



Ecotrust Forest Management



May 12, 2011



Ecotrust Mission and History

Ecotrust works on conservation and economic development from Alaska to California by investing in the distinctive natural advantages of individuals, businesses and communities. Through that investment, we seek to inspire new innovations that lead to long-term, reliable prosperity.



Why a Focus on Forest Carbon?

- One of the first developed markets for ecosystem services
- Critical stage of protocol development (CAR, VCS, ACR)
- Low timber prices cause landowners to look for new economic opportunities
- Can be bundled with other ecosystem services
- Ecotrust's technical expertise
- Interest from many forest landowners and buyers
- Generates values for local communities
- Numerous co-benefits



Types of Land Use Projects (AFOLU)

- Agricultural Land Management
- Grazing Land Management
- Grassland Restoration
- Afforestation/Reforestation
- Improved Forest Management
- Avoided Deforestation (REDD)



Common Forest Carbon Pools

- Above ground live tree carbon (leaves, branches, bole)
- Below ground live tree (roots)
- Standing dead tree (snags)
- Soil carbon
- Organic litter
- Downed woody debris
- Understory vegetation
- Harvested wood products



Key Forest Carbon Project Concepts

- Additionality
- Permanence
- Leakage
 - Project
 - Market
- Risk of Reversal



Voluntary Carbon Protocols

- Verified Carbon Standard (VCS)
 - Public and Private Lands
 - Minimum 30 year commitment (risk deductions)
- Climate Action Reserve (CAR)
 - Public and Private Lands (non-federal)
 - Slightly different requirements to qualify for ARB eligible credits
 - 100 year commitment
- American Carbon Registry (ACR)
 - Only private lands (current approved methodologies)
 - Minimum 40 year commitment (risk deductions)



Ecotrust -- Forest Carbon Project Development

- Feasibility Study
 - Eligibility
 - Protocol Selection
 - Carbon Modeling
 - Cash Flow Modeling
- Project Development
 - Carbon Measurement
 - Carbon Modeling
 - Documentation Submission
 - Verification/Registration
 - Negotiated sale



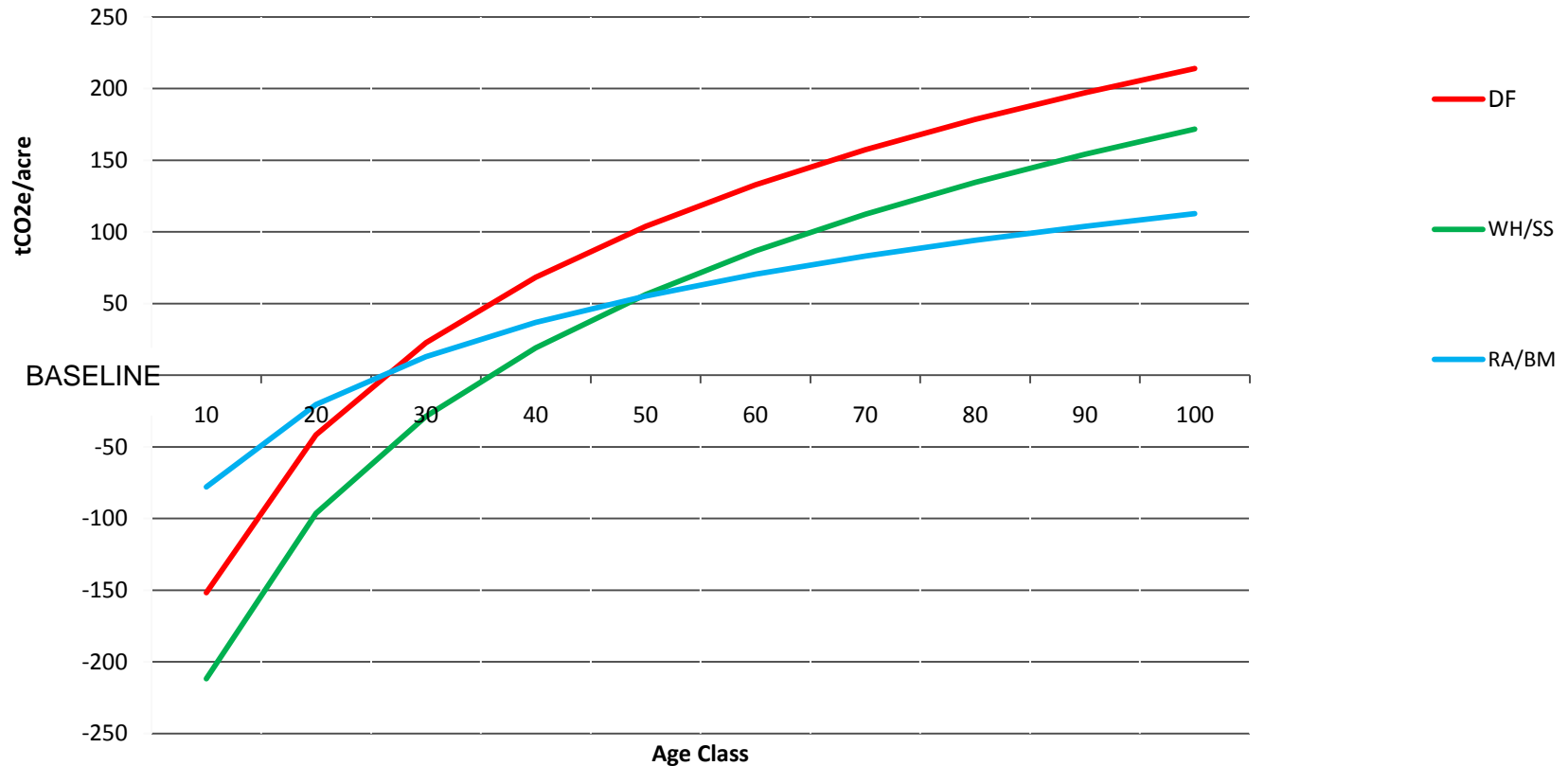
Major Project Hurdles

- High project development costs
- Developing protocols
- Legal complications
- Project lifetime and permanence requirements
- Numerous long-term third party costs
- Uncertainty of new legislation and potential compliance markets
- Low economic viability of smaller acreages



Regional Carbon Values

NW Oregon Coast





Elliott State Forest

Annual Rate Reductions (compared against a baseline harvest 40MMBF)





Ecotrust Forests LLC

Current status & strategy



Raise capital into open, perpetual fund

Acquire and manage forestland (12,500 acres under mgmt)

Manage forests for longer rotations, structural complexity & diversity

Generate competitive returns for investors through full range of forest products and services: timber, non-timber, ecosystem services, recreation

Make strategic acquisitions in high-conservation value watersheds, and restore health and productivity

Generate jobs and opportunities for local residents

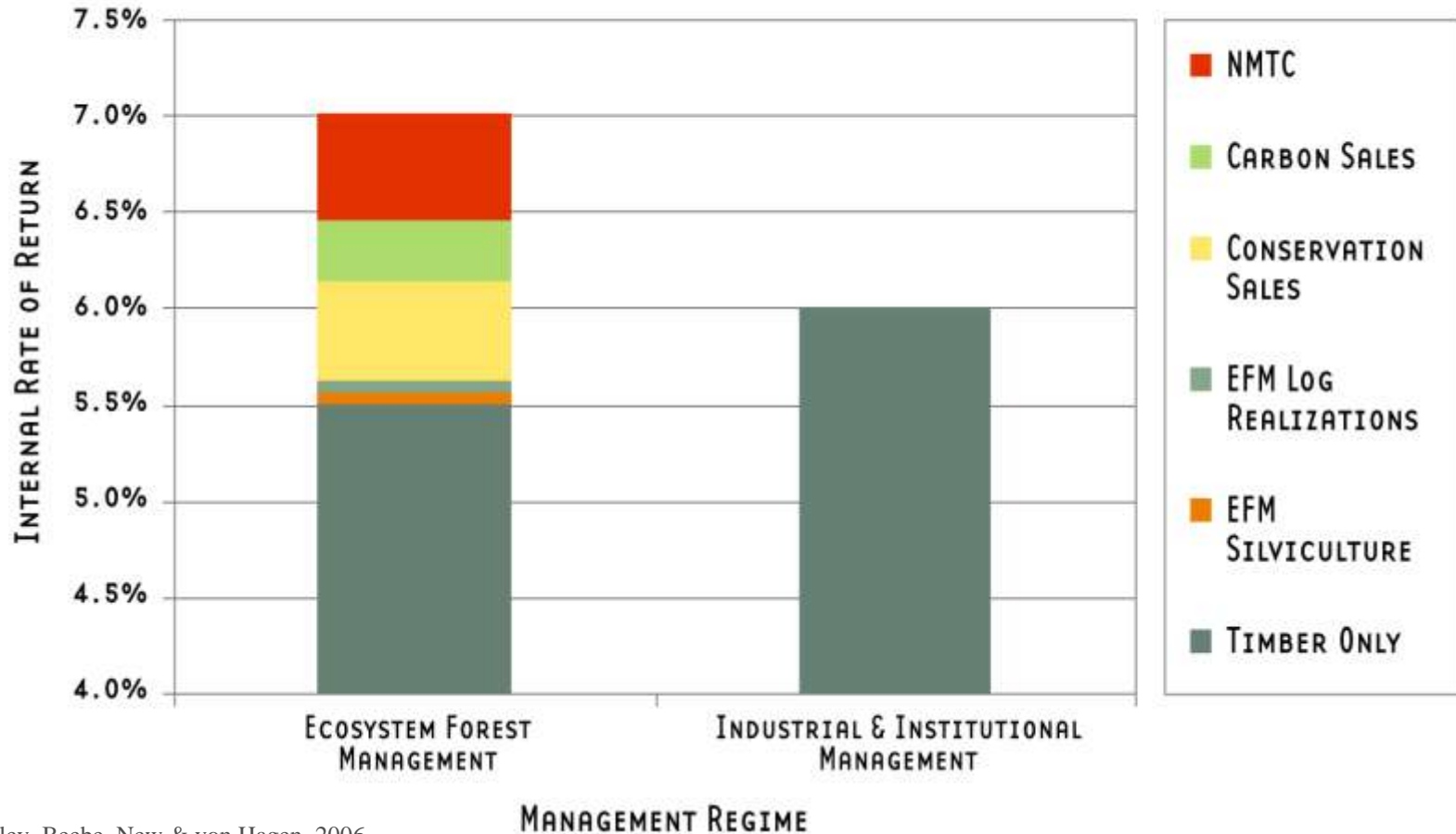
FSC certified resource manager





Ecosystem services are key

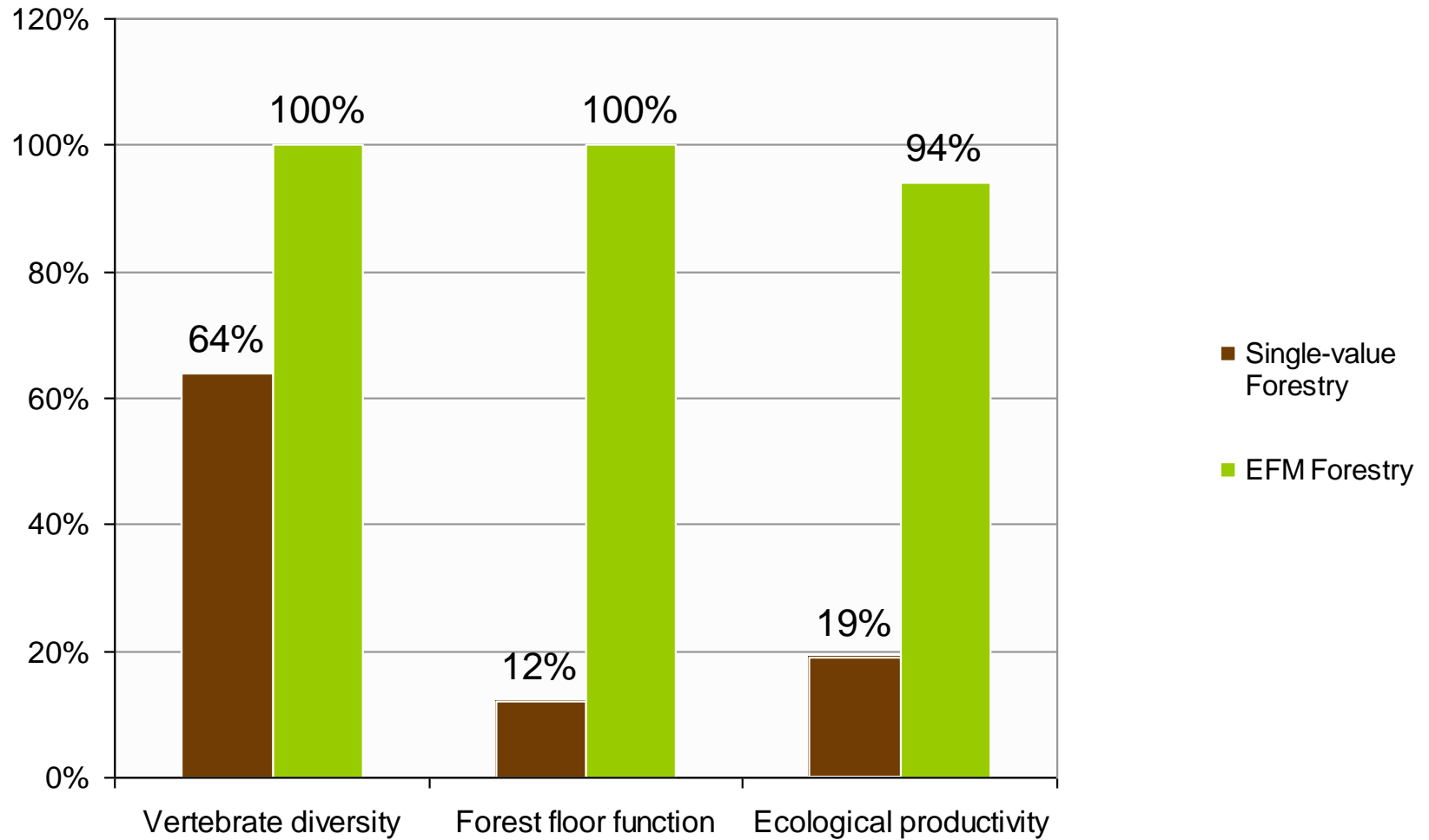
INDICATIVE IRRS FROM EFM AND INDUSTRIAL MANAGEMENT REGIMES



Source: Binkley, Beebe, New & von Hagen, 2006



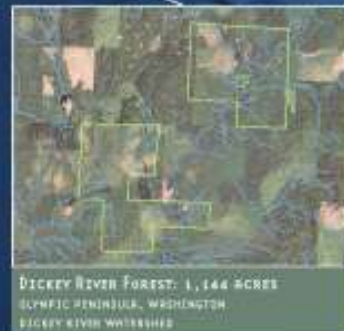
Biodiversity impacts of longer rotations



Source: Carey, Lippke & Sessions 1999



Forestland Currently Managed By EFM





Sooes property outlined





Sooes Forest Facts

- 3,275 acres
- Acquired by Ecotrust Forest Management November 17, 2005
- Net Timber Volume (2007) – 36,646 MBF
- Species ratios by volume
 - Western Hemlock (61%)
 - Douglas Fir (13%)
- Planned annual harvest – 1,250 MBF



Average Carbon Prices – Ecosystem Marketplace



Source: State of the Forest Carbon Markets 2009, Ecosystem Marketplace



Ecotrust Forest Carbon Program

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