

# San Francisco Chronicle

December 18, 2015

## Norwegian power company invests in California carbon credits

By PETER FIMRITE



Photo: Michael Macor, The Chronicle - Madison Thomson of the Conservation Fund looks out over the Big River Forest near Fort Bragg. The Conservation Fund owns and manages the Big River and Salmon Creek forests.

A government-run power company in Norway has agreed to buy carbon credits from the owners of a Northern California forest, a clear signal that the eyes of the world are on California's pioneering cap-and-trade program after last week's landmark global climate treaty in Paris.

Statkraft, Europe's biggest generator of renewable energy, is essentially investing in the carbon stored in California trees, which can be bought and sold under the state's one-of-a-kind, stock market-style program to

reduce greenhouse gas emissions. Companies that release more gases than state law permits can avoid fines by purchasing the carbon credits, or offsets, from those who conserve or capture greenhouse gases.

"Everyone should take notice," said Chris Kelly, the California program director for the nonprofit Conservation Fund, which is selling the offsets. He said the deal "marks an important milestone in the international recognition of the viability of California's approach to reducing emissions in

general, and the importance of forests in particular.”

### First foreign investment

The nationalized hydro-power, wind and gas company invested an undisclosed amount in the 16,300-acre Big River and Salmon Creek forests in Mendocino County. It is the first time a foreign company has entered [California’s controversial carbon market](#), the largest and most far-reaching system established in the United States.

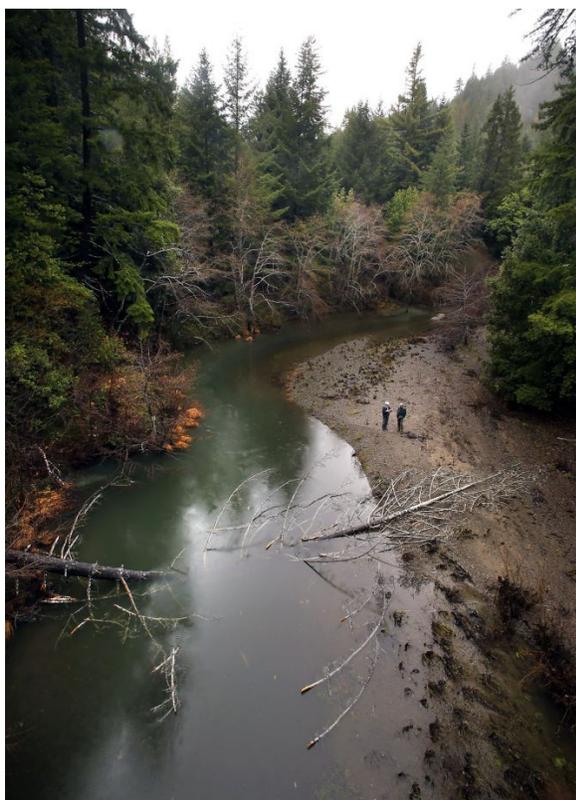


Photo: Michael Macor, The Chronicle - Chris Kelly (left), the California program director, and forester Madison Thomson of the Conservation Fund stand on the banks of the Big River near Fort Bragg.

“We cannot fight climate change without improving the management of forests worldwide to store carbon,” said Mary Nichols, the chairwoman of the California Air Resources Board, which administers the program. “California’s cap-and-trade program provides a mechanism to support that goal with incentives to expand forest conservation

within the United States and, as we move forward, beyond our borders, too.”



Madison Thomson a forester with The Conservation Fund measure a Redwood tree in the Big River Forest near Fort Bragg., Calif. on Friday December 18, 2015. A government-run power company in Norway agreed to buy carbon credits from the Conservation Fund who own and manage the Big River and Salmon Creek Forests.

The deal means that Statkraft, which has 403 power and heating plants in 20 countries, will pay for the carbon stored in the vast stands of redwood and Douglas fir in the two forests near the town of Mendocino.

The money will be used by the Conservation Fund, which owns 75,000 acres in Sonoma and Mendocino counties, to pay off debt and cover the cost of forest recovery, including sediment reduction programs, restoration of creeks and habitat improvements for coho salmon, spotted owls and other wildlife.

## Investing in the trees

Statkraft, Europe's biggest generator of renewable energy, is investing in California carbon credits, the currency of the state's cap-and-trade program that seeks to cut greenhouse gas emissions. The nonprofit Conservation Fund is selling the credits, which it earns by preserving and restoring its 16,300-acre Big River and Salmon Creek forests in Mendocino County.



Source: The Conservation Fund

John Blanchard / The Chronicle

The fund, which has sold 3.5 million carbon offsets to a variety of groups for a total of \$37 million since 2008, practices what it calls sustainable logging, which means it buys timberland from loggers and drastically reduces the number of trees that get cut every year as part of a long term ecological improvement program.

“This is the largest single transaction that we have done with any entity in terms of the total volume of offsets that have been delivered,” Kelly said. “We think the carbon market has never been more promising and the role of forests have never been more prominent, and California is at the forefront of it all.”

California's cap-and-trade system was made possible by AB32, [the landmark law passed in 2006](#) that requires [California to reduce greenhouse gas](#) emissions to 1990 levels by 2020.

It specifically allows credits or offsets to be sold by companies and organizations that have state-certified technology or practices that fight global warming. Wind farms, solar energy and methane-capturing systems for livestock, food waste, landfills and coal mines can sell credits. Urban tree planting, forest

management and reforestation programs can also be certified by the state to sell offsets.

### Offsets verified

The offsets sold to Statkraft have been verified by the California Air Resources Board and could be sold or used to offset emissions in California if the company were to build a plant in the state. Statkraft, however, did not indicate that it has any plan to use the credits. Norway has committed to achieving carbon neutrality by 2050.

“Our work in producing renewable energy and now helping to ensure the protection of North American forests demonstrates our support and confidence in the integrity of the California cap-and-trade program as a means to reduce greenhouse gases globally,” said Patrick Pfeiffer, the managing director of Statkraft's U.S. operations, in a written statement. “The Conservation Fund has always been a leader and early mover in forest conservation, and we are thrilled to be supporting their continued efforts.”

The deal comes a week after representatives of 195 nations agreed on a historic global climate treaty in Paris, the first time so many countries have agreed to reduce greenhouse gas emissions