

What it takes to enter the Carbon Trading arena & Expectations



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What it takes to enter the Carbon Trading arena

- Contact with an aggregator or an associate aggregator
- Inspection of the tract or stand to determine whether it qualifies for
 - **Afforestation program**
- Planted after January 1, 1990 on land previously in crops or pasture
- No thinning or harvesting allowed *prior to* or during the 15 year contract
 - **Sustainably Managed Forest program**
- Must have a written management plan and be enrolled in a certified forest management program such as American Tree Farm System, SFI, FSC or other CCX approved certification.

What it takes to enter the Carbon Trading arena

- Aerial photo with the enrolled area delineated and number of acres in each stand.
- Legal description of the property
- Legal evidence that the Project land is owned by the Project owner by one or more of the following:
 - Copy of the deed, copy of a sales contract or copy of tax receipts
- Signed statement that the Project land will remain as forest stock for at least 15 years (is included in the contract)
- Signed Exchange Forestry Offset (XFO) Contract

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- ***Additional documentation for the Afforestation program:***
- Evidence that trees were planted on land that previously had no trees:
 - Aerial photo of the land prior to planting or
 - Copy of a CRP contract
- Evidence of planting date:
 - Copy of tree purchase receipts
 - Copy of planting contract

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- ***Additional documentation for the Sustainably Managed Forest program***
- Description of sustainable forest management plan:
 - Copy of the signature page of the management plan
 - Baseline cruise records
- Evidence of Sustainable Certification
 - Copy of the certification certificate from Tree Farm, SFI, FSC etc.
- Direct measurement data from the stand
- Baseline cruise records that conform to CCX requirements of a
 - 90% confidence level with a + or – error of 20%

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Baseline cruise data submitted with the contract is put in a growth and yield model approved by CCX with the included planned thinning if any.

The growth and yield model generates the expected growth of the stand and the net carbon sequestered over the 15-year life of the contract.

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CCX requires that the total net carbon be discounted by 20% because the cruise has a possibility of 20% error.

The discounted total net carbon sequestered is divided by 15 for an *estimated net annual increment* of carbon available for sale each year of the contract.

In the 15th year of the contract a “true-up” cruise will be done to determine the actual total net carbon sequestered. Plus or minus adjustments are made to the amount of carbon available for sale in the last year.

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When will you get paid for the sales from your carbon? The pool has to be created, verified and registered before any sales can be made.

1st payment will be 12 to 18 months from the time you sign your contract.

AgraGate then pays twice a year, Jul. & Jan.

Sustainable Managed Forest Examples of Carbon Estimates

Tract 1: 1990 Pine Plantation (age 18)

No thinning 3.672 tons/acre/year

Thin 2015 (age 25) 1.366 t/a/y

Tract 2: 2003 Pine Plantation (age 5)

No thinning 4.293 t/a/y

Thin 2018 (age 15) 2.607 t/a/y

Sustainable Managed Forest Examples of Carbon Estimates

Tract 3: 2003 Pine Plantation (age 5)

No thinning 4.328 t/a/y

Thin 2018 (age 15) 2.909 t/a/y

Tract 4: 2007 Pine Plantation (age 1)

No thinning 2.877 t/a/y

Sustainable Managed Forest Examples of Carbon Estimates

Tract 5: 2000 Pine Plantation (age 8)

No thinning 3.45 t/a/y

One thinning 2015 (age 15)- 2.7 t/a/y

2nd thinning 2020 (age 20)- 1.4 t/a/y