

BY Darci Palmquist



PETRA AND GÜNTER PORZER, WESTLIGHTART

KEEPER OF THE *trees*

The Tennessee River Gorge.

How an executive director and his board educated themselves before entering the carbon market

Rick Huffines didn't know exactly what he was getting into when he decided to attend a 2013 workshop on carbon markets.

"Let's just go and see," was his attitude. "Listen, learn and find out if there's an opportunity here."

Huffines had been in the role of executive director of the Tennessee River Gorge Trust (TRGT) for less than a year. At the same time, the California carbon market (also called cap-and-trade) had just launched, representing the best opportunity in the United States to participate

in a regulated carbon market for a group like TRGT with forests—and therefore sequestered carbon—to offer.

He persuaded then board president Dean Poi to join him at the workshop. Afterward—brimming with hope, skepticism and questions—they shared what they had learned with the full board.

While the board had talked about carbon offsets in the past, these discussions had taken place prior to the existence of an actual market, says Poi. This time everyone agreed there was a new opportunity on the table. But

they had a lot to learn: about the role of forests in capturing carbon, the viability of the market and how land trusts could participate.

With everyone's curiosity piqued, TRGT's board created an ad hoc committee led by Huffines and Poi that undertook a 13-month process of research and education, ultimately leading TRGT to an offset project that would make a commodity out of 5,000 acres of forest in its domain and **double its general operating fund**.

Getting Started

Carbon markets are complex, presenting a steep learning curve. At its most basic, a carbon market includes sellers of offsets—units of stored or sequestered carbon, such as found in trees—to buyers who need to reduce their greenhouse gas emissions. In California's market, the industries that produce the highest emissions, such as electrical power plants, industrial plants and fuel distributors, are mandated by legislation to participate.

The carbon market is one of many strategies that California is undertaking to reduce its greenhouse gas emissions to 40% below 1990 levels by 2030. The California Air Resources Board estimates the market will account for 25% of these overall emission reductions.

"There's so much jargon involved and no matter how much you distill it, there is a lot to grasp about how the market operates, who the players are and what the landscape is," says Poi.

While the idea of helping reduce carbon in the atmosphere was exciting to everyone on TRGT's board, it was important to have a solid understanding of what was involved and know what kind of real benefits—both for TRGT and its goal of addressing climate change—could be achieved.

Needing a resource to walk them through the potential opportunity, Huffines and Poi reached out to Finite Carbon, a project developer specializing in bringing forest carbon offset projects to the market.

"There weren't a lot of other land trusts doing this that we knew of," says Huffines. "We found one—the Downeast Lakes Land Trust in Maine—and talked with them. But there was really no one else to look to as an example for how to do this."

Building Confidence

The board had questions—lots of them—leading to round after round of meetings.

"I talked with scientists and experts from all over the world, and I went back to the board many times," says Huffines. "I'd give them updates, they'd ask more questions, I'd go back out for more answers, bring them back more information and so on."

One concern was about the long-term obligations of a potential project, which is typically 100 years. While land trusts are used to working under long timelines—"conserved in perpetuity" is common

language for easements—that didn't make it easy to undertake a century-long project.

"That was the first concern, the commitment," says Huffines. "But we said, 'How is this any different than the commitment we have on the land now?' Then people saw it as more of an administrative issue than a change in our commitment."

There were other operational concerns that they learned how to address. They could pay Finite Carbon's fees with a percentage of credits from the project, so the upfront costs would be minimal. And they could set up an endowment that would pay for the ongoing costs of the project through its 100-year lifespan—such costs as required inventories and monitoring of the project.

"We didn't want to bind the hands of future boards and staff with the burden of taking care of this," explains Huffines. "I'd hate to be an executive director 50 years from now, coming in and saying, 'Who thought of this!? We don't have money to do this!'"

The questions continued, each one leading to the next. What would happen if the trees were damaged by fire, insect infestation or other natural disasters? The answer: A "buffer pool" of credits would be created to provide a type of insurance policy. What if the carbon market dissolves in the future—would they owe money back? The answer: No, once the transaction takes place, the money is TRGT's and does not have to be returned except in cases of violation of the program requirements.

As each question was answered, the board's understanding and confidence grew. Slowly they started to see the trees they were already protecting as a commodity that could provide multiple benefits.

Putting a Price Tag on Trees

To find out how much carbon was being stored in the trees owned by TRGT, a forest inventory was necessary.

"Once we took that initial walk-through of a portion of the property and put dollars on it, people lit up," says Poi.

With the forest inventory data, Finite Carbon conducted a feasibility study to estimate the potential returns if TRGT were to go forward with a full project. This proved to be a turning point.

"Suddenly we realized we were sitting on an asset," explains Poi. "Not only an asset that had monetary value, but an asset that was quietly performing for the community every day, 24-7. There was a new awareness that forests are a vital piece of air quality and of a conservation group's commitment to its community."

Ultimately, the group still needed to decide if participation in the carbon market would be beneficial in helping address climate change.

"We wanted to know if this was a positive thing we'd be doing—would we be supporting something good?" says Huffines.

Through their careful evaluation and education process, they felt optimistic. If the market worked, it could serve as an example for other states and countries trying to develop their own market-based systems. And with the funds from the sale of their sequestered carbon,



GÜNTER PORZER, WESTLIGHTART

Rick Huffines, executive director of the Tennessee River Gorge Trust (at motor), with intern Quran Whatley, photographer Petra Porzer and her daughter Sarah.

conservation groups like TRGT can protect even more forestland, creating a cycle of positive change.

High Returns

In 2016, TRGT signed the contract on their forest carbon offset project. The final numbers were impressive—219,981 tons of carbon sequestered on 5,000 acres of forest and a net profit of over \$2 million for TRGT—and produced a ripple effect of positive outcomes that no one could have foreseen.

“This has given us a lot of exposure and new connections,” says Huffines. “I’m invited to speak at events and talk with people I wouldn’t have before—they want to know about our forest carbon project, but also our other work.” He cites TRGT’s progressive climate vulnerability assessments and migratory bird research as examples.

“If anything, this project has given us an added measure of credibility when we speak to foundations about our climate-related research,” adds Poi. “The fact that we went through a very challenging process and delivered on it says a lot.”

This increased exposure is good both for TRGT and the carbon market. Poi believes more and more land trusts are considering these types of projects and it’s

important for people to start talking to each other and looking for information, since the process is so complex. It also raises awareness.

“People hear about clearing the Amazon and the forests in Papua New Guinea, Indonesia and so forth, and I’m not sure that they make the connection,” says Poi. “The California carbon market is bringing in organizations with forest carbon projects to learn more and educate their constituents.”

All in all, Poi and Huffines have witnessed no negative impacts of the project. By making the project sustainable, they don’t have to worry about future costs, and supporters are thrilled that more donations can go directly to funding programs rather than operational costs.

And what about the board?

“The board is very happy with this project,” says Poi. “It created another issue, which is what other conservation opportunities will we pursue now that we have an inflow of funds? But that’s a good problem to have.”

For more information about carbon markets and how land trusts can participate, see the article in the Spring 2018 Saving Land “Looking to the Land to Mitigate Climate Change.”

DARCI PALMQUIST IS A WRITER AND EDITOR BASED IN AMHERST, MASSACHUSETTS.