

# Carbon trading & capture

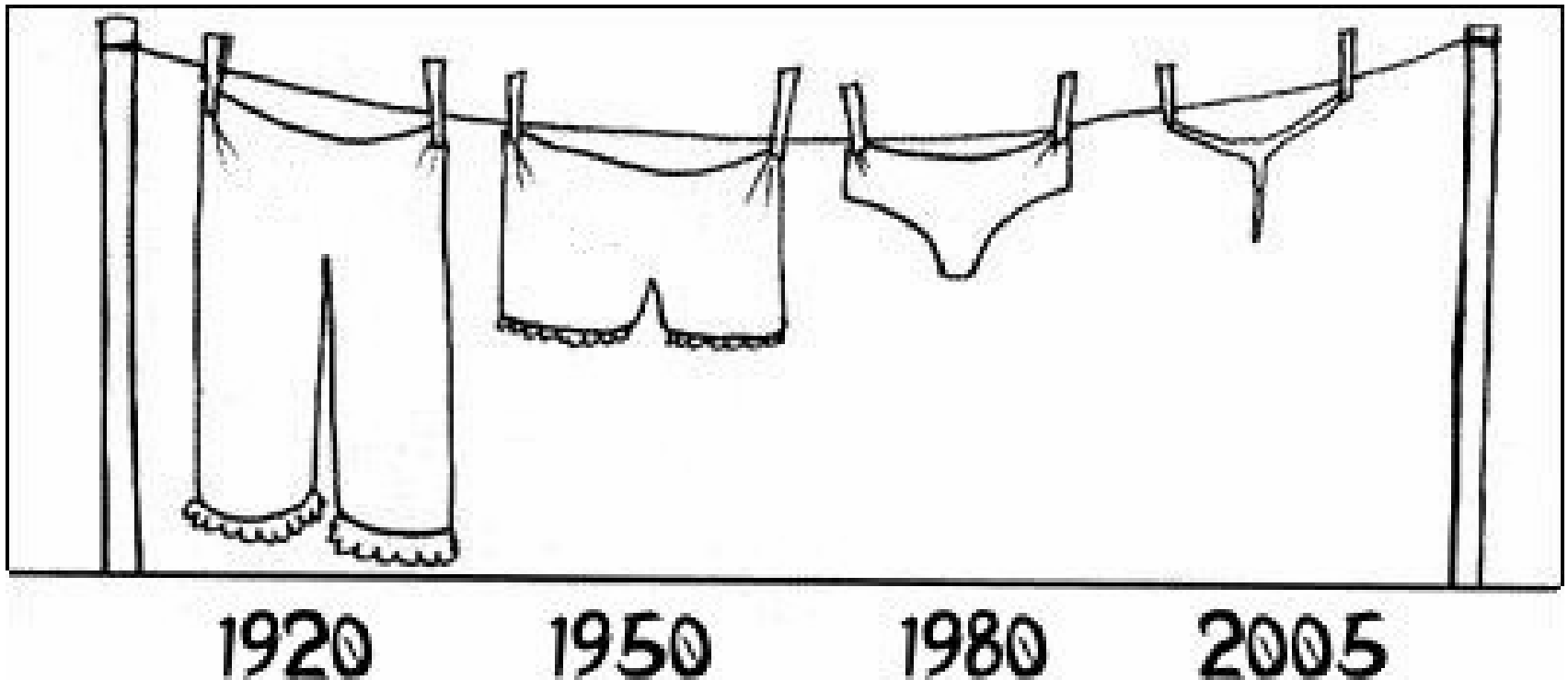


what, how, when, where, who...

# What is emissions trading?

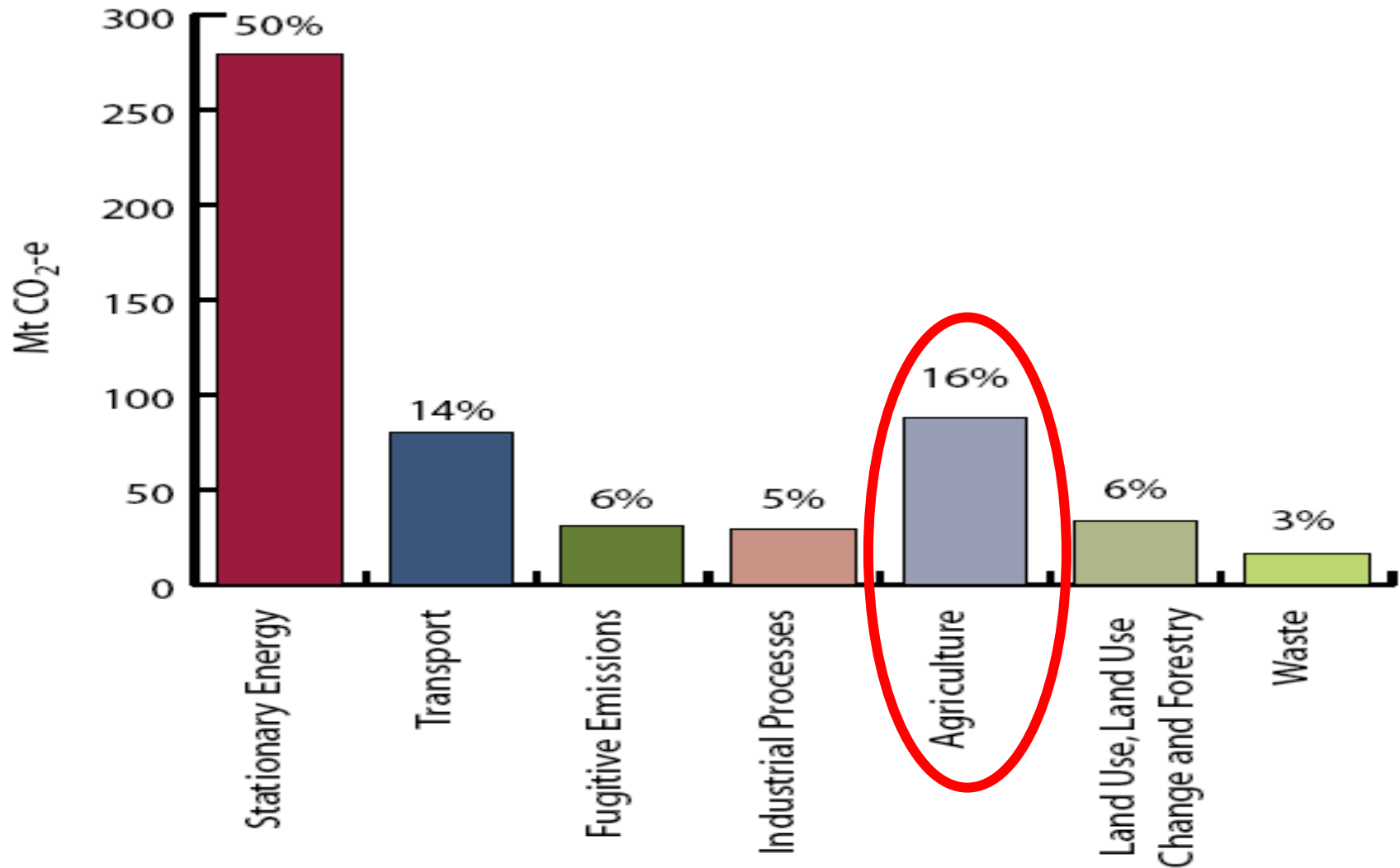
...it's a means to an end...

...which means there has to be a beginning...



# What is emissions trading?

...as well as a desired end...



# ...and the means to get there...?

## Carbon pollution reduction scheme

- Green paper released in July 2008
- Many mechanisms identified and proposed to reduce carbon pollution
- Emissions trading is just ONE of these mechanisms
  - It is effectively a new economy being built from the ground up
  - It will involve everyone if not directly, indirectly.

# How is ETS proposed to work?

## 'cap and trade' system

- the cap
  - a limit on the quantity of allowable GHG's is set
  - over time this quantity (or cap) is reduced
  - end target is 60% of 2000 emissions by 2060
- the trade
  - if an emitter emits less GHG's than the allowable cap, they can sell their excess permits
  - if an emitter emits more GHG's than the allowable cap, they must purchase permits



# When does this all happen?

## The proposed emissions trading system

- Is still having it's rules worked out
- If everything goes to plan, 2010
- An actual launch date in 2010 has not been finalised

## The voluntary market

- Is already in operation and has been for 10+ years
- Carbon emissions are voluntarily offset
- It will continue to exist in conjunction with the CPRS

# Who's involved...

## from the proposed ETS 2010 launch:

- 1000 emitters will be included initially
  - examples: stationary power, transport (up-stream fuel)
  - biofuels & bioenergy NOT included
- Forestry opt-in
  - all reforestation projects can 'elect' to participate
  - deforestation NOT included

## from 2015

- Agriculture
  - decision to be made by 2013
- Forestry & forest products...

# Who else is involved...

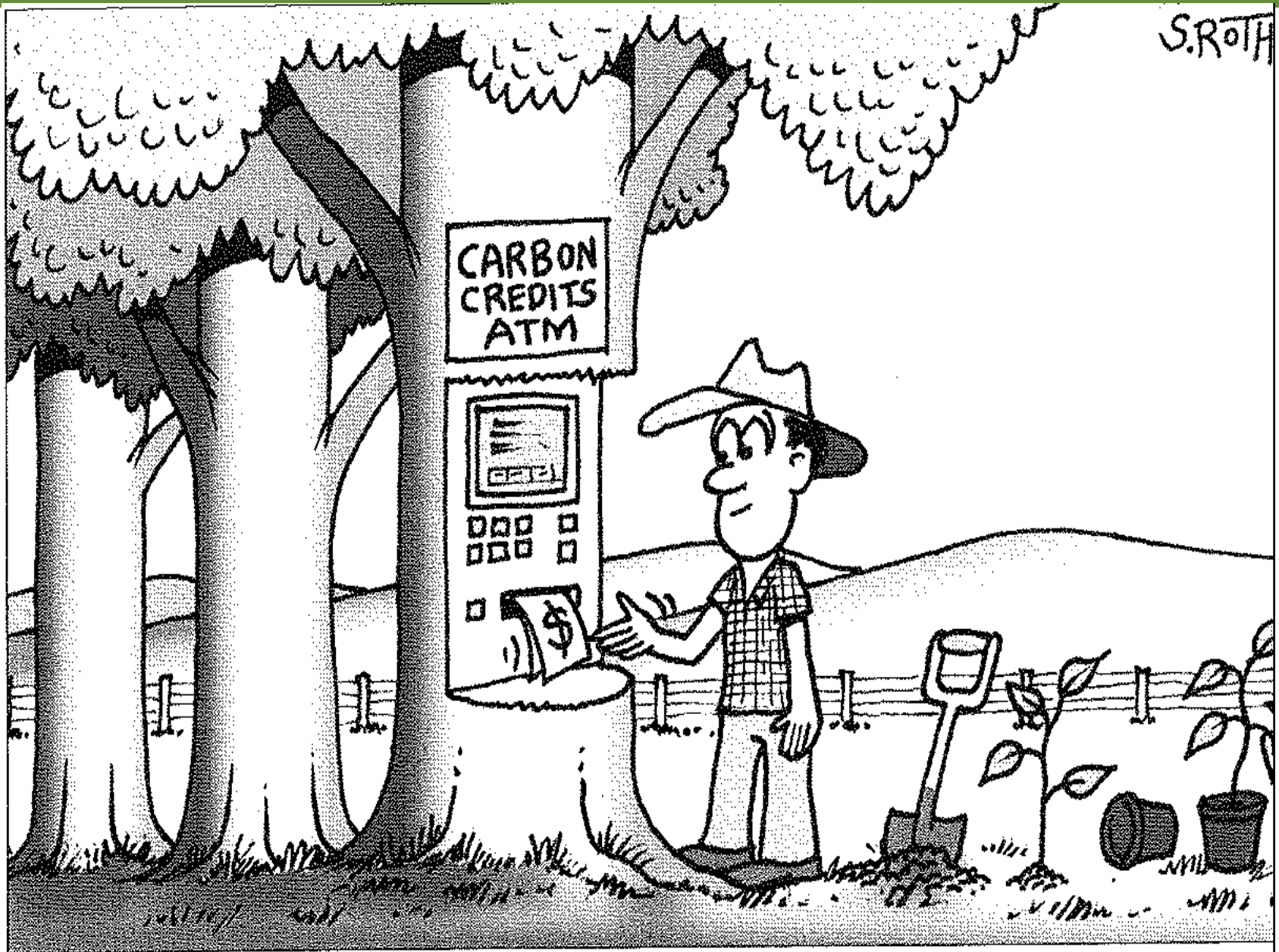
## Consumers

- Mandatory market
  - Probably indirect
- Voluntary market
  - Direct

## Farmers & other rural landholders

- Carbon credit creation
- Lots of Options as well as Opportunities

# Carbon credit creation



# You have land, trees...what next?

Do your homework!

- Selling your carbon will involve long-term contracts
  - Tied to title
  - Forestry rights and Carbon rights legislation
  - Land value implications
  - Next generation
  - Breaking contract?
- Who's doing what?
  - Who's responsible for planting, measuring, monitoring, auditing, liabilities?

# Things to know...

- What's the price?
  - Is it a one-off payment or annual payment?
  - You must be happy with what you are being offered
  - It is market driven – the price will change
- Look for 'no-regrets' situations
  - If you're happy – go for it
  - If it fits your families and farm business plan – go for it
  - Do not sign up if it doesn't work for you
    - Carbon is a commodity
    - Like any commodity, it won't suit everyone.

# Take home messages...

## 1. The ETS is a mechanism to reduce pollution

- There are many options available to growers & consumers

## 2. It is Proposed

- Rules are yet to be determined
- A lot could change between now and 2010

## 1. Tree growers do not have to enter the carbon market

- Like any other commodity, this market may not be for you.

## 2. Stay informed, do your homework