



# Forests: Taking Root in the Voluntary Carbon Markets

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Ecosystem Marketplace

Beijing, China  
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# About the Ecosystem Marketplace

- A Project of Forest Trends
- “Bloomberg” for Emerging Markets in Ecosystem Services
- Coverage of payment for environmental service transactions--carbon, biodiversity, water markets
- Consistent information critical for building these environmental markets/ transactions
- News updated daily, with commissioned articles and newsletters, quantification



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Current Highlights

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US-Based Voluntary Offset Projects: Coming of Age?

There seems to be ever growing market demand for carbon neutral services in the United States. But with voluntary carbon offsets under attack, can America's fledgling market deliver the kinds of high-quality offsets that sophisticated global players demand? The **Ecosystem Marketplace** examines the issues framing the debate in the US market.

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MarketWatch

Tracking transactions, pricing trends, and buyers listings across 14 markets where ecosystem services are paid for. Markets are arranged under the categories of biodiversity, carbon, and water. Visit [MarketWatch](#) | [CNBC Coverage: Street Signs; Squawkbox](#)

INDIVIDUAL MARKETS:

Select One

MARKET SECTORS:

Select One


Carbon Mid-price\* [3 month]

EU ETS

NSW

CCX

US\$/tCO<sub>2</sub>e



26.15

21.79

17.43

13.07

8.72

4.36

Feb-12


Mar-14

Apr-14

May-14

\* CCX - 2007 | EU ETS - 2008 | NSW - Spot

Profile




Pennsylvania's Environmental Revolutionary:

Kathleen McGinty

The Ecosystem Marketplace follows the career of Kathleen McGinty, head of the

Features




Parthenon Capital Fuels Wildlands, Inc. Rapid Growth

Wildlands, Inc. recently announced that Parthenon Capital, a private equity firm with over \$1.5 billion under management, has invested in the company. The **Ecosystem Marketplace** finds out how Wildlands, Inc. plans to put the new

Voluntary Carbon Markets

A Business Guide to What They Are and How They Work with a foreword by Al Gore


Sneak preview and order info >>



TODAY'S NEWS

- New Jersey Pine Barrens performing valuable ecosystem services
- Fertilizing oceans for profit
- Opinion: How to do nothing about global warming
- Jacobs Creek project puts wetlands 'in the bank'

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## FOREST CARBON PORTAL

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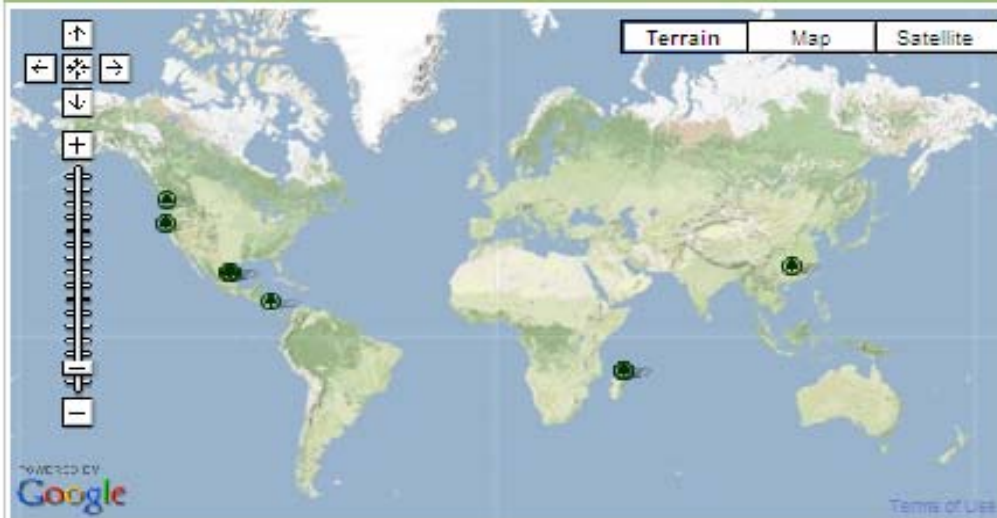
TOOLBOX

CALENDAR

PROJECT INVENTORY

### Forest Carbon Project Inventory

#### FOREST CARBON INVENTORY LISTINGS



#### ABOUT THE PROJECT INVENTORY

The Ecosystem Marketplace's Forest Carbon Project inventory will be a dynamic, searchable database of forestry and other land-based carbon offset projects around the world. The aim of this first of its kind inventory is to provide a centralized, comprehensive, global database of all land-based carbon sequestration projects actively selling credits into the marketplace. The Forest Carbon Project inventory is currently under construction and is scheduled to be launched in early 2009.

The Forest Carbon Project inventory allows users to search for projects based on specific criteria.

#### MARKET SNAPSHOT

TOTAL PROJECTS	13*
TOTAL ACRES	5231
CREDITS SOLD (2007)	3201
AVERAGE PRICE	\$130 USD

\* This inventory is still being populated. We expect the list to be complete in early 2008.

#### FEATURED INVENTORY



The Name of the Project

#### SEARCH THE INVENTORY

Market:

Select Market

Project Type:

Select Type

Standard:

Select Standard

Registry:

Select Registry

Country:

Select Country

Developer:

Select Developer

Keyword:

**VIEW RESULTS**

#### VISIT OUR SISTER SITES

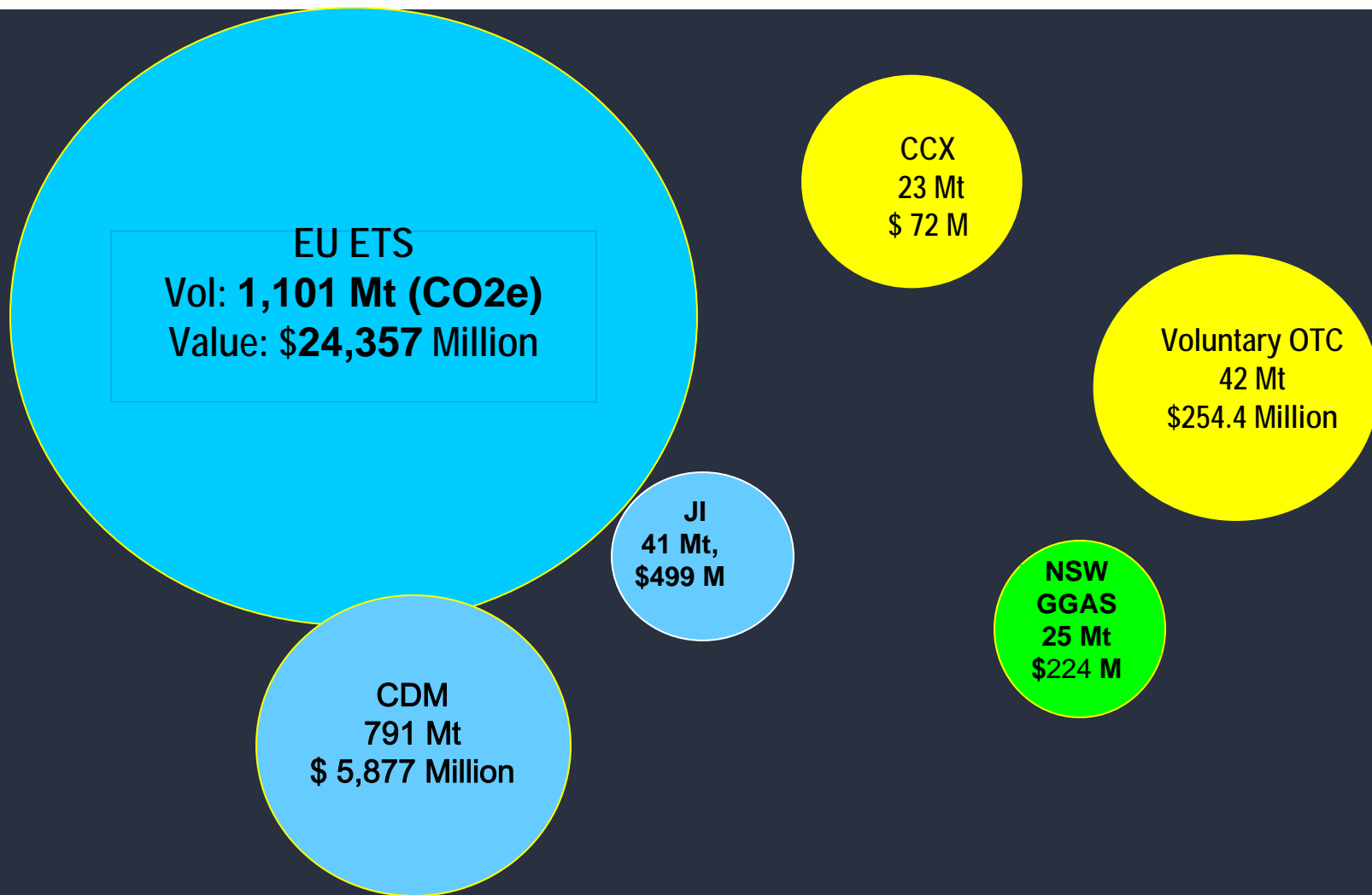
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Source: New Forests/Ecosystem Marketplace,  
World Bank

# The Voluntary Carbon Markets

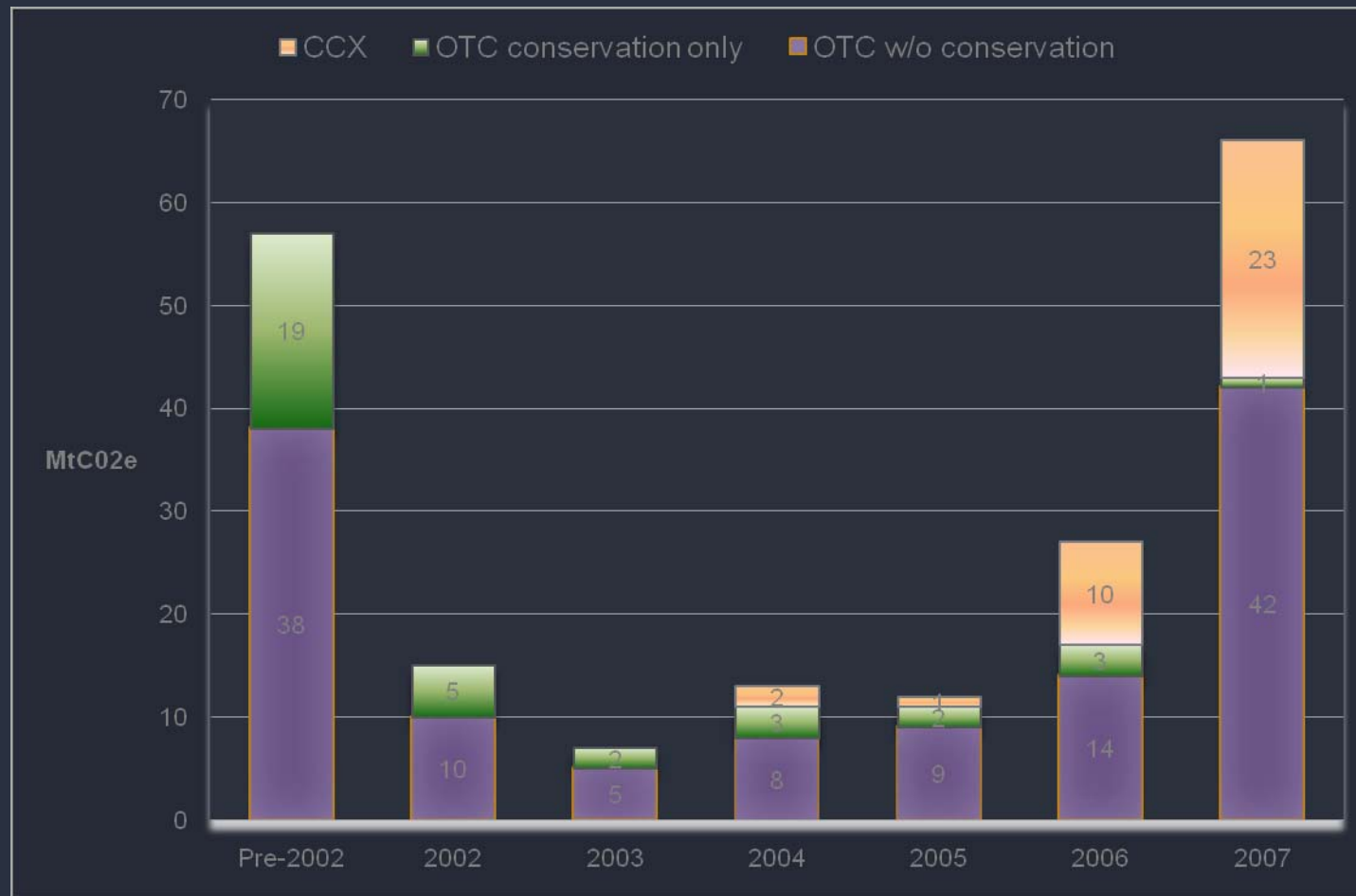
## The Chicago Climate Exchange (CCX)

- Voluntary, but legally binding U.S. based Cap & Trade system
- Membership based
- Internal standards
- Includes offset credits but also allowance based credits

## “Over the Counter” Voluntary Carbon Markets

- Operating outside of any formal exchange
- Scattered transactions
- Almost completely offset based credits
- Represents consumer demand for carbon offsets
- Buyer beware

# Size and Growth



Source: Ecosystem Marketplace and NCF, 2007

## Forest Carbon Markets

	Project Categories	% 2007 Market	2007 tCO <sub>2</sub> e Transacted	2008 (preliminary)
<b>CDM</b>	A/ R	>1%	~ 3 mtCO <sub>2</sub> e	~ 3 mtCO <sub>2</sub> e
<b>NSW GGAS</b>	A/ R	4%	986,884	135,132 (Mid-year)
<b>CCX</b>	A/R, SFM, REDD, long-lived harvested wood products	~ 1% (total)  23% (registered offsets)	266,500 sold (600, 000 tCO <sub>2</sub> e registered in 2007)	6.9 mtCO <sub>2</sub> e registered in 2008
<b>Voluntary OTC</b>	Mix	15%	6.3 mtCO <sub>2</sub> e	Unknown

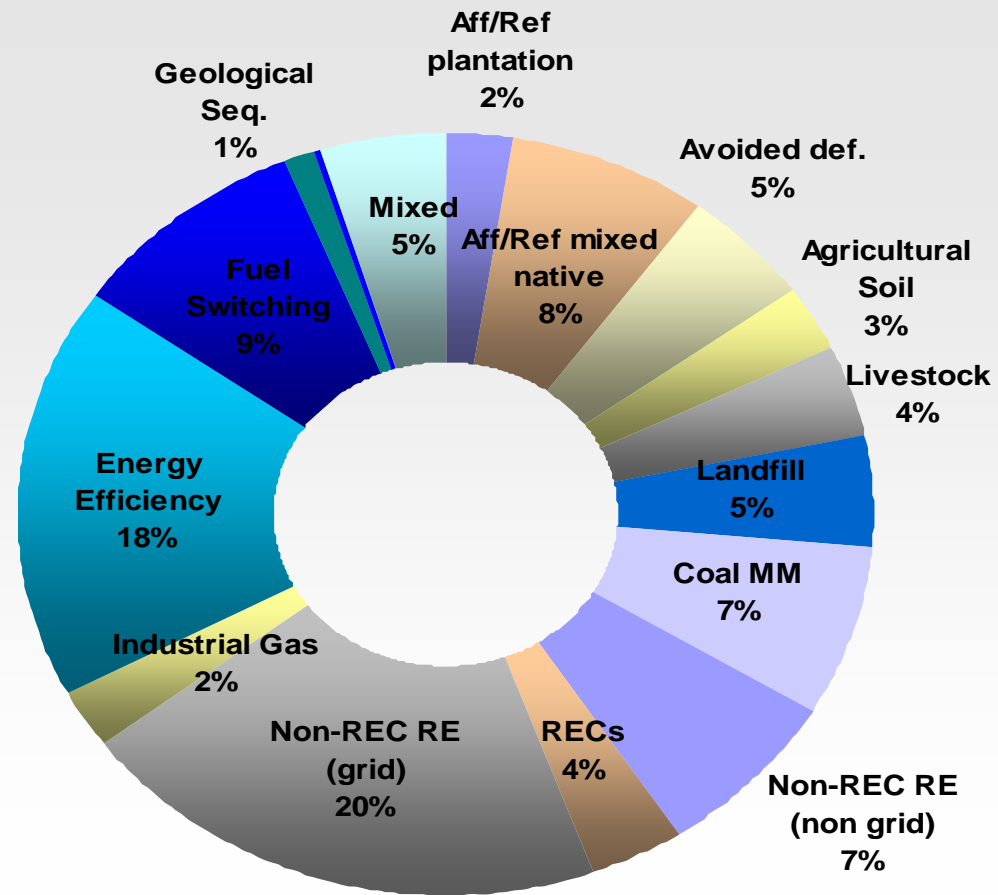


# Voluntary Carbon Markets Embracing Forestry

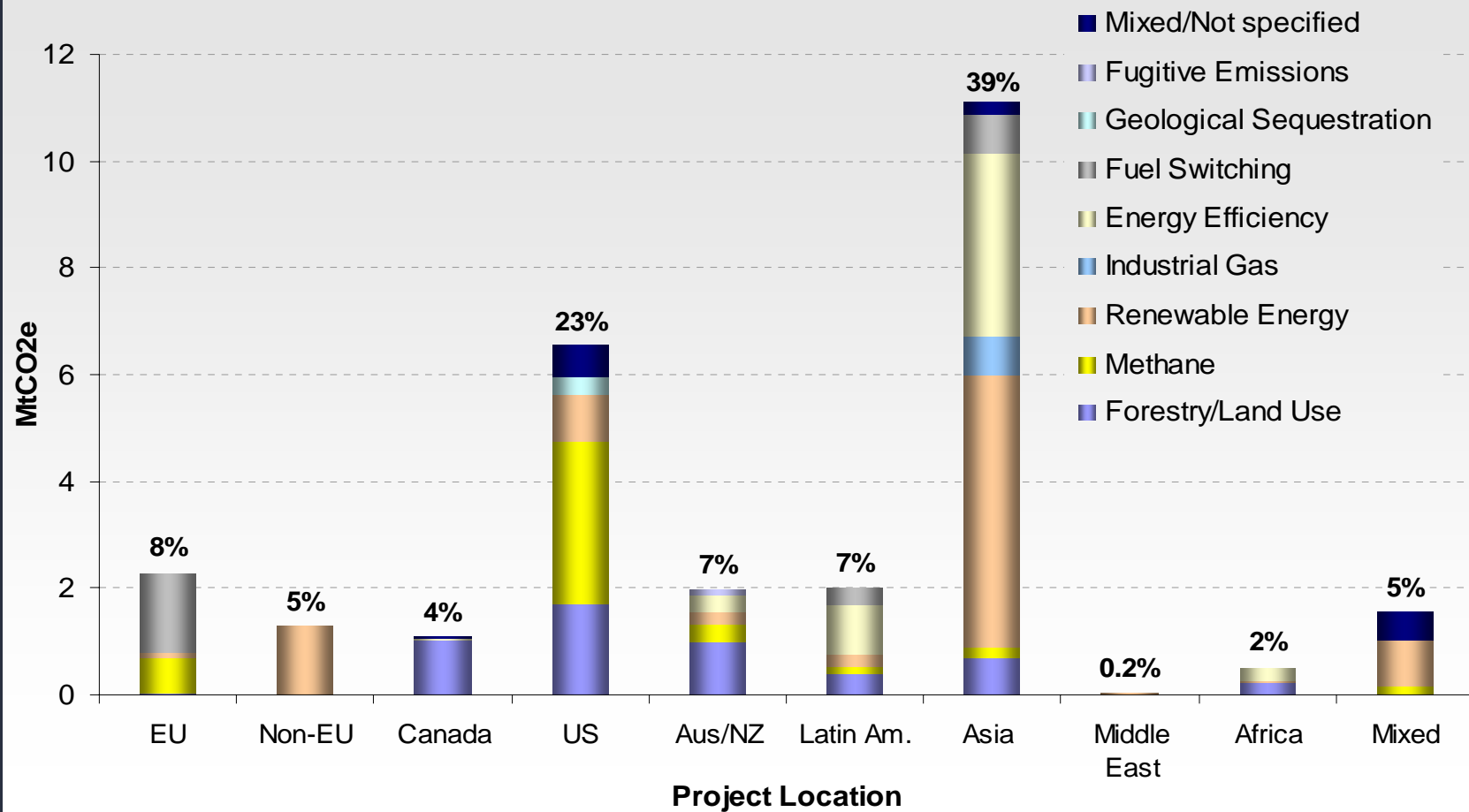
- ▶ Can potentially avoid CDM cost hurdles
- ▶ Space for innovation & testing methodologies
- ▶ Demand for “Charismatic Carbon” in voluntary markets
- ▶ Forestry easy for consumers to understand
- ▶ Currently the only space for REDD



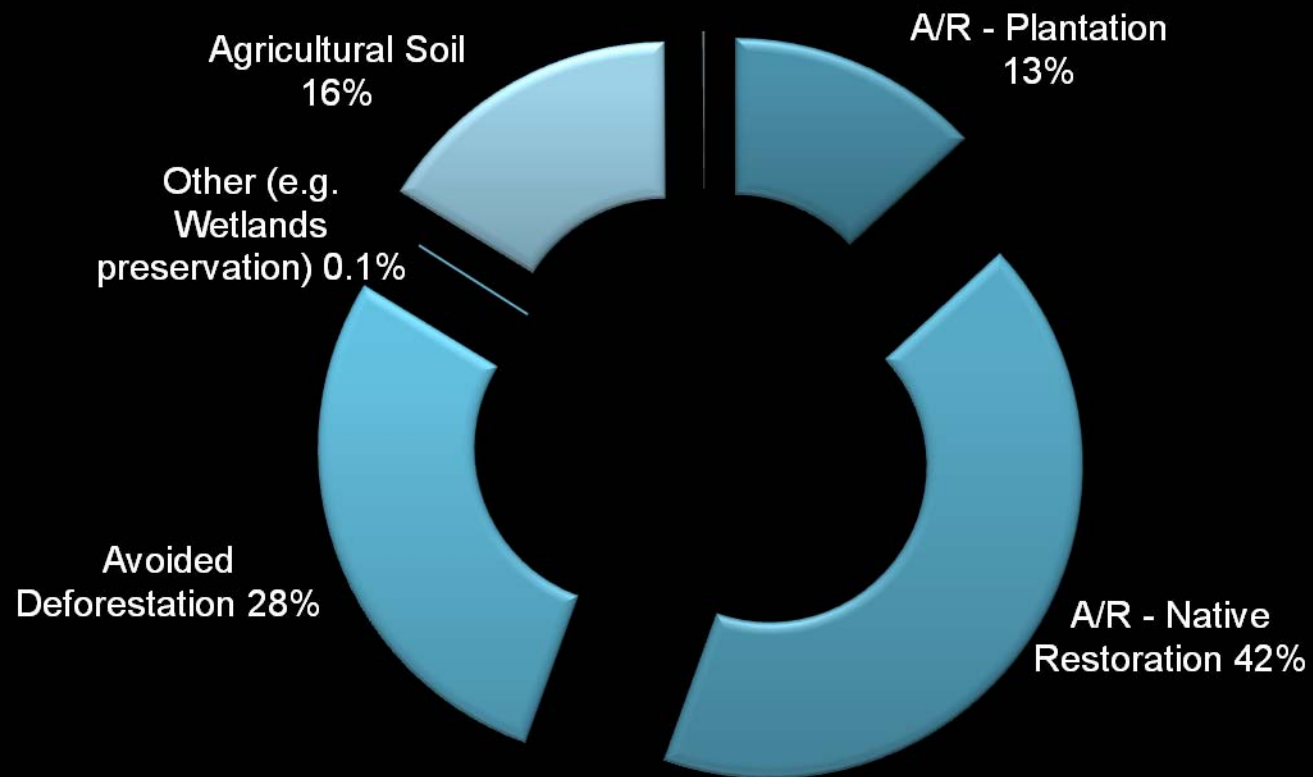
# OTC Market Project Types



# Project Type by Location



# Land Based Projects In OTC



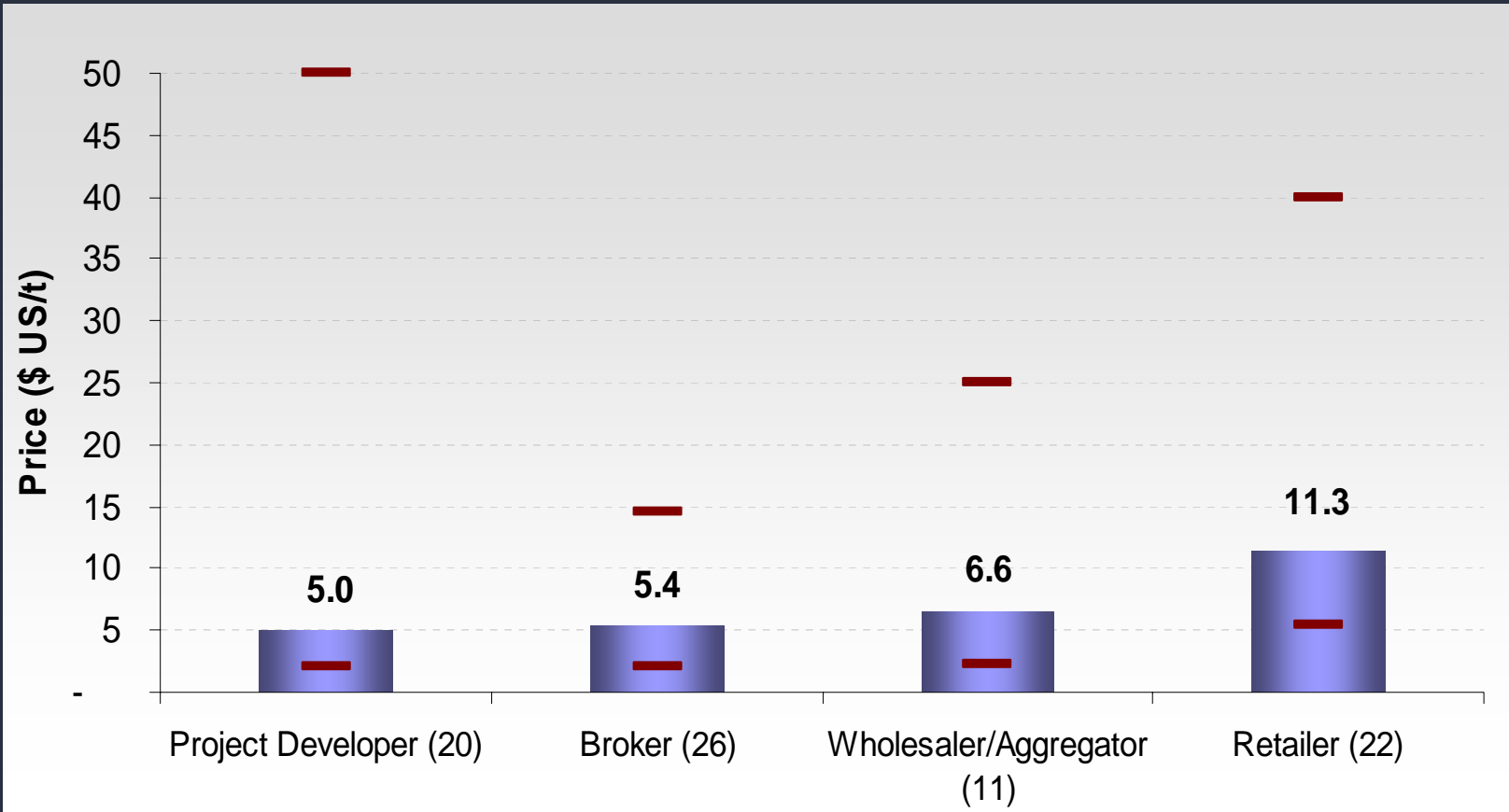
Source: Ecosystem Marketplace & New Carbon Finance, 2008



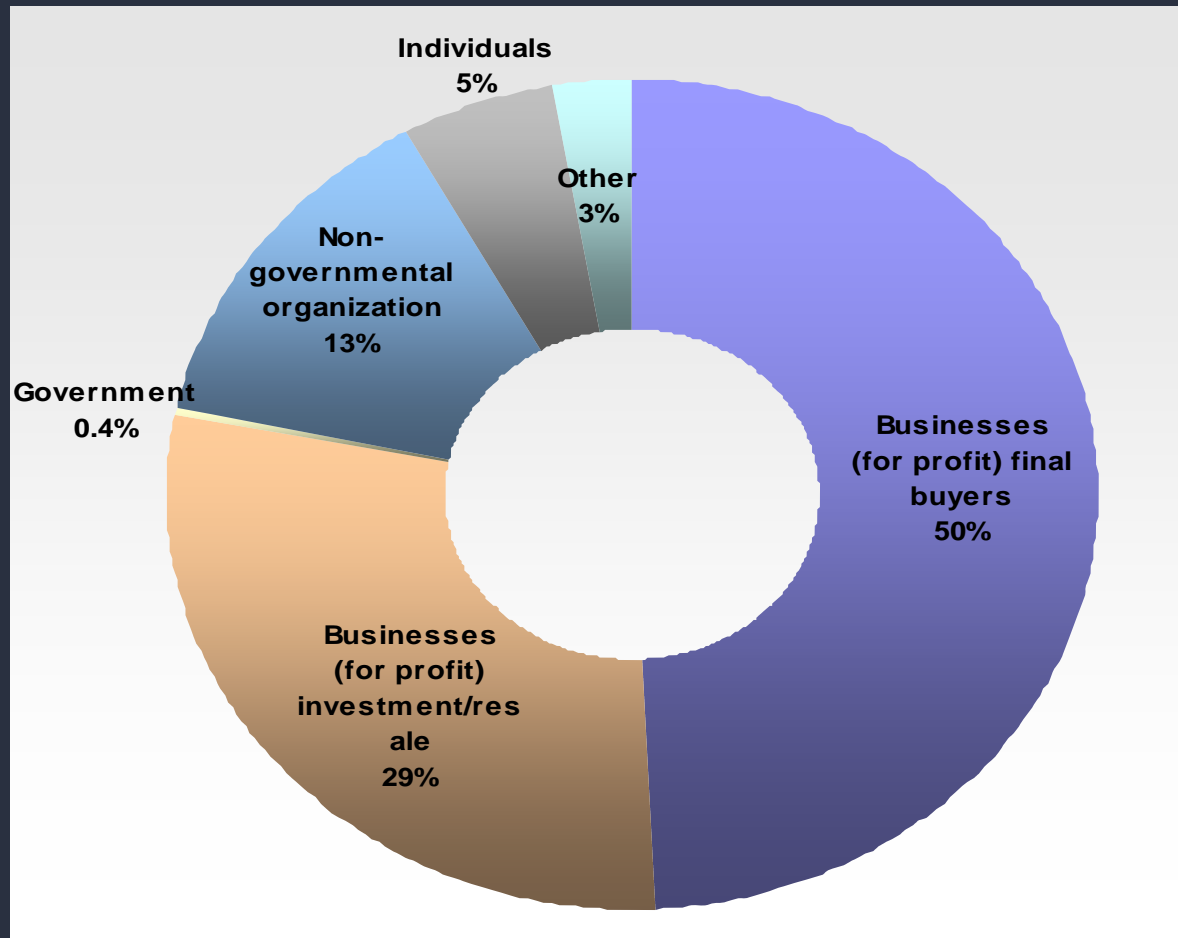
# OTC Market Prices

- Average prices increased by 50% from \$4.1/t to \$6.1/t
- But still large range \$1.5/t to \$300/t !
- Reasons for price increase: Reduction in industrial gas, Increase in RE, EE and Methane, Higher willingness to pay
- Highest price projects: forestry, renewable energy, methane
- Lowest price projects: Agricultural soil, industrial gas, geological sequestration

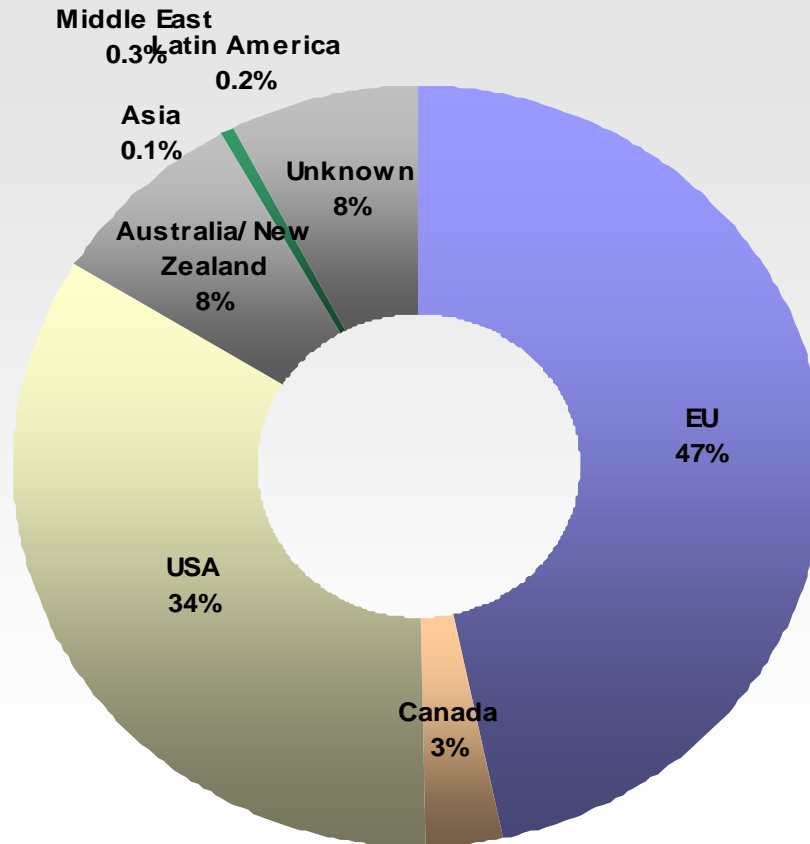
# How are credits getting to buyers?



# Who is driving this market



# Where are they?





# Voluntary carbon in the mainstream media limelight...

Financial Times  
**Industry caught in  
carbon  
'smokescreen,'**  
April 25, 2007

Business Week  
**Another Inconvenient  
Truth,** March 23, 2007

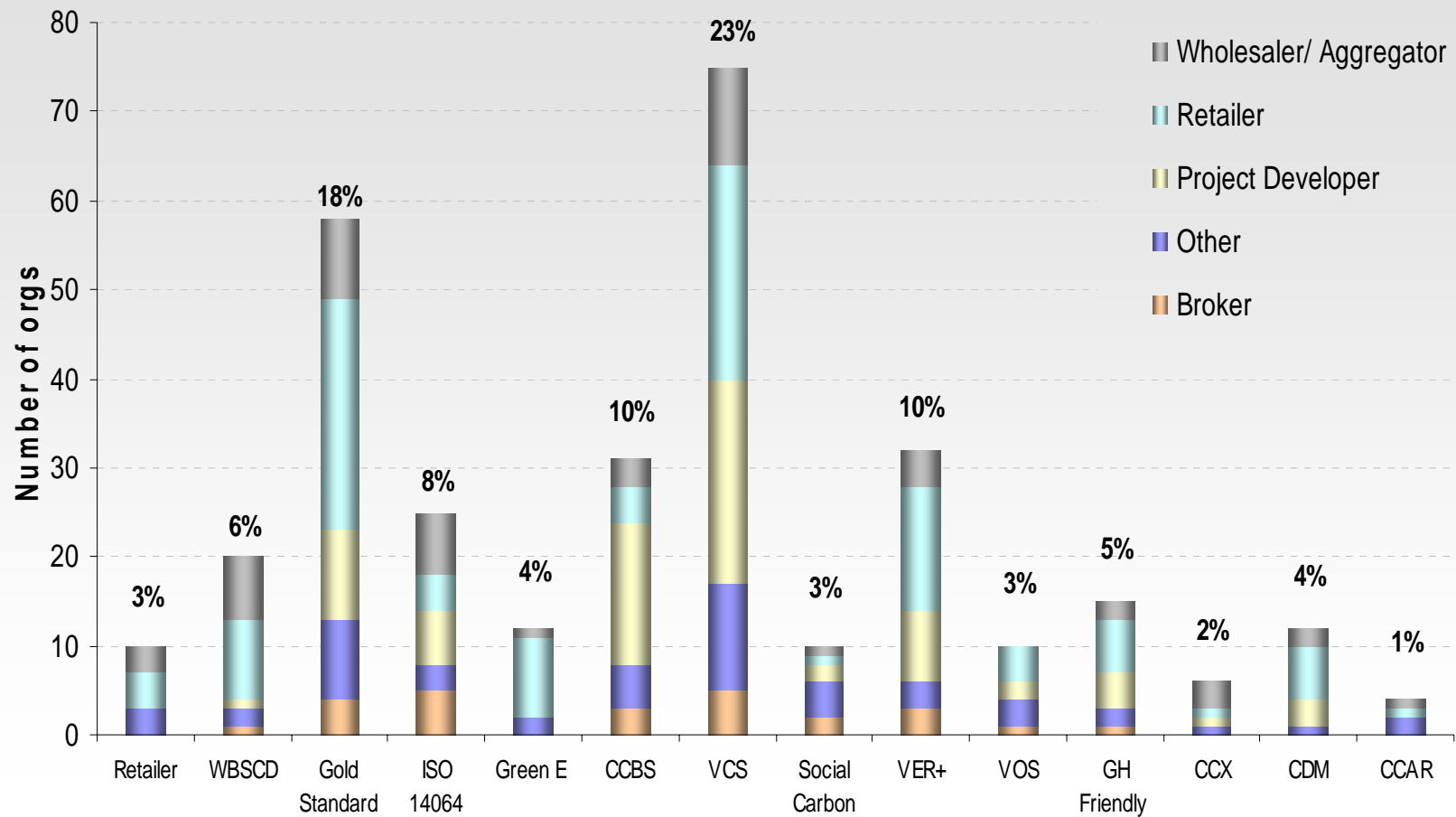
New York Times  
**Carbon-Neutral Is Hip,  
but Is It Green?** April 29,  
2007

Christian Science  
Monitor **Do carbon  
offsets live up to  
their promise?,**  
January 10, 2007

# Credo = Trust: Standards/ Certification Programs...

- Greenhouse Friendly
- California Climate Action Registry Protocols
- VER+
- ISO 14064
- Gold Standard
- Voluntary Carbon Standard
- Climate Community Biodiversity Standards
- Plan Vivo
- Carbon Fix...

# Standards Predictions



# Next big thing... Registries

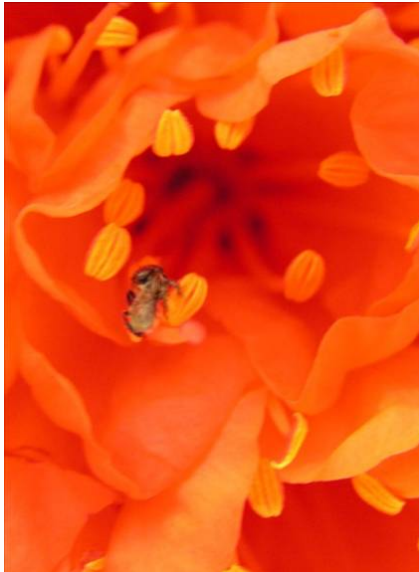
	Bank of New York	Environmental Resources Trust	Blue Registry	CCX Registry	Triodos Climate Clearing House	California Climate Action Registry	Asia Carbon Registry
Serial Numbers	Yes	Yes	Yes	Yes	Unknown	Yes	Yes
Standard/ Verification Requirements	Voluntary Carbon Standard	ERT Approved	VER+ Standard, Plans to incorporate other standards	CCX Board Approved;	Unknown	CCAR Protocols	Approved standards available on the market
Transparency	Accepted standards public; Account information not disclosed	Standards used unclear; Account information public	Accepted standards public; Account information public	Uses CCX Standards; Exchange data public; Account information not disclosed	Standards unclear; Account information not disclosed	Accepted standards public; Account information public	Accepted standards public; Unclear if account information public
Start Date	2006	1997	Expected launch mid-2007	2003	2001	Reduction Registry running. certified credit registry 2007	2007
Total Credits Registered	Unknown	345,346,812t; of which 17,173,624 offset credits	Upcoming Registry	345,356,812t Registered, of which 12,865,500t offset credits	2,033,707t offset credits	2001 emissions reductions registered; registered credits upcoming	Upcoming



## On the Horizon

- Kyoto Negotiations: Copenhagen 2009
- Voluntary markets: Impact of financial crisis
- A major question is how U.S. federal regulation will influence voluntary markets & fund global forests
- Google, Yahoo, Patagonia, Pacific Gas & Electric ETC. all utilizing offsets to mitigate climate impact





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