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## Lumber Company Enters Carbon Market

By Leora Broydo Vestel

Sierra Pacific Industries, the second largest lumber producer in the United States, has announced it is creating a carbon sequestration project on 60,000 acres of California forest land.

The company said the project will be the biggest of its kind in the nation and will sequester an additional 1.5 million tons of carbon dioxide beyond what would have occurred given standard logging practices.

Equator L.L.C., an asset management firm, has agreed to sell carbon offsets from the project, provided they meet the verification requirements of the Climate Action Reserve, the main registry for the North American carbon market.

The offsets could be sold in California under a cap-and-trade system that's slated to begin in 2012, or under a national program should one clear Congress.

Sierra Pacific's announcement comes just a few days after the California

Air Resources Board adopted updated rules for measuring greenhouse gas benefits associated with forest projects. A key change was the removal of a provision requiring conservation easements.

"That's what we were waiting for," said Mark Pawlicki, Sierra Pacific's director of government affairs. "The easement encumbers your land forever."

The protocol requires that a baseline volume of living trees — or "live carbon stocks" — be maintained in the project area for 100 years, according to Mr. Pawlicki. "We can harvest timber during this period, but we can never fall below the baseline," he explained.

California Governor Arnold Schwarzenegger issued a positive statement about the news, and said such commitments "will help people around the world reduce the 20 percent of global emissions that come from deforestation."

Some environmental groups, however, are not convinced that land that qualifies for offsets under California's protocol, which allows for clear cutting



in stands of up to 40 acres in size, will be any greener than before.

"This deal looks a whole lot like a giant timber company getting millions of dollars in carbon credits for business-as-usual operations," said Brian Nowicki, a policy director for the Center for Biological Diversity. Mr. Nowicki argued that allowing clear cutting to any degree would pose a risk for the climate, while "simultaneously degrading forests, water quality, and wildlife habitat," he said.

Mr. Pawlicki said he does not know exactly how much Sierra Pacific stands to gain from the project, as it will depend on the price of carbon at the time the offsets go on sale.

On the Chicago Climate Exchange, carbon is currently selling for 10 cents a ton.