



# **Introduction to Forest Carbon Offsets**

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# ABOUT BLUESOURCE

- Oldest and largest carbon offset developer in North America (20 years)
- 200+ projects, 20+ project types, and 170+ million tonnes of emissions reductions
- 80 forests over an area of 3+ million acres
- Dedicated forestry team: in-house finance, marketing, and legal experts, plus 16 professional foresters with unparalleled forest carbon experience
- Voted Environmental Finance's Best Project Developer (North America) and Best Offset Developer (California) for seven years running

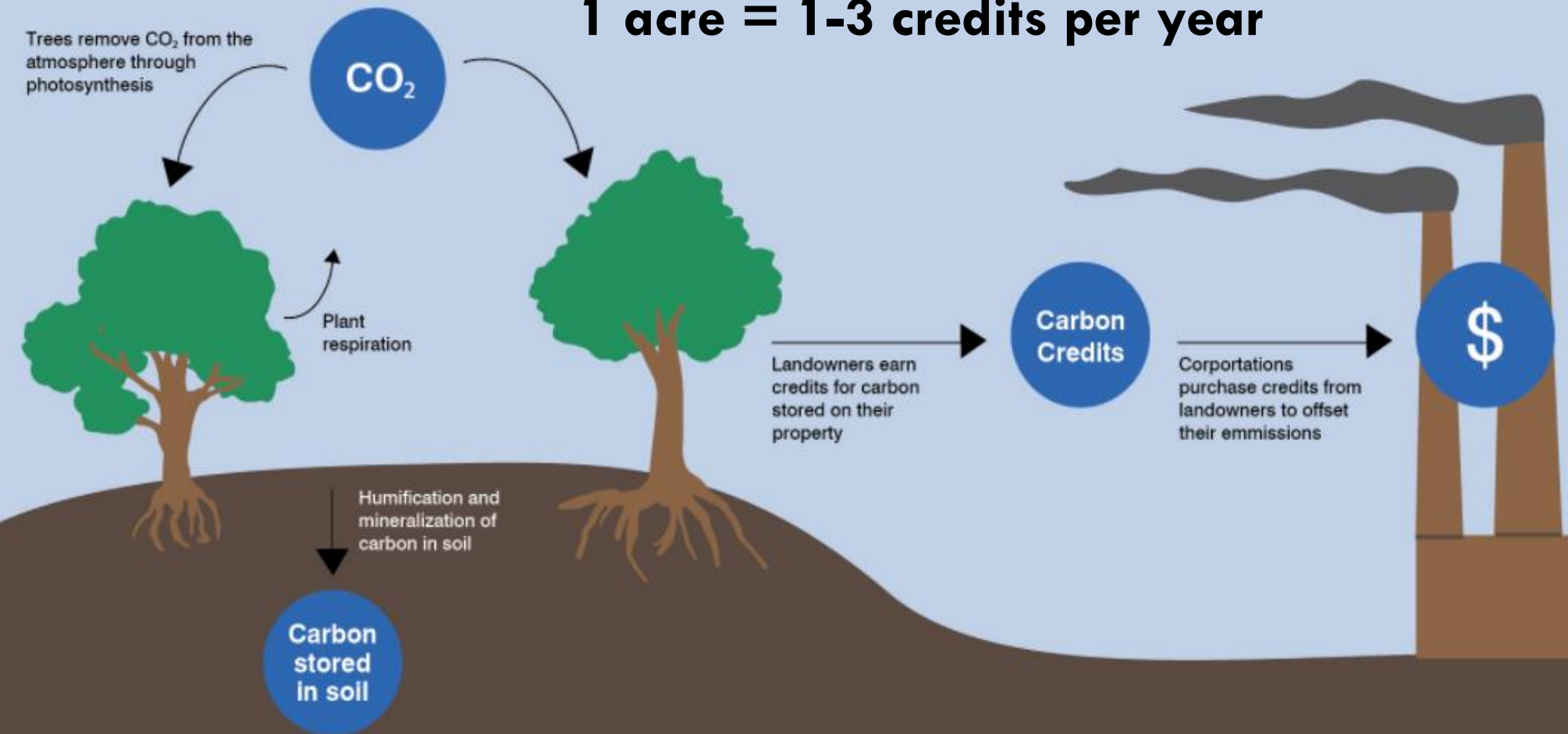
- **Offsets are a critical tool for the world to achieve net-zero by 2050 – UNFCCC Paris Agreement Target**
- **Most organizations and countries cannot eliminate *all* GHG emissions without the use of offsets – For now.**



## How Carbon Sequestration and Offset Credits Work

**1 tonne of CO<sub>2</sub> = 1 carbon credit**

**1 acre = 1-3 credits per year**



# FOREST CARBON PROJECT TYPES

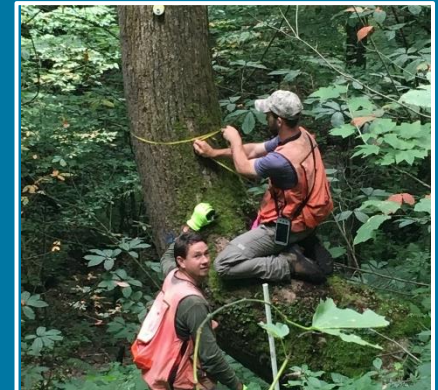
Afforestation / Reforestation



Avoided Conversion



**Improved Forest  
Management (IFM)**



**\*Sustainable  
harvesting is  
permitted**

# How are forest carbon credits calculated in Canada?



VCS Methodology

VM0034

CANADIAN FOREST CARBON OFFSET  
METHODOLOGY

Version 2.0  
19 April 2020  
Sectoral Scope 14



Ministry of  
Environment and  
Climate Change Strategy

British Columbia Greenhouse Gas Offset  
Protocol: Forest Carbon

Version: 2.0

Director  
Greenhouse Gas Industrial Reporting and Control Act

[DATE TBD], 2021

B.C. Forest Carbon Offset Protocol | Page 1



METHODOLOGY FOR THE QUANTIFICATION,  
MONITORING, REPORTING AND VERIFICATION  
OF GREENHOUSE GAS EMISSIONS  
REDUCTIONS AND REMOVALS FROM

IMPROVED FOREST  
MANAGEMENT ON CANADIAN  
FORESTLANDS

VERSION 1.0  
September 2021



- Verified Carbon Standard (VCS) Methodology – For use across Canada for **voluntary** projects
- BC GHG Offset Protocol: Forest Carbon – For use in BC for **compliance** projects
- American Carbon Registry – For use across Canada for **voluntary** projects
- Federal Improved Forest Management Protocol – For use in all provinces or territories that don't have IFM protocols in place – **Compliance** projects - COMING SOON (Summer 2022)

# Where Are Carbon Offset Credits Sold?

## Compliance Market

**Companies purchase offsets to help meet their legally mandated emissions targets (Cap & Trade)**

- Selling to oil and gas, power, and mining companies
- Can only be sold in Canada
- There is a legal requirement for companies regulated in this market to reduce emissions



## Voluntary Market

**Companies voluntarily choose to purchase offsets to reduce their emissions.**

- Selling to large companies such as Netflix, Microsoft, Nike etc. Also selling to small and medium companies
- Can be sold internationally (more buyer options)
- No legal requirement for companies to offset



# Key Market Differences?

## Voluntary Market

- A project will generate credits/revenue for **40 years**
- No requirement to monitor past year **40**
- Not regulated by the federal government
- Credits are currently selling at **\$15-\$20** per credit
- Generates more credits
- **PROJECTS CAN START TODAY**



## Compliance Market

- A project will generate credits/revenue for **30 years**
- Requirement to monitor for **100 years** after year **30**
- Regulated by the federal government
- Credits are currently selling at **\$37-\$42** per credit
- Generates less credits
- **PROJECTS CANNOT START TODAY**  
(Waiting on federal government to release protocol)

# Land Ownership & Eligibility

## Privately Owned Forests

- Eligible projects require land ownership in fee simple title.
- Indigenous Reserve or Treaty Land Entitlement (TLE) lands are eligible
- Minimum forest area of ~5,000 acres to be economically viable as a single project
- **Projects can start today**



## Crown Managed Forests

- Projects on crown lands are ineligible without an **Atmospheric Benefit Sharing agreement (ABSA)** with the province or territory.
- Timber management licenses do not qualify a project
- Example of this have can be seen in BC (BC government 20% of carbon, FN 80%) – Coastal FNs
- **Projects cannot start until ownership of the environmental attribute (carbon) has been determined**

## **Jobs**

- Monitoring the forest
- Sustainable forest management
- Logging operations (if choosing to harvest)
- Annual reporting

## **Education**

- Climate action
- Forest carbon inventory training – Bluesource led

## **Financial**

- Revenue generated from a carbon project can pay to manage the forest in line with traditional values

## **Biodiversity**

- Forest carbon project would support and maintain biodiversity
- Supports species at risk

## **Clean Air & Water**

- Forests clean the air and water naturally

## **Cultural Values**

- Communities get to define this

'Business as usual' forest management (intensive harvest)	Forest managed for carbon project (sustainable - ½ the amount)
All available merchantable timber is harvested	Harvesting is kept within forest growth limits (harvesting doesn't need to completely stop!)
800,000 m <sup>3</sup> of wood harvested for pulp	400,000 m <sup>3</sup> of wood harvested for pulp
200,000 tonnes of carbon released	100,000 tonnes of carbon released
0 carbon credits issued	100,000 carbon credits issued (difference between the intensive and sustainable practices)
\$4m paid for 800,000 m <sup>3</sup> of wood \$0 paid for 0 carbon credits = \$4m paid for this option	\$2m paid for 400,000 m <sup>3</sup> of wood \$4.2m paid for 100,000 carbon credits (at \$42 per credit) = \$6.2m paid for this option

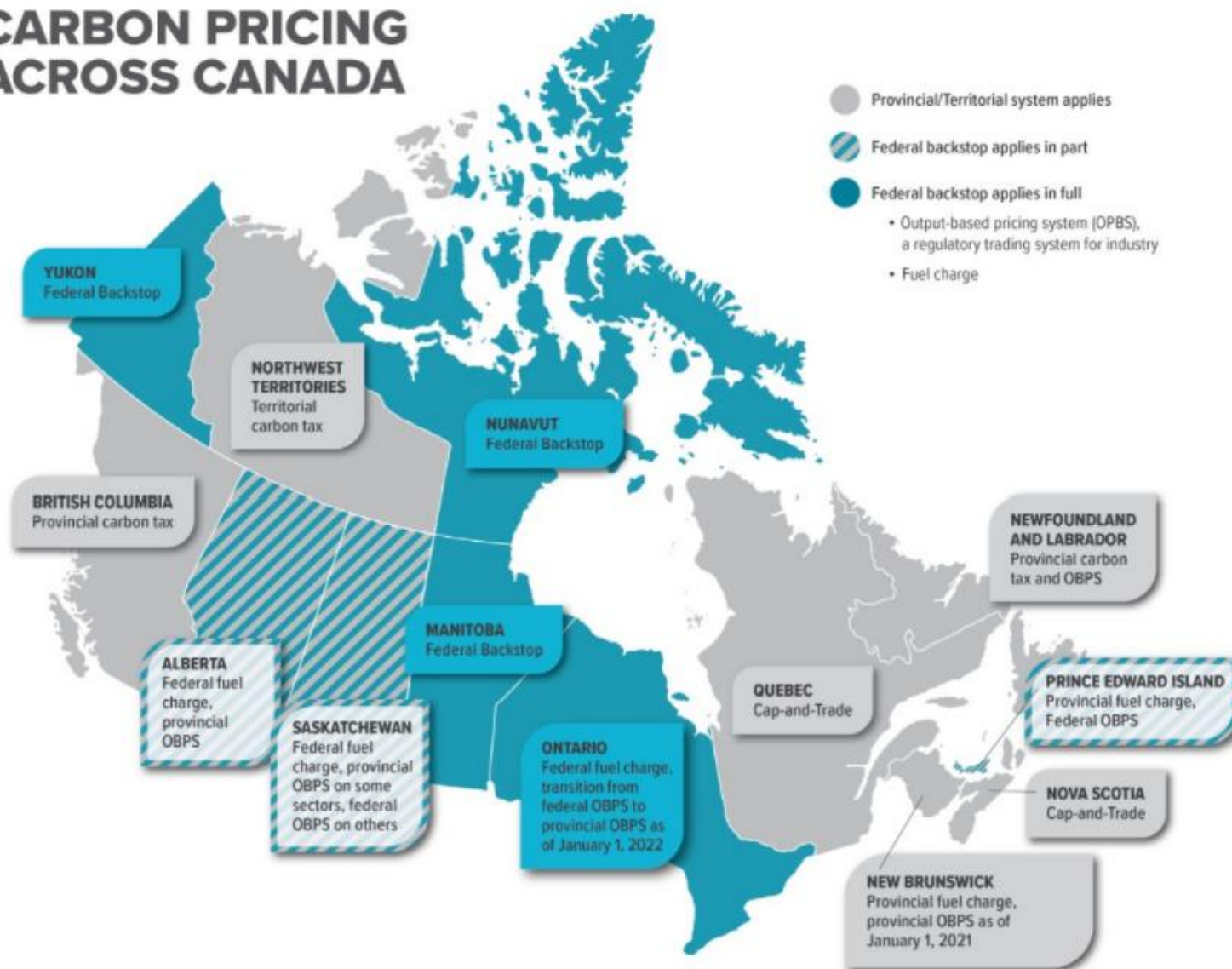
## LANDOWNER OBLIGATIONS

	Monitoring Obligations	
	ACR Voluntary	Compliance
Verification	5	TBD
Inventory	10	TBD
Reporting	Annually	Annually
Monitoring Period	40	100+

Must maintain certification (FSC, SFI, ATFS) for forest management areas



## CARBON PRICING ACROSS CANADA







## Questions?

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