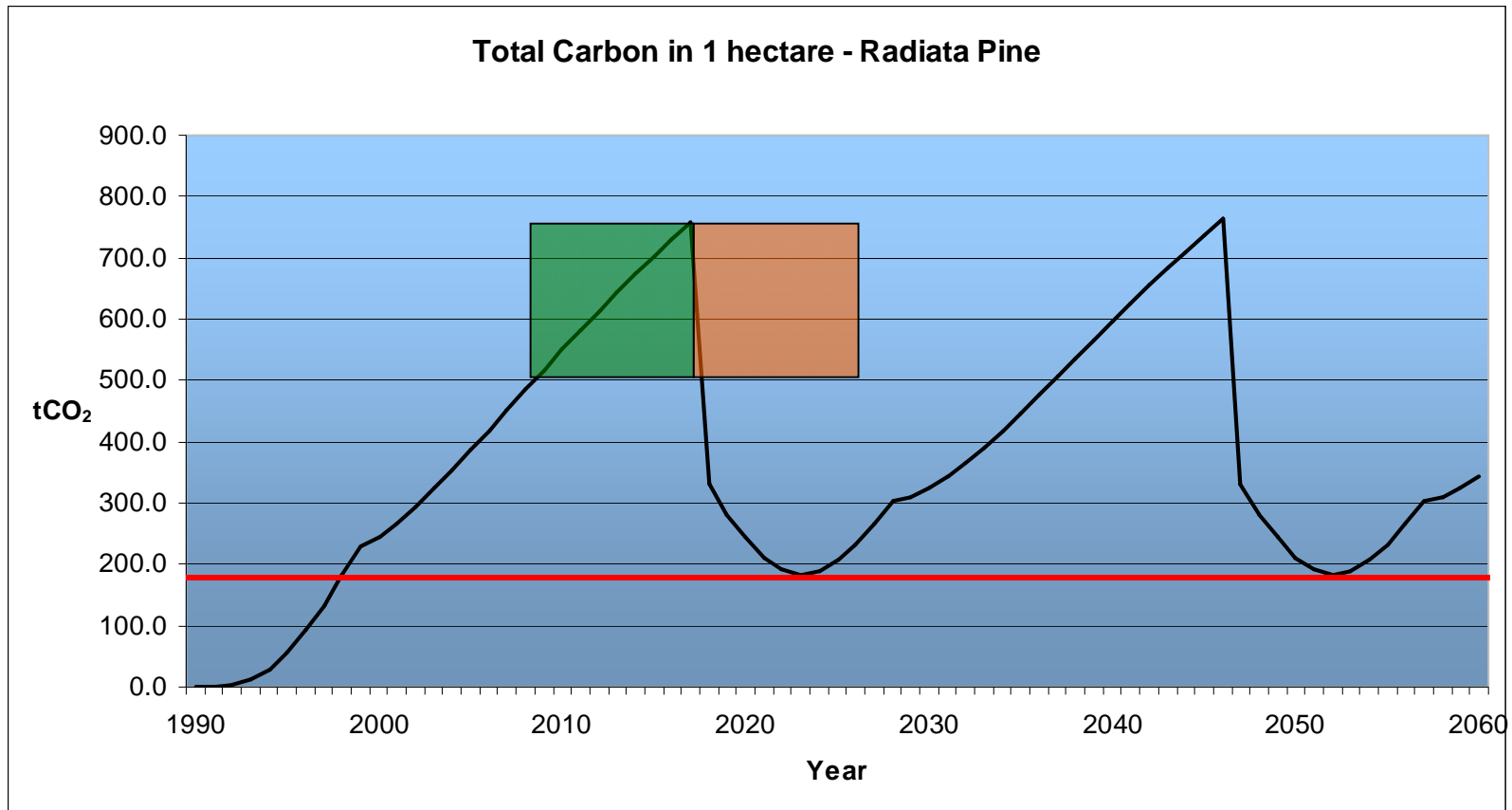
Forestry under the ETS



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