



Ecosystem Services Marketing: The Role of a State Agency

Hughes Simpson
Texas Forest Service





History of TFS Ecosystem Services

- Southern Forest Resource Assessment (2002)
 - Urban sprawl identified as biggest threat to forests
- 2005 Pilot Program with cooperation from:



- Develop ways to “Keep Forests in Forests”





History of TFS Ecosystem Services

- Totally restructured Agency – created new Dept.
 - Become source of ecosystem service information
 - Market Idea to Landowners
 - Encourage Transactions
 - Bring willing buyers and sellers together in a free market system
- Mitigation banking not open to most landowners
- Carbon credit market took off (Nov. 2006)
 - CCX aggregator came to TX to enroll forest owners





History of TFS Ecosystem Services

- Research CCX carbon program – Train staff
- Closely track all national, regional, and state carbon schemes
- Provide education and technical assistance
 - Numerous presentations to forest landowners, natural resource professionals, and general public

Ecosystem Services Conference in Houston (Feb 2007)

Carbon Credit Conference in Tyler (Feb 2008)

- Decided to become CCX forestry carbon verifier





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November 2, 2007

Burl Carraway
Texas Forest Service
301 Tarrow, Suite 364
College Station, TX 77840

Dear Mr. Carraway,

I am writing to welcome Texas Forest Service as an Authorized Verifier for Forestry Offset Projects registered with Chicago Climate Exchange® (CCX®) and to thank you for your commitment to this exciting program.

We congratulate you on your vision and leadership in acting to this critically important environmental challenge. The participation of Texas Forest Service will significantly further the efforts to ensure the environmental integrity of Chicago Climate Exchange®. We believe it will also help position you for success as industry continues to evolve to meet the public's demand for environmental sustainability.

We are delighted that Texas Forest Service has become an Authorized Verifier of Chicago Climate Exchange and we look forward to working with you and your staff in the coming years.

Sincerely,

Richard L. Sandor
Chairman and CEO



TX Forest Carbon Offset Projects

Verified first TX forestry carbon pool (Spring 2008)

- 129 TX family forest landowners
- Afforestation projects only
- Approximately 14,000 total acres
- Tracts ranged in size from 10 – 1,525 acres
Avg. = 136 acres, Median = 71 acres
- 210,100 carbon credits verified
- Some credits have been sold / Landowners paid





Estimated Return for 2007 TX Pool

- 210,100 credits * \$5.00/credit

= **\$1,050,500**

- \$ 469,780 (fees and 20% reserve)

\$ 580,720

– \$41/acre revenue upfront for 2003-2007 credits

(Median landowner receives \$2,911)

– \$8/acre/yr for 2008 – 2010

– \$24/acre in 2011 (reserve credits released)





Media Promotion

- Promote Ecosystem Services Marketing
- Extensive media blitz (CNN, AP, local press)
- Multimedia press release – audio / visual
- Media very interested in story
 - DFW media interviews
 - Press from around the country calling





The Role of a State Agency

- Education and Technical Assistance
 - Develop expertise in markets
 - Conduct workshops for landowners
 - Produce educational materials
 - Promote markets





The Role of a State Agency

- Monitor Ecosystem Markets
 - Track program changes
 - Help shape future policy
 - Develop standardized protocols
 - Know who is operating in your state





The Role of a State Agency

- **Verification**
 - Provide credibility to program
 - Help create market

Texas Forest Service





The Role of a State Agency

- Create Ecosystem Services Registry
 - Provide credibility to program
 - Help create market

Georgia Carbon Sequestration Registry

California Climate Action Registry





The Role of a State Agency

- **Facilitate Market Transactions**
 - Use FIA data to identify market opportunities
 - Match local emitters with local landowners
 - » Over the Counter Transactions
 - » Tree planting in exchange for environmental credits
 - Aggregate non-typical landowners without market access
 - » Non-profit organizations
 - » Urban forest landowners
 - » Landowners outside of commercial forest region





Conclusion

- **State Agencies Should:**
 - Promote economic development
 - Promote Sustainable forestry / development
 - Maintain productive land base
 - Improve returns to landowners
 - Add credibility / transparency to markets

KEEP FORESTS IN FORESTS

