

California Carbon Market Creating Win-Win Opportunities

Can California's emerging carbon market, created under the state's landmark greenhouse gas reduction and clean energy law, give landowners an alternative to timber harvesting, reward them for sustainable forest management and protect old growth trees from being cut down and sold overseas?

Indeed, it can, and much more, says Linda Adams, an original architect of the carbon reduction policies that grew out of the law during her tenure as California Secretary for Environmental Protection. Now a partner at Clean Tech Advocates, Adams works with a Sacramento-based team of experts to help companies, agencies and organizations navigate California's complex environmental and regulatory policy arena, as well as develop new opportunities in the carbon market.

Adams and her partners work with industries and companies whose high emissions require them to buy carbon credits, as well as organizations whose less carbon-intensive operations qualify them to sell carbon offset credits, such as the owners of private timberland.

"The carbon trading system evolving in California opens a wide range of possibilities that have the potential to provide significant environmental benefits beyond the goal of substantially reducing greenhouse gases in the atmosphere," Adams said. "These include development of major new alternative energy sources, such as large-scale solar and biomass to energy projects that reduce reliance on gas and coal fired power plants that emit large amounts of carbon dioxide, a major greenhouse gas."

James Boyd, former California Energy Commissioner and partner at Clean Tech Advocates, says, "Creation of the carbon market not only facilitates unique clean energy development but contributes to forest protection and preservation and provides opportunities to protect forest health and reduce devastating wildfire risks which in turn contribute to greenhouse gas reductions. Furthermore, local economic development opportunities are created in the process of preserving the environment."

The carbon market is part of the cap-and-trade system created under AB 32, the greenhouse gas and clean energy law. The law limits greenhouse gas emissions and requires companies to buy one permit, called an allowance, for each metric ton of greenhouse gas they emit.

Adams said the law ratchets down the amount of permitted emissions every year, meaning allowances become more scarce and expensive over time. This works two ways. It gives industries with high emission levels an economic incentive to cut emissions. It also creates opportunities for businesses and organizations whose operations have lower emissions or take

carbon dioxide out of the atmosphere to qualify for carbon offsets issued by the California Air Resources Board.

“These carbon offsets can be purchased by companies that exceed the cap to cover up to eight percent of their emissions,” said Adams. By effectively paying others to reduce or limit greenhouse gases, the buyers create a revenue stream that can drive additional investment in carbon-reducing activities – like protecting and restoring forests.

Forests play a major role in reducing greenhouse gases because the trees absorb carbon dioxide from the air and store it in their trunks, branches and roots. The process “sequesters” carbon that, left unchecked, would go into the atmosphere and contribute to global climate change. For the owners of forestland, revenue from the carbon offsets purchased by large utilities, industrial operations, oil companies and others means they no longer need to rely on timber harvesting for income.

Adams said Clean Tech Advocates keeps clients on the cutting edge of new developments in the climate change arena.

“New opportunities emerge almost every day in the California carbon market, both for those who need emissions credits and for those interested in providing carbon offsets,” said Adams. “Right at the end of 2014, for example, the ARB approved a staff proposal that would allow rice farmers to sell offset credits on the carbon market.”

Adams said the ARB action means farmers soon may participate in the process and earn new income for reducing greenhouse gases by using agricultural practices that benefit the environment. “Like protecting our forests, it is a win-win,” noted Adams.

Clean Tech Advocates can help find the right opportunities. For more information, contact Linda Adams, James Boyd, Elaine Berghausen or Patrick Leathers at 916-503-1600, or go to www.cleantechadvocates.com.

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