Navigating the American Carbon World
Project Showcase
April 10, 2012
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 (CAR, VCS, ACR, AB, CSA)
- Projects in 48 states, all Canadian provinces
- Most CAR listed forestry projects
- First-of protocol development in numerous carbon categories

Services

- Carbon Credit Supply – structuring, marketing, sales
- Project Development – net-back model aligns incentives, provides landowner full market upside without upfront cost/risk
- Technical Services – quantification and valuation of emission reductions, market and regulatory 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

Blue Source has extensive experience in creating and selling tonnes in the market. Speed, technical knowledge, premium pricing are central to success.

- Protocol Assessment &/or Development
- Forest Carbon Inventory Design & Implementation
- Management Plan Development & Baseline Analysis
- Project Design
- Validation / Verification
- Registration
- Marketing, Sales, Contracting
Costly and Time-Consuming Process

Multiple tasks, documents, analyses:

- Designation of Authority Form
- Project Submittal Form
- Attestation of Title
- 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
Case Study 1 - Alligator River Forest Conversion Project

- CAR Avoided Conversion
- ~3K acres, Hyde County, NC
- Native bottomland hardwoods
- Conversion to agriculture prevented by easement

- 2010-11 verified, registered, sold (pre-sale accelerated owner value)
- First of CAR forestry outside CA, soil carbon quantification
Case Study 2-6: CAR AC/IFM/AR

Audubon Beidler Forest Improvement
- ~6k acre IFM (no-harvest)
- Preserves unique ecosystem

Bishop Forest Improvement
- 250k acre IFM (FSC)
- Scale (acreage, products)

Pungo River Forest Conservation
Noles North & South Forest Conservation
Pocosin Forest Conservation/Restoration
- 5k acre AC (agriculture) + AR
- Revised soil methodology
- Aggregation
- Re-forestation
Case Study 7 - TNC Working Woodlands

Private Landowner Trends and Challenges
- Aging owners, lack of estate planning
- Disinterested heirs, fragmentation
- Harvest w/o professional guidance
- Event-driven (college, retirement)
- Poor incentives to manage sustainably

Working Woodlands Solution
- FSC plan & certification provided by TNC
- Legal protection of carbon for duration
- Enhanced public access
- Small landowner aggregation
- Financed by shared carbon revenues

Bethlehem Authority Project
- 20k acre mixed hardwood and conifer
- IFM (ERA) project under VCS
Forest Project Development Observations

- Great progress by CAR and verifiers
- Approaches to mitigation of development risk
- 100 year+ commitment daunting to landowners, but solutions exist
- Invalidation risk under ARB, but could yield price premium for forestry
- Still too burdensome for most small landowners and projects
- Uncertainty over future standard revisions / interpretations harmful
Thank You!

Jeff Cole
Vice President
Blue Source
415-637-5333
jcole@bluesource.com