

Publication: Arkansas Democrat-Gazette; Date: Jul 15, 2008; Section: Business; Page: 1



Carbon credits win foresters over

State's owners of tree-covered lands paid in CO2-reduction program

BY NANCY COLE ARKANSAS DEMOCRAT-GAZETTE

GUION — Once a skeptic, Earl Smith is now a believer.

Last month, he was among the first group of Arkansas forest landowners to receive payments for removing carbon dioxide from the atmosphere.

The Chicago-based Delta Institute, a carbon-credit broker for the Chicago Climate Exchange, paid Smith and 17 other landowners in the state a total of \$126,000.

After hearing about the opportunity last year, Smith enrolled 158 acres of loblolly pines he had planted four years ago in a remote part of southern Izard County near Guion.

He doubted, however, that the deal would ever pan out.

"Sometimes it's better to be lucky," Smith said jokingly Friday, as he toured several of the five plots of pine trees he had planted on old pastureland.

After his father died several years ago, Smith, who lives in Little Rock, decided that trees would be much easier to manage long-distance than cattle.

Brent Foust, a consulting forester based in Heber Springs who has helped the Smith family manage their land for about 10 years, said he was glad to see carboncredits reward good stewards of the land for their commitment to sustainable forestry management.

Smith's land is enrolled in both the American Tree Farm System and the Forest Stewardship Program.

"I called it snake oil" originally, said Foust, referring to the carbon-credit system, but "it's just a byproduct of good management."

Carbon dioxide that is sequestered, or withdrawn, from the atmosphere by trees during photosynthesis can serve as a valuable offset to the carbon dioxide that is emitted by fossil-fuel-burning industries such as power plants.

Since the Chicago Climate Exchange was established in 2003, hundreds of companies have joined and voluntarily committed to reduce their greenhouse-gas emissions, which many scientists blame for global warming. If the member-companies fail to reach their own emission-reduction targets internally, they can buy carbon credits on the exchange to make up the difference.

Many of the member companies already are required to reduce their greenhouse gas emissions in the European Union as a result of the Kyoto Protocol to the United Nations Framework Convention on Climate Change. Other members anticipate future U.S. regulatory action will mandate similar reductions.

U.S. carbon-dioxide emissions from fossil-fuel combustion totaled about 5.9 billion metric tons in 2006, according to the federal Energy Information Administration.

Smith's trees are calculated to sequester about 2.2 metric tons of carbon dioxide per acre annually, based upon their species, growing region, age and planting density, he said.

The Delta Institute, which aggregated Smith's acreage with a number of similar carbon credits, sold the entire pool on the Chicago Climate Exchange in May at a price of \$6.99 per metric ton.

The first payments represented up to five years' worth of carbon-dioxide sequestration, said Bill Schleizer, an associate with the not-for-profit Delta Institute. Future payments are ensured through 2010, when the experimental

Chicago Climate Exchange is scheduled to expire, he said.

Designed as a model for a cap-and-trade program that could be used to regulate greenhouse-gas emissions, the future of the exchange depends on "what happens on the national front with federal regulations," Schleizer said.

The first mandatory U.S. carbon cap-and-trade program, an effort by 10 Northeastern states to reduce power-plant emissions, is scheduled to begin in 2009. California and four other Western states also have legislation in place calling for the establishment of greenhouse-gas-trading programs.

Like Smith and Foust, Arkansas landowner Ken Allen had doubts whether he would earn anything by trying to sell carbon credits.

"We were very skeptical, but we went through the Delta Institute and they made things so simple," he said.

Allen, who lives just south of the Arkansas state line in Plain Dealing, La., enrolled 350 acres of loblolly pines that he and seven siblings had planted in 1996 in Lafayette County.

"We manage the land for wildlife and timber, and this little bit of income helps both areas," Allen said.

Ken Wiesner also was dubious about selling carbon credits.

"I was skeptical until we opened up the envelope with a check in it," said Wiesner, who lives in North Little Rock.

Last year, Wiesner enrolled 226 acres of loblolly pines for carbon credit sales through the Delta Institute: 121 acres of trees planted in 1992 in Saline County and 105 acres planted in 2006 in Garland County.

"To the last minute, I didn't believe it was going to happen," Wiesner said.



Arkansas Democrat-Gazette/KAREN E. SEGRAVE Earl Smith is among the first Arkansas forest landowners to earn money for sequestering, or removing, carbon dioxide from the atmosphere. Smith planted 158 acres of loblolly pines on his land in a remote part of southern IZARD County.