CASE STUDY
Audubon Improved Forest Management Project
Navigating the Transition from Early Action to Compliance

Navigating the American Carbon World
San Francisco, California
April 16, 2013
About Blue Source

Carbon Credit Portfolio

- Leading N. American project developer and marketer since 2001
- >100M tonne portfolio, >20M tonnes sold
- All active voluntary and regulatory standards/registries (ARB, CAR, ACR, VCS, Alberta, BC, CSA)
- Projects in 48 states, all Canadian provinces
- Most CAR/ARB listed forestry projects
  - First 5 ARB-eligible forest projects outside registered & sold on CAR
  - 6 ARB Early Action Projects listed/submitted
  - First Direct-to-ARB Project in Verification
- First-of protocol development in numerous carbon categories

Services

- Carbon Credit Supply – structuring, marketing, sales
- Project Development – model for landowner upside without cost/risk
- Advisory Services – technical analyses, regulatory design/strategy
Blue Source’s portfolio has been amassed over the past 10 years and totals 100s of million tonnes in the US (4 states) and Canada.
Forestry Project Development & Commercialization

- Protocol Assessment &/or Development
- Forest Carbon Inventory Design & Implementation
- Management Plan Development & Baseline Analysis
- Project Design
- Validation / Verification
- Registration
- Marketing, Sales, Contracting
- Transition to California ARB Compliance

Blue Source has extensive experience in creating *and selling* tonnes in the market. Speed, technical knowledge, premium pricing are central to success.
Case Study - Audubon Beidler IFM Project

- CAR IFM, transition to ARB
- ~5k acres, coastal SC
- Native bottomland hardwoods
- Common practice management prevented by easement

- 2012 Developed and Verified
- 2013 Registered
- 2013 Transitioning to ARB
Important Habitat Protection, Maintenance, Expansion
Teaming with Land Trusts
New Opportunities / Issues Under ARB
• Forest Owner Role/Responsibility
• Qualification of Easements
• Lack of Precedent

First 5 ARB EAC Projects Registered w/CAR:
• Alligator River Avoided Conversion
• Pungo River Avoided Conversion
• Noles North & South Avoided Conversion
• Pocosin Forest Avoided Conversion

A/R Add-on or Enhancement Opportunities
Additional Cases: Improved Forest Management with TIMOs, NGOs

Bishop Forest Improvement
- 250k acre IFM
- FSC Certification
- Ground-breaking Scale (acres, tons)

TNC Working Woodlands
- FSC plan/certification provided by TNC
- Small-Med landowner “aggregation”
- >20k acres protected
Early Action vs. Direct to ARB

- **Timing**
- Semi-“Certainty” vs. New Process
- Aggregation
- Invalidation
- Regulation by ARB
- Protocol Differences
- Easement Qualification / Forest Ownership
- Multiple First-of Steps regardless (order differs)
  - Early Action Project Listing
  - ARB Project Submittal (i.e. PDD to CAR or ACR)
  - CITSS – Users / OPO / APD
  - Authorized Project Designation
  - Regulatory Attestations
  - Transition Verification (Desk or Site)
  - Enhanced COI
  - Registration
  - Monitoring/Reporting
Costly and Time-Consuming Process (Beyond ARB/Transition)

Multiple tasks, documents, analyses:
- Designation of Authority Form
- Project Submittal Form
- Attestations (3 required)
- Boundary Map
- Signed Easement
- Inventory
- Growth Model / Baseline
- Monitoring Plan
- Project Design Document
- First Verification / Validation
- Project Implementation Agreement
- Initial Registration / Transfer
- Sales, Contracting
- Ongoing monitoring/verification

Significant upfront costs (>$100k/project)
- Inventory
- Legal
- Appraisal
- Growth, baseline modeling
- Verification
- Registration
Forest Project Development Observations

- Restrictions on management can be limited (easement terms, reversals)
- Still burdensome for small projects (stocks and acres, easements)

- Solutions exist to 100 year+ commitment and invalidation risk

- Great progress by CAR, ARB and verifiers but still many “first-ofs” for all
- No substitute for project experience to mitigate risk
Thank You!

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