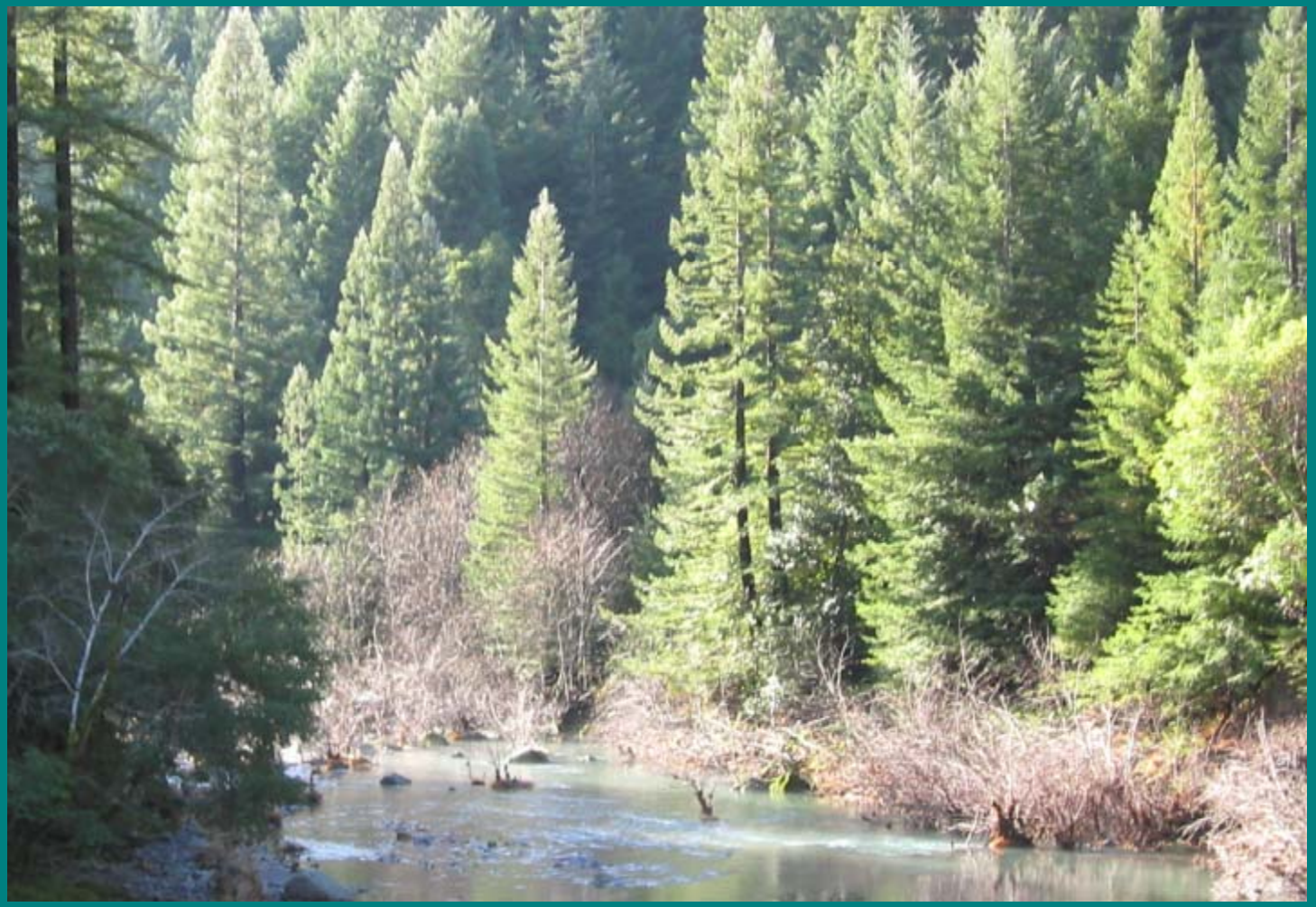


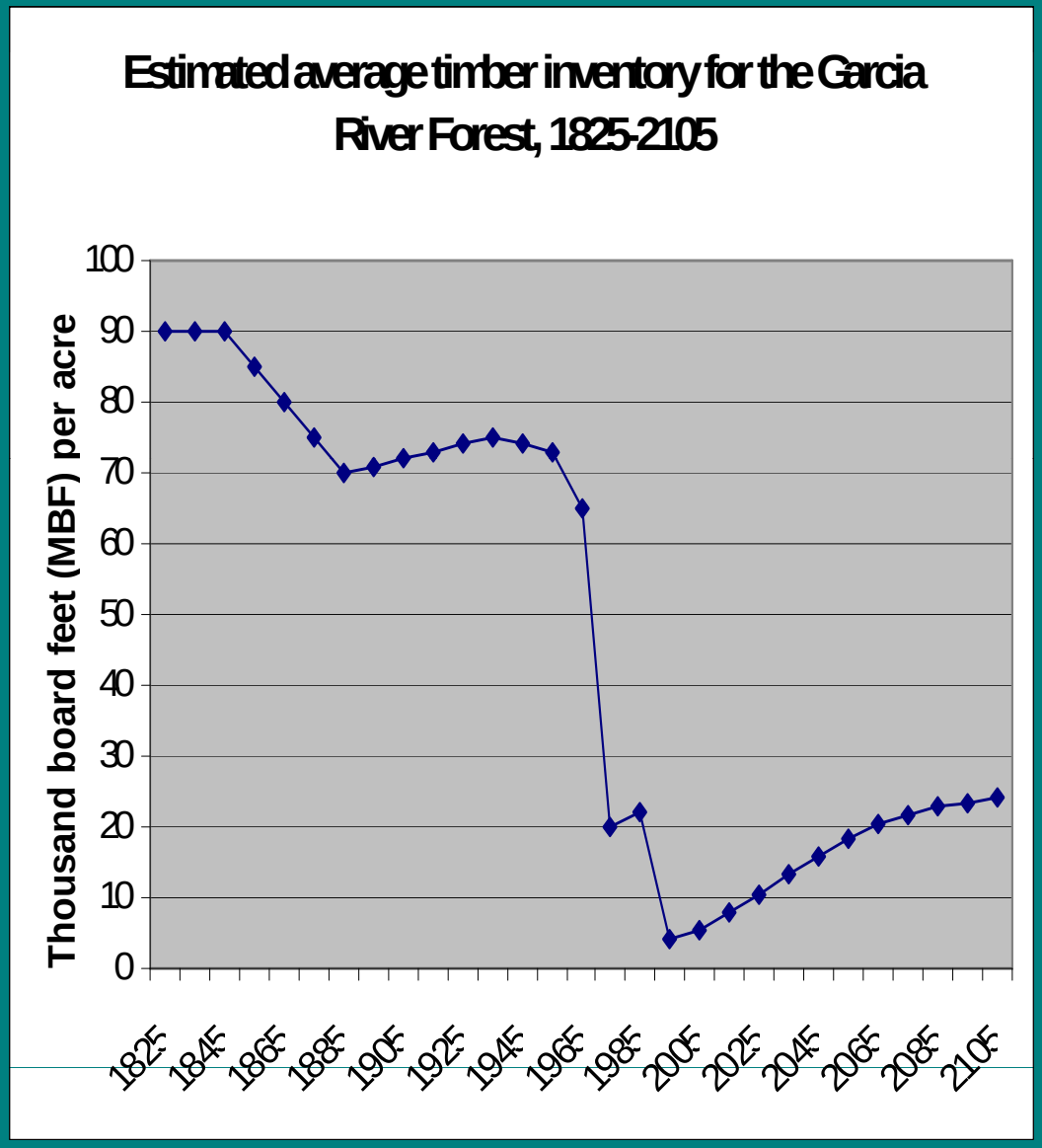
Garcia River Forest Case Study

Future Forests II – February 11, 2009

The Conservation Fund

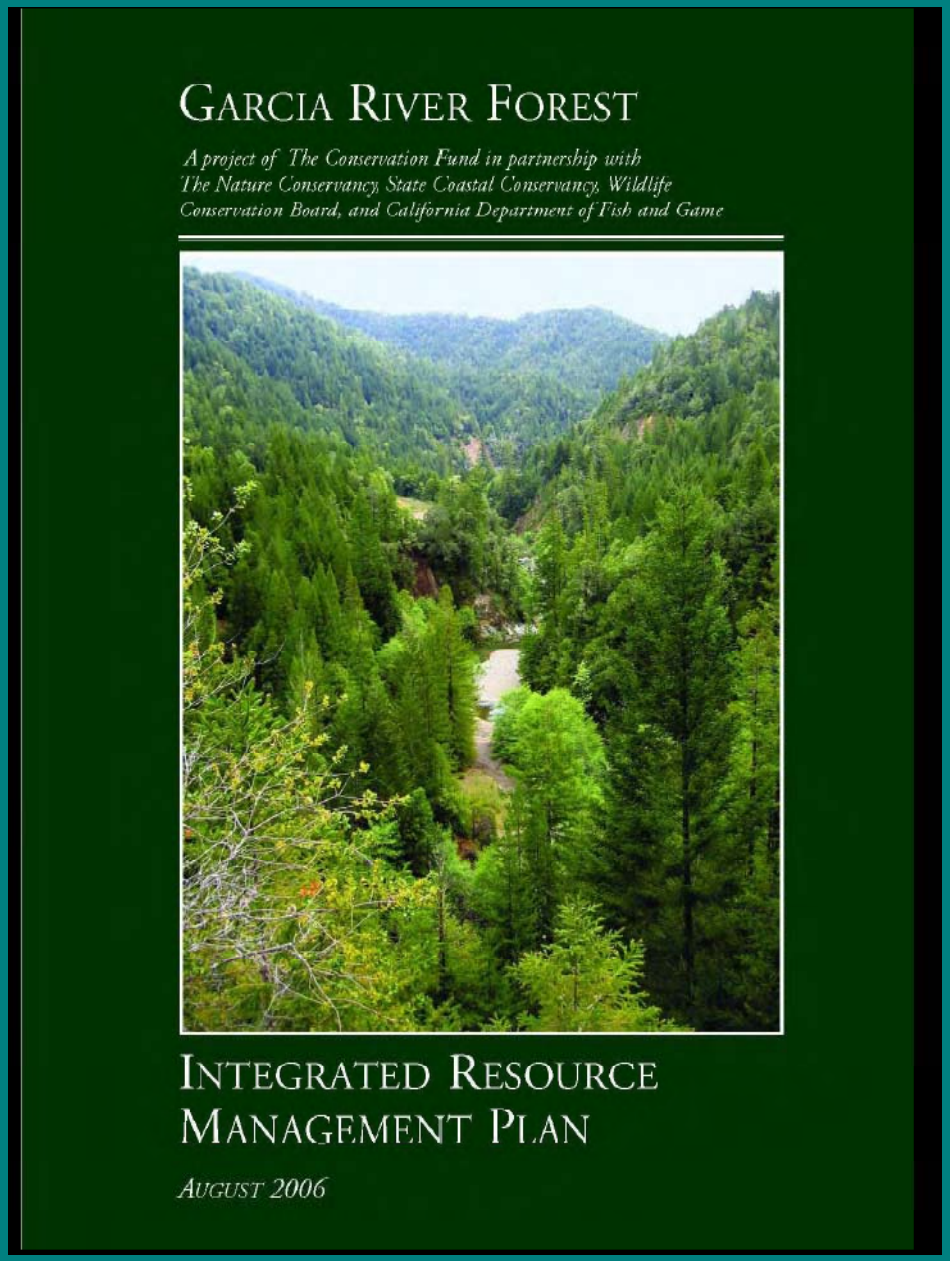
Conservation Values

- Large size (±24,000 acres)
- Diverse natural communities
- 40% of watershed
- 35 miles of fish-bearing streams
- 10 NSO activity centers



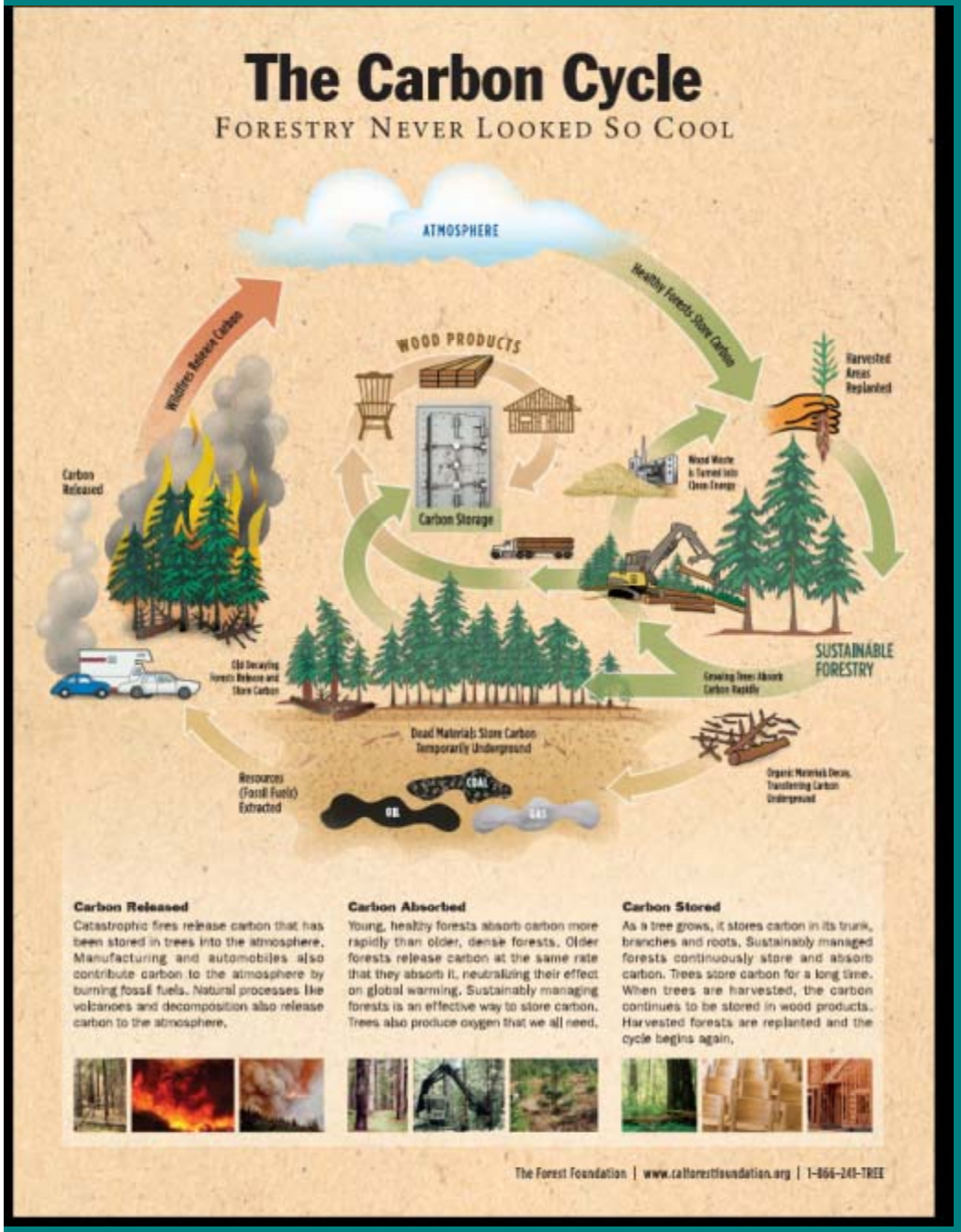
Forestry Values

- Fairly typical mixed redwood/douglas fir coastal forest
- Severely depleted but well stocked with dense stands of young trees
- Good road system
- Close to mills



Management Objectives for Garcia River Forest:

- Grow inventory by cutting substantially less than growth
- Improve structure and growth by thinning dense young stands
- Implement restoration, primarily sediment reduction projects
- Support local economy
- Obtain FSC certification



From Tree Farming to Carbon Farming

CCAR Forest Project Protocols:

Forest Conservation

Reforestation

Conservation-based management

Verification = CRTs

CRTs = $$$$$

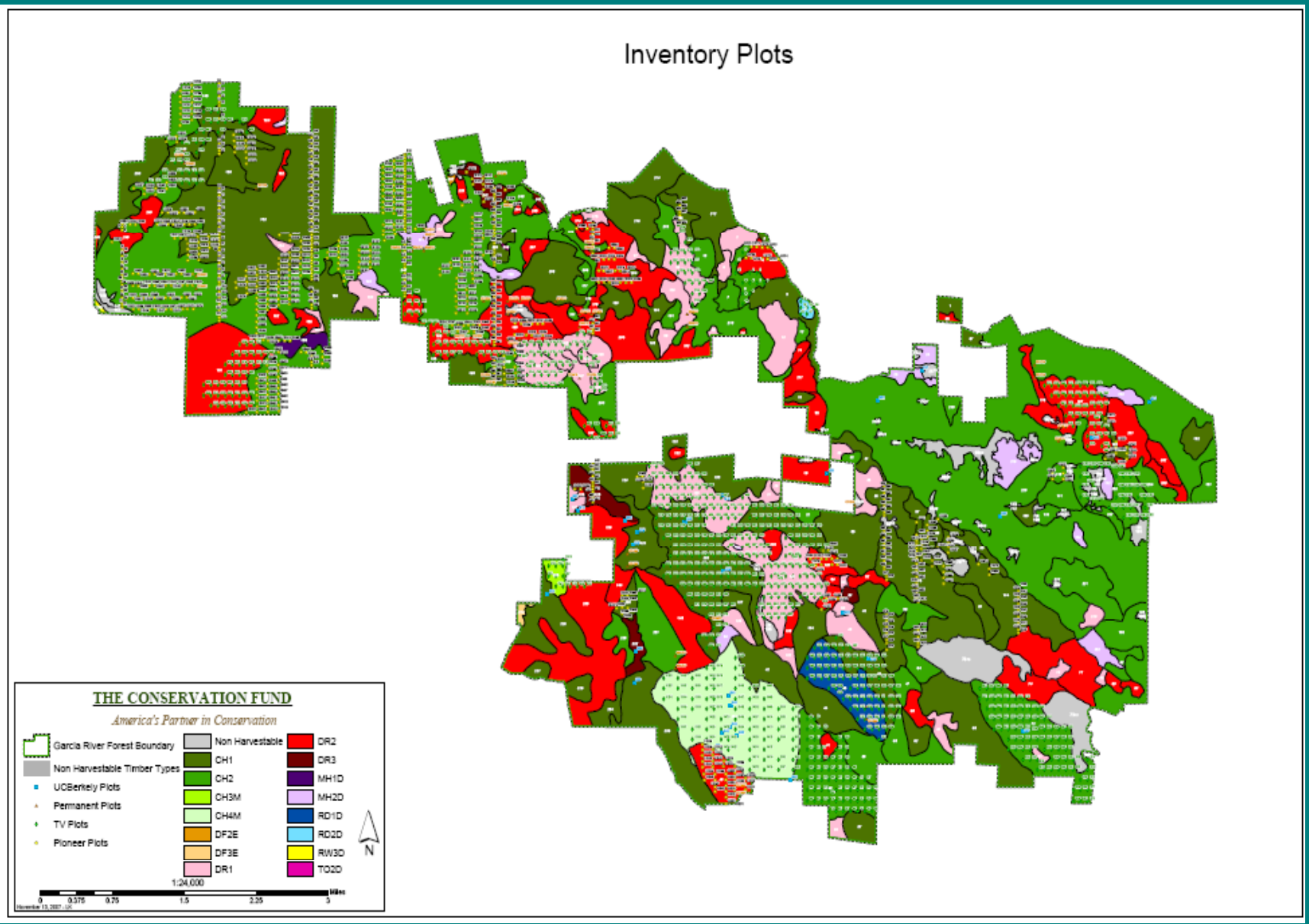
Conservation-based Forest Management

Harvest and regenerate native trees using natural forest manage-ment practices

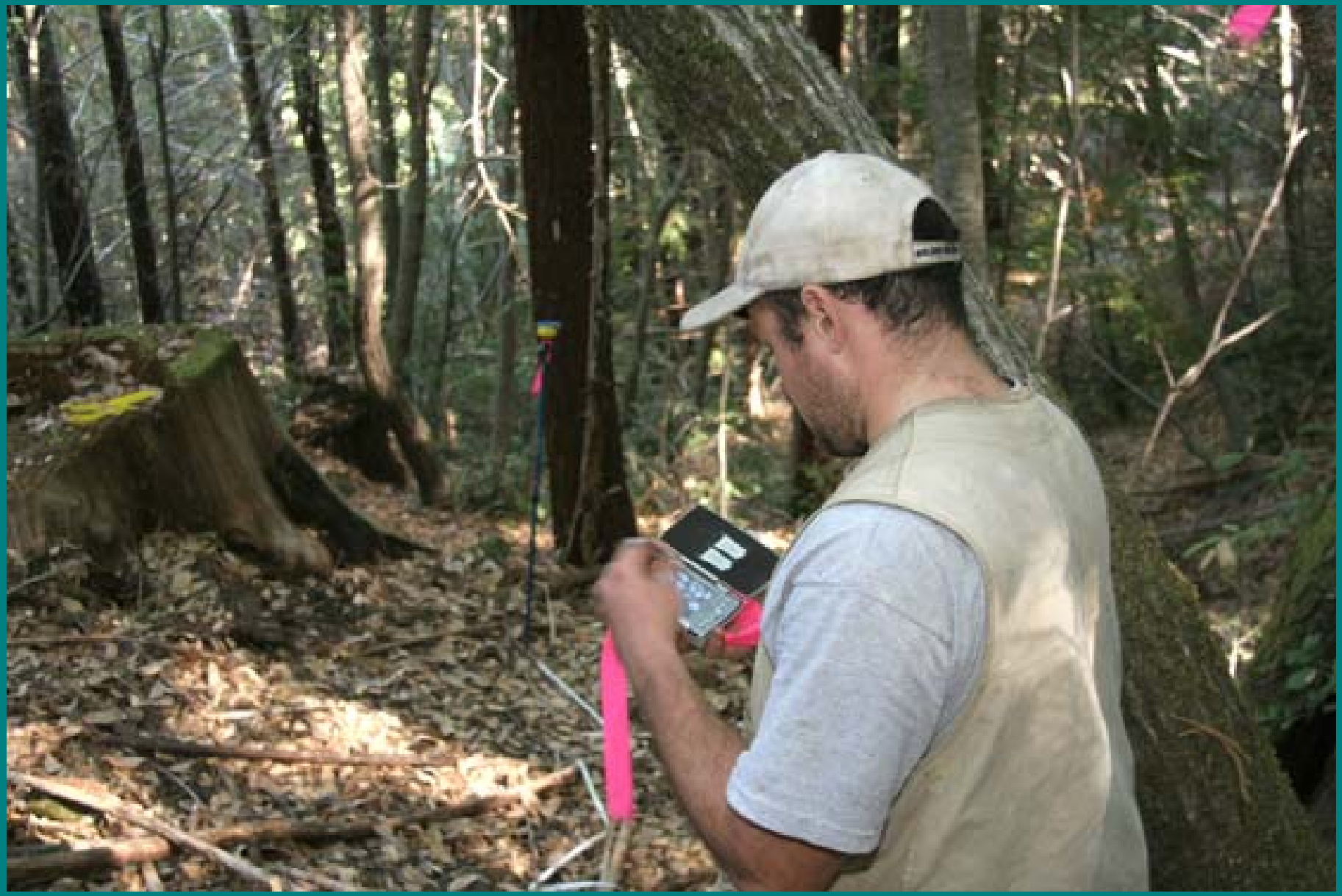
Forest Project Development

- Conduct forest inventory
- Model property baseline
- Develop project activities –
  - *Example - Thin Overstocked Coniferous Stands*
- Model project activity
- Conduct independent audit and submit verification report
- Receive CCAR Verification
- CRTs are issued and traded

Inventory Plots

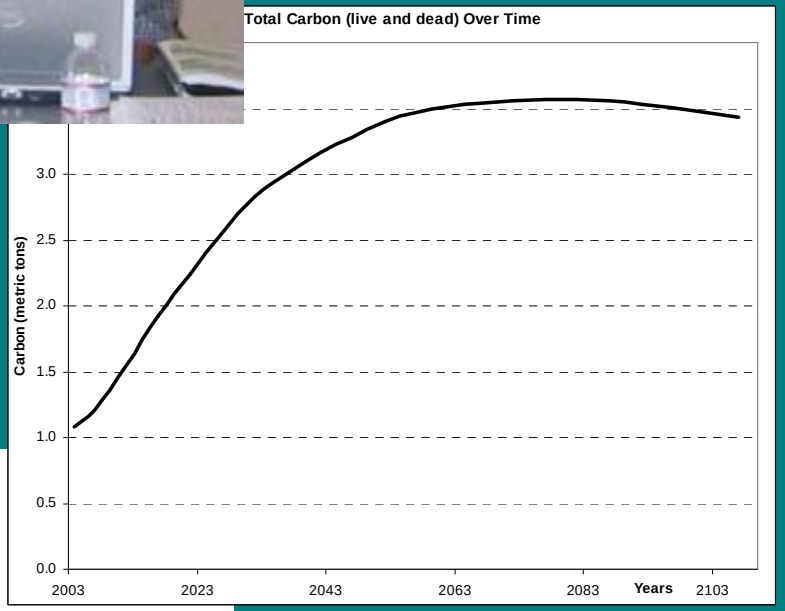


Timber Cruise and Inventory



Measuring the Forest: Data Input and Modeling

- Import data into forest growth and yield model
- Determine management regimes
- Determine buffer areas
- Apply regimes to forest and grow out 100 years



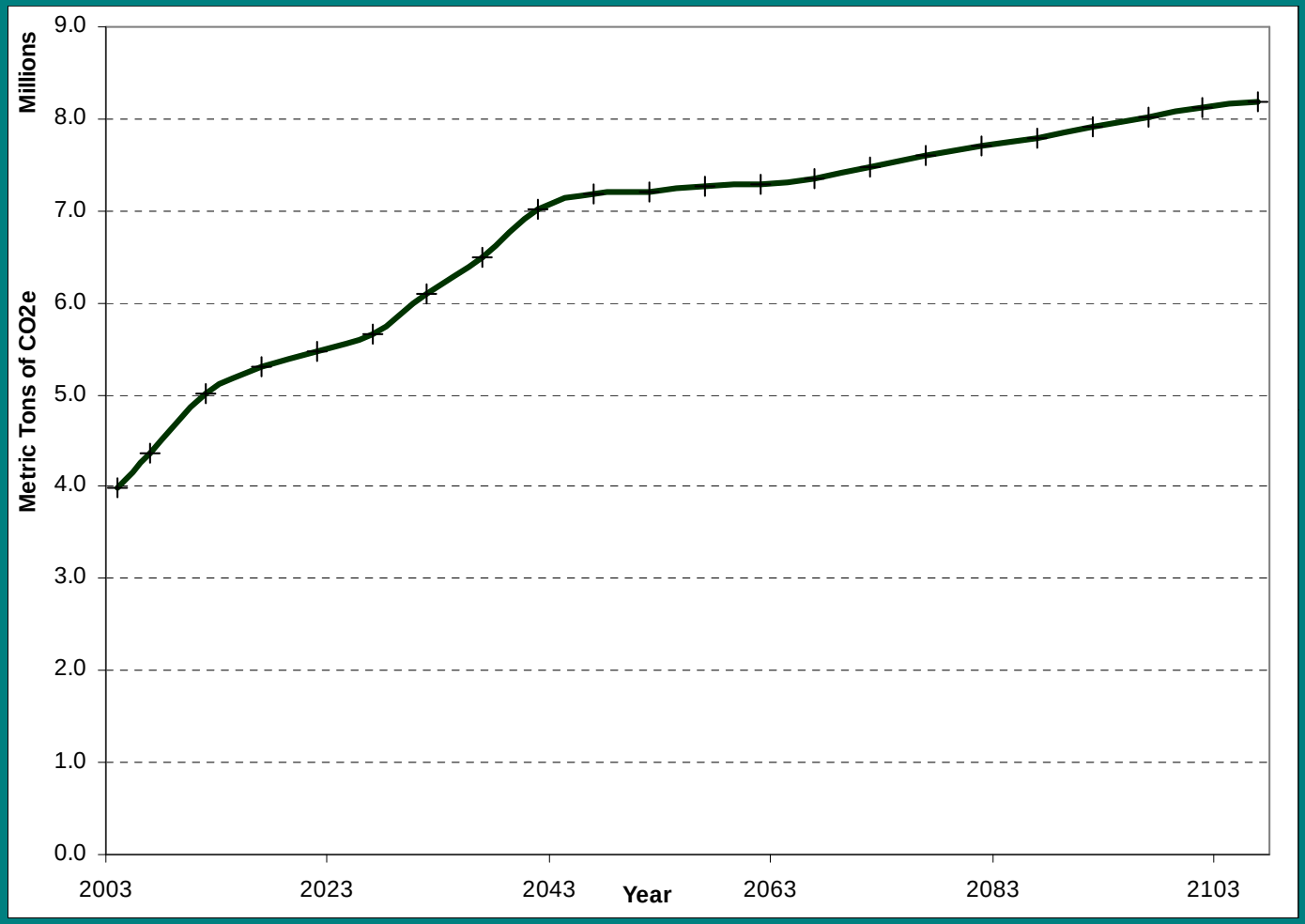
Equation 1: Overall Mean $= \bar{y}_O = \frac{1}{N}\sum_{h=1}^{L} N_h \bar{y}_h$

Equation 2: Overall SE $= SE_O = \sqrt{S^2_{\bar{y}_O}} = \sqrt{\sum_{h=1}^{L}\left(\frac{N_h}{N}\right)^2\left(\frac{S^2_{y_h}}{n_h}\right)\left(\frac{N_h - n_h}{N_h}\right)}$

Baseline Management

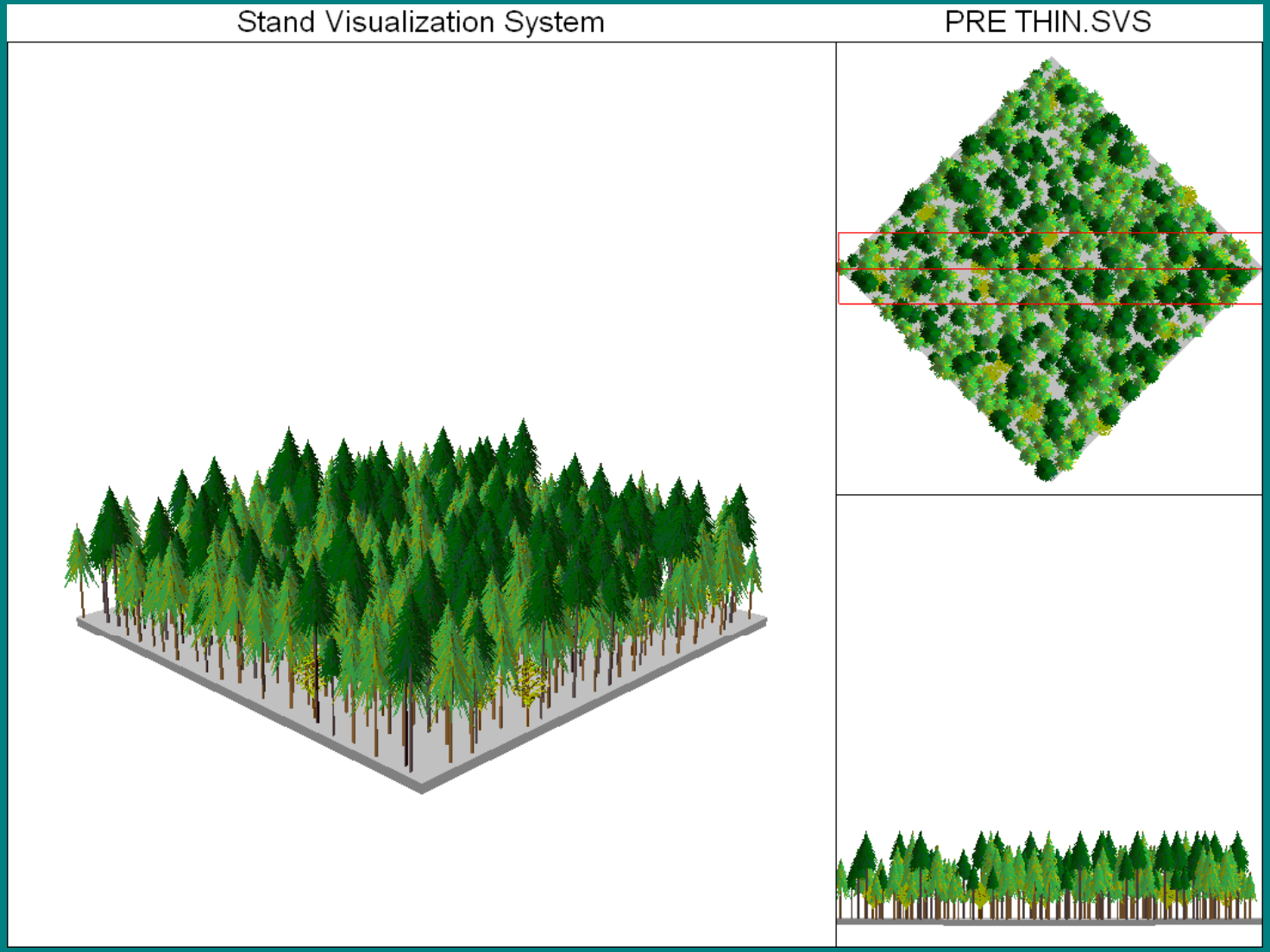
Even-aged management starting with 60 year old stands

Project Management

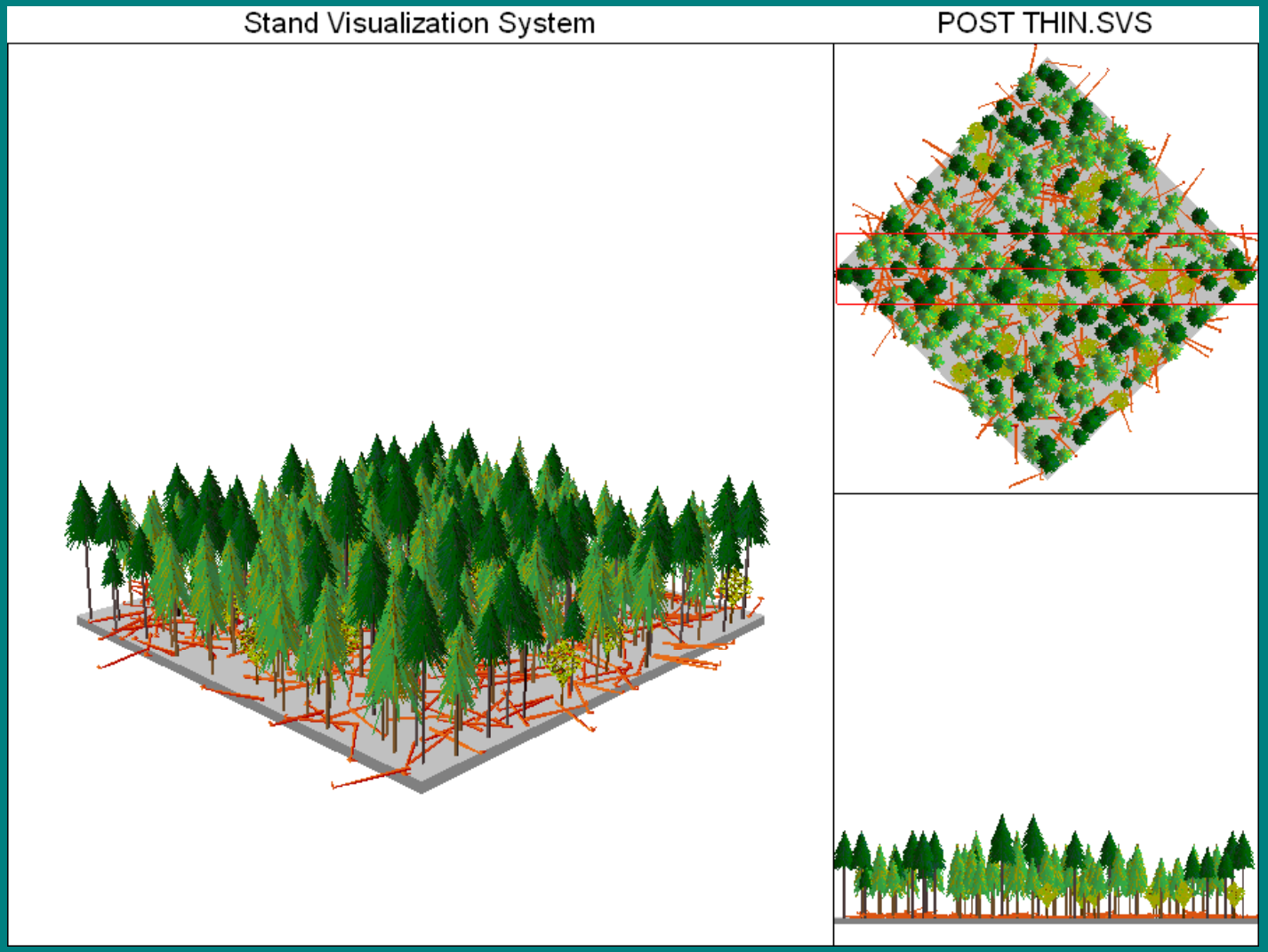


Project management cuts less than growth, retains large trees.

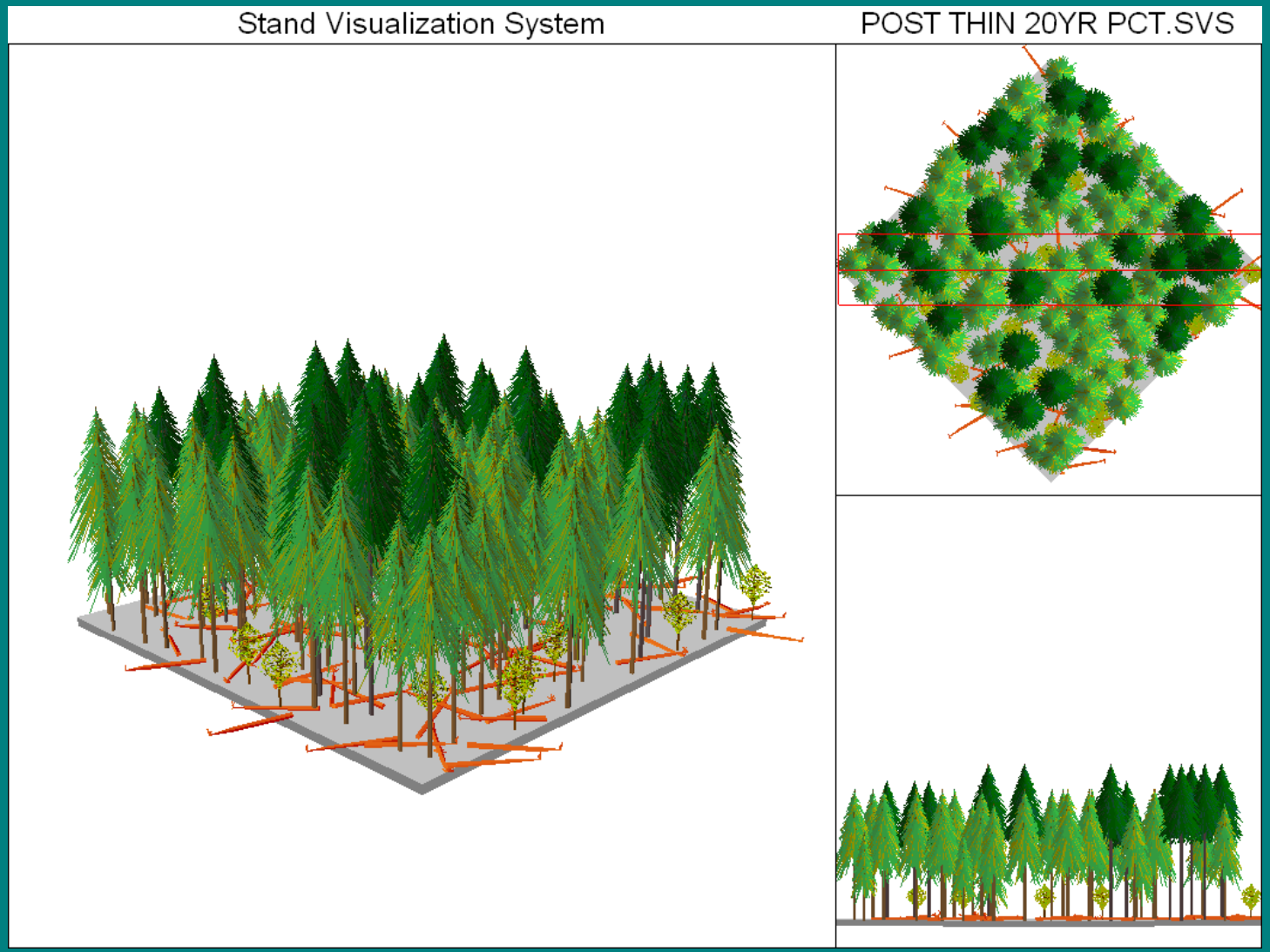
Model Project Activity – Pre-Commercial Thinning Current Condition



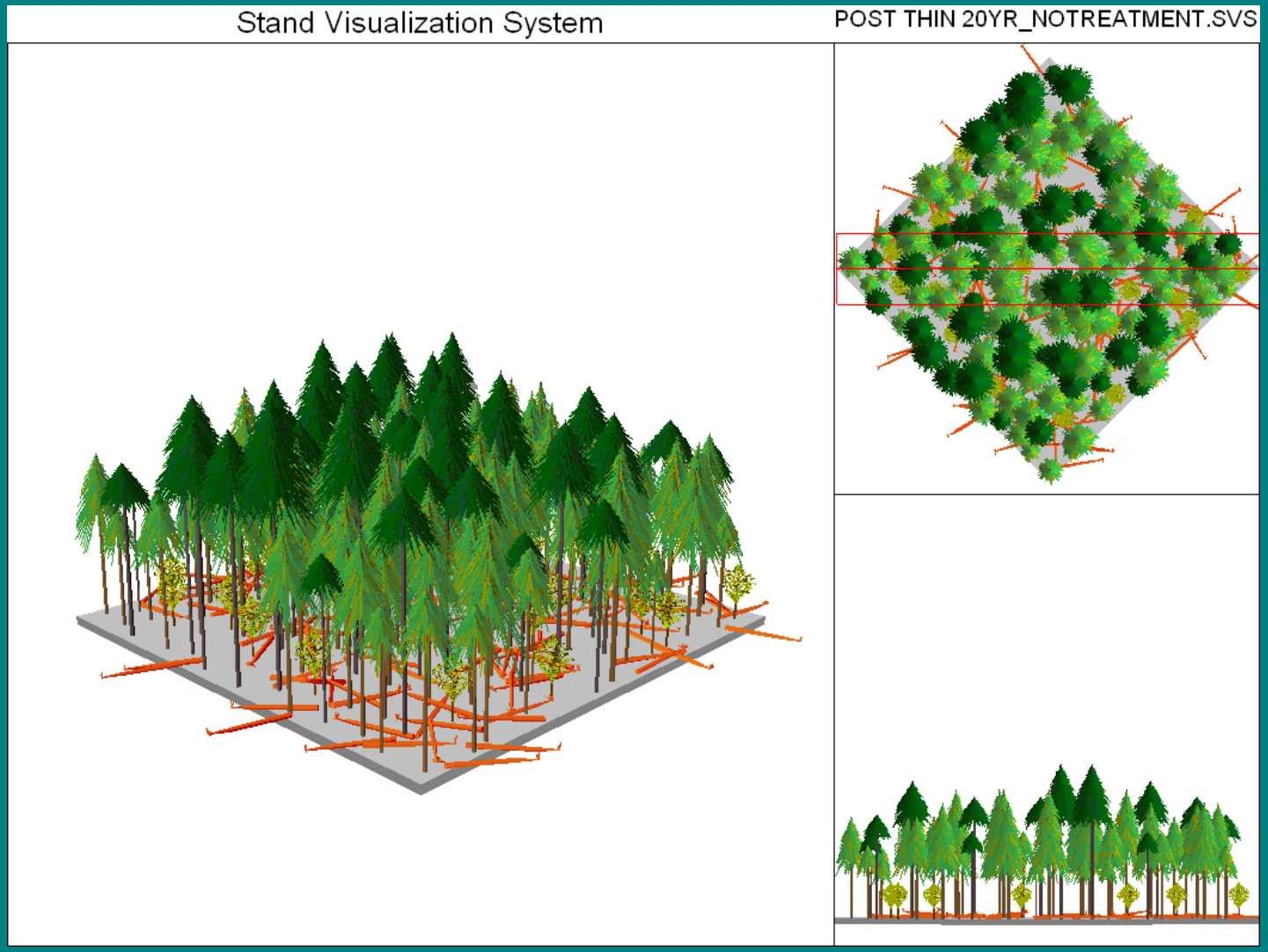
Model Project Activity – Pre-Commercial Thinning Immediately Post- Harvest



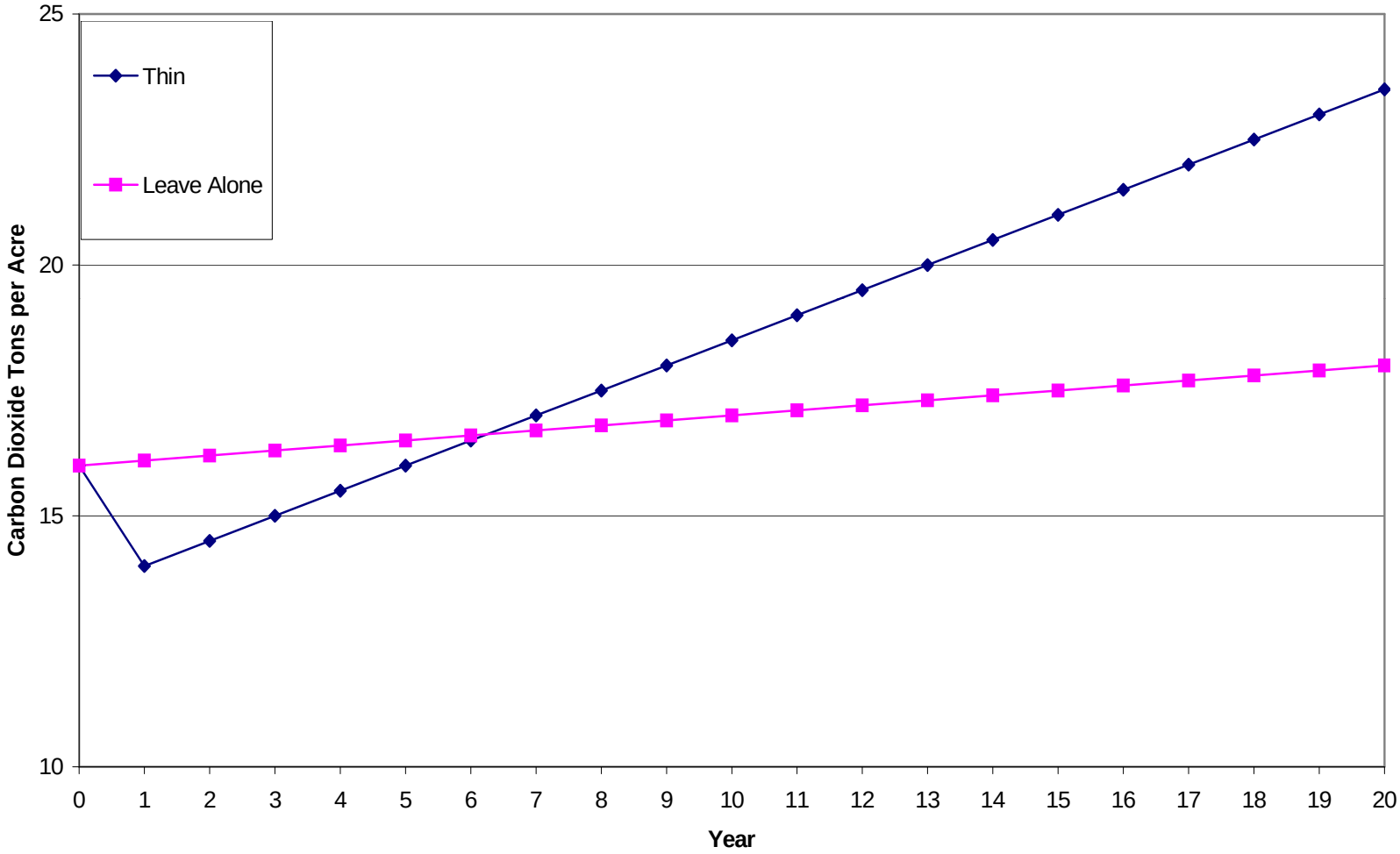
Model Project Activity – Pre-Commercial Thinning
Thinned Stands 20 Years Later



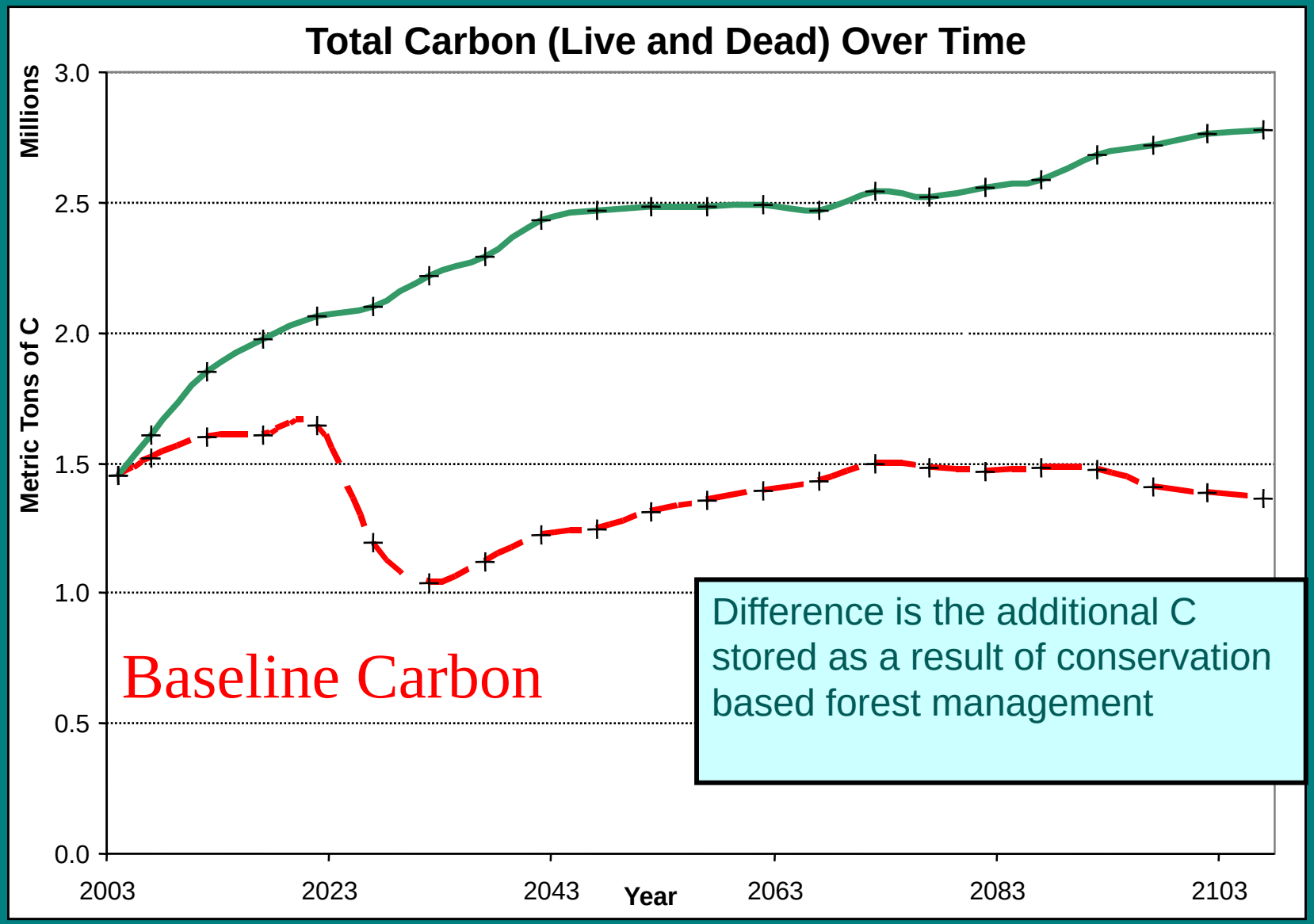
Comparison
Stands w/o Thinning - 20 Years Later



Comparison of Carbon Dioxide Equivalent Tons Stored with Thinning Activity versus Leaving Stand Alone



Baseline/Project Management



PROJECT SUMMARY WORKSHEET

All information in this report will be publicly available.

This project summary must be submitted to the Registry and Certifier in the first year of reporting at the time of certification. In some cases, it may be necessary to update parts of the Project Summary Worksheet in subsequent years.

If you have already submitted a pre-screening worksheet and none of the information in the worksheet has changed since its submission the Registry, you may provide this worksheet in lieu of Section I. However, you must fill out the remainder of the project summary information, starting with Section II.

Name of Entity:	The Conservation Fund
Name of person completing summary:	Evan Smith
Telephone	(503)407-0301
Email:	esmith@conservationfund.org
Address:	The Conservation Fund, 14951 "A" Caspar Road, Box 50, Caspar, CA 95420
Date of initial reporting year:	2004
Date Forest Entity Description submitted to Registry:	July, 2005
If different than above:	
Project start date (month/year)	Feb, 2004
Project end date (month/year) (expected)*	July, 2104
Project Developer Name:	Evan Smith
Title:	Forestry Projects Director
Telephone number:	(503)407-0301
Email:	esmith@conservationfund.org
Project Mailing address:	The Conservation Fund, 14951 "A" Caspar Road, Box 50, Caspar, CA 95420
Relationship to Entity:	Employee
Geographic scope of your report:	California *(Only California projects may be registered)*

**For consistency with entity reporting requirements a 100-year project lifetime is recommended.*

Verification Process

- Field visit
  - Plot re-measurement
  - Stratification verification
  - Stocking overview
- Desk Review
  - Sampling Accuracy Assessment
  - Conversion methodology
  - Modeling design Assessment
  - Option C Baseline assessment
  - Leakage Assessment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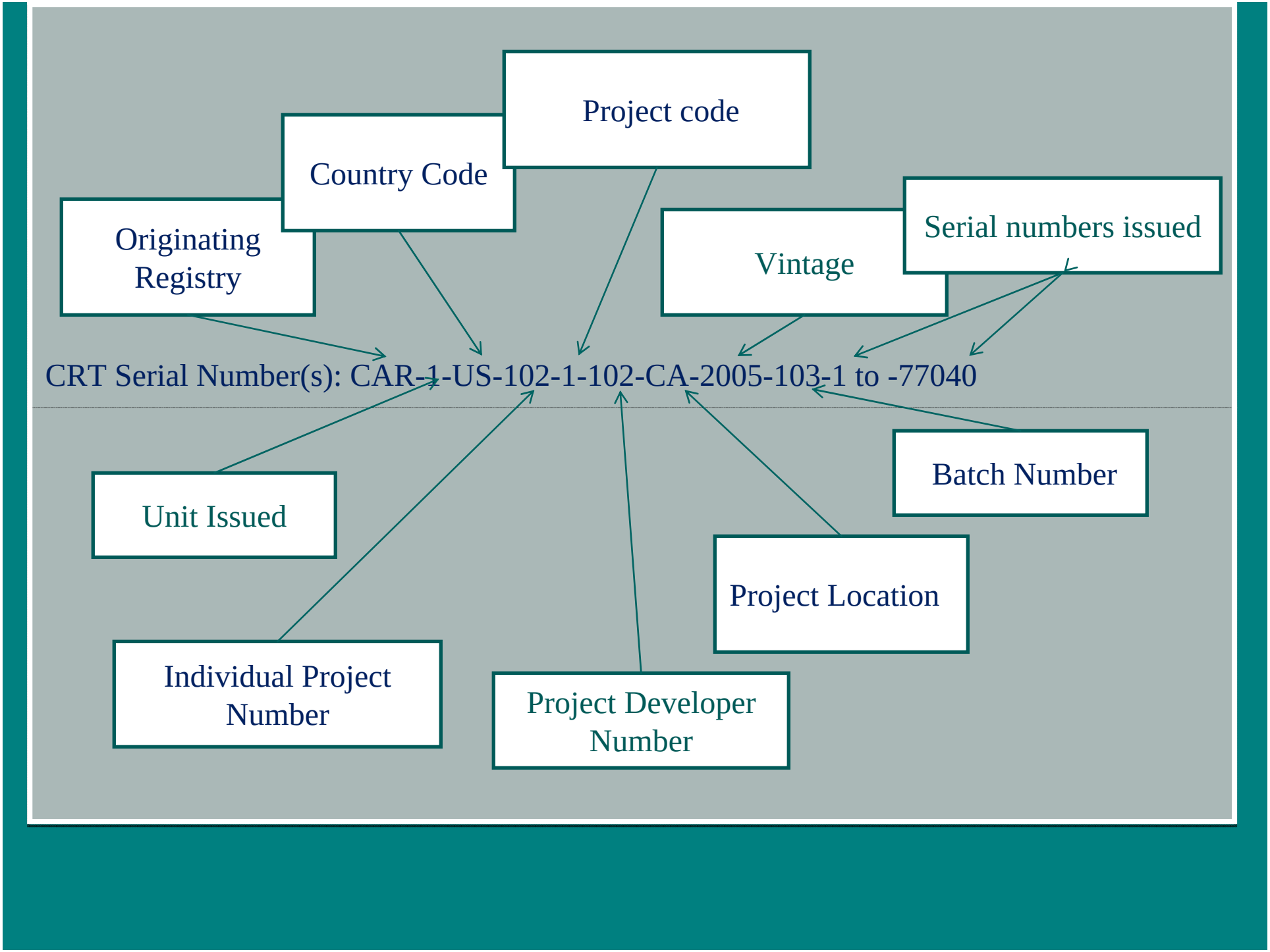

Project code
Country Code
Originating Registry
Vintage
Serial numbers issued
CRT Serial Number(s): CAR-1-US-102-1-102-CA-2005-103-1 to -77040
Unit Issued
Batch Number
Project Location
Individual Project Number
Project Developer Number

Garcia Carbon Sales

REUTERS

February 26, 2008

PG&E carbon offsets fund California forest

By BERNIE WOODALL

LOS ANGELES, Feb 26 (Reuters) - Pacific Gas & Electric Co and The Conservation Fund on Tuesday announced the first big sale of carbon dioxide offsets in PG&E's ClimateSmart program that is voluntarily funded by utility ratepayers.

A carbon offset is payment to another party that makes up for activity by a person or a company that causes carbon dioxide (CO2) emissions, the primary greenhouse gas.

In this case, PG&E customers will pay to offset 200,000 tonnes of CO2 emissions by giving an undisclosed amount of money to help The Conservation Fund manage a nonprofit working forest in Northern California. That's about as much CO2 emissions created by 37,000 average PG&E households annually.

PG&E, one of the biggest U.S. utilities, adds a fee to bills of power and natural gas customers who volunteered to offset use. For an average house, that's about $4.50 monthly into ClimateSmart to be spent on green projects.

The pool of customers has grown to about 17,500. Since the program began last June, customers have paid nearly $1 million into ClimateSmart, said PG&E, the principal unit of PG&E Corp (PCG.N: Quote, Profile, Research) which is headquartered in San Francisco.

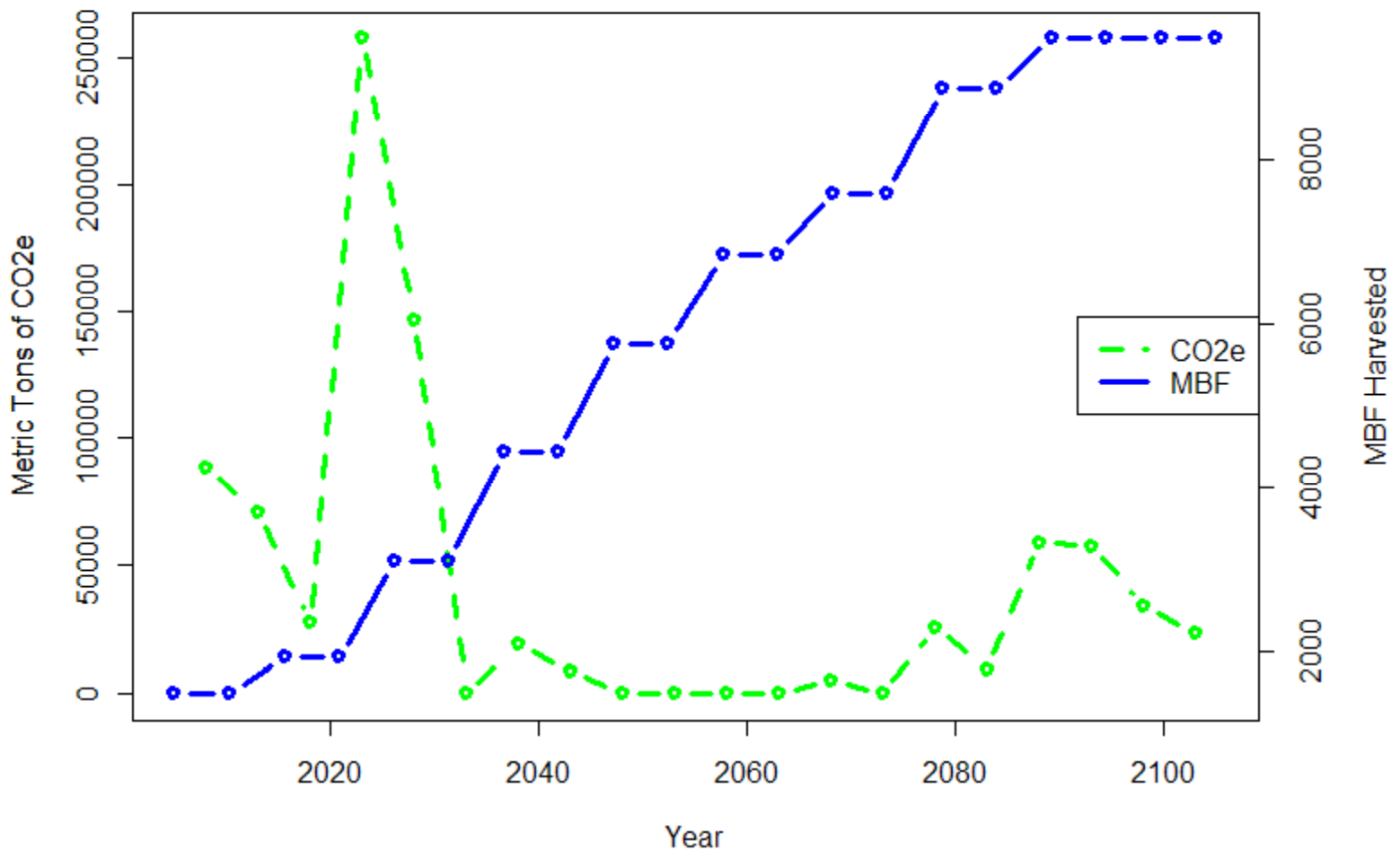
PG&E gets no financial benefit from the transaction to help fund the Garcia River Forest in Mendocino County, which is located about 130 miles north of San Francisco, the company says.

Pulling money together from ratepayers into a huge pool can fund large conservation projects, said PG&E and Chris Kelly, California program director for The Conservation Fund.

In the still-taking-shape world of carbon dioxide (CO2) offsets, the California Public Utilities Commission allowed PG&E to value a tonne of CO2 emissions at $9.71.

"The offsets are real and induced by your payments," Kelly said, referring to PG&E customers enrolled in ClimateSmart. "PG&E (funding) is allowing us to reduce the amount of timber we bring to a mill each year to about 1 million board-feet or less. Otherwise, we'd have to bring 1.5 or 2 million board-feet to the mill to meet our operating expenses."

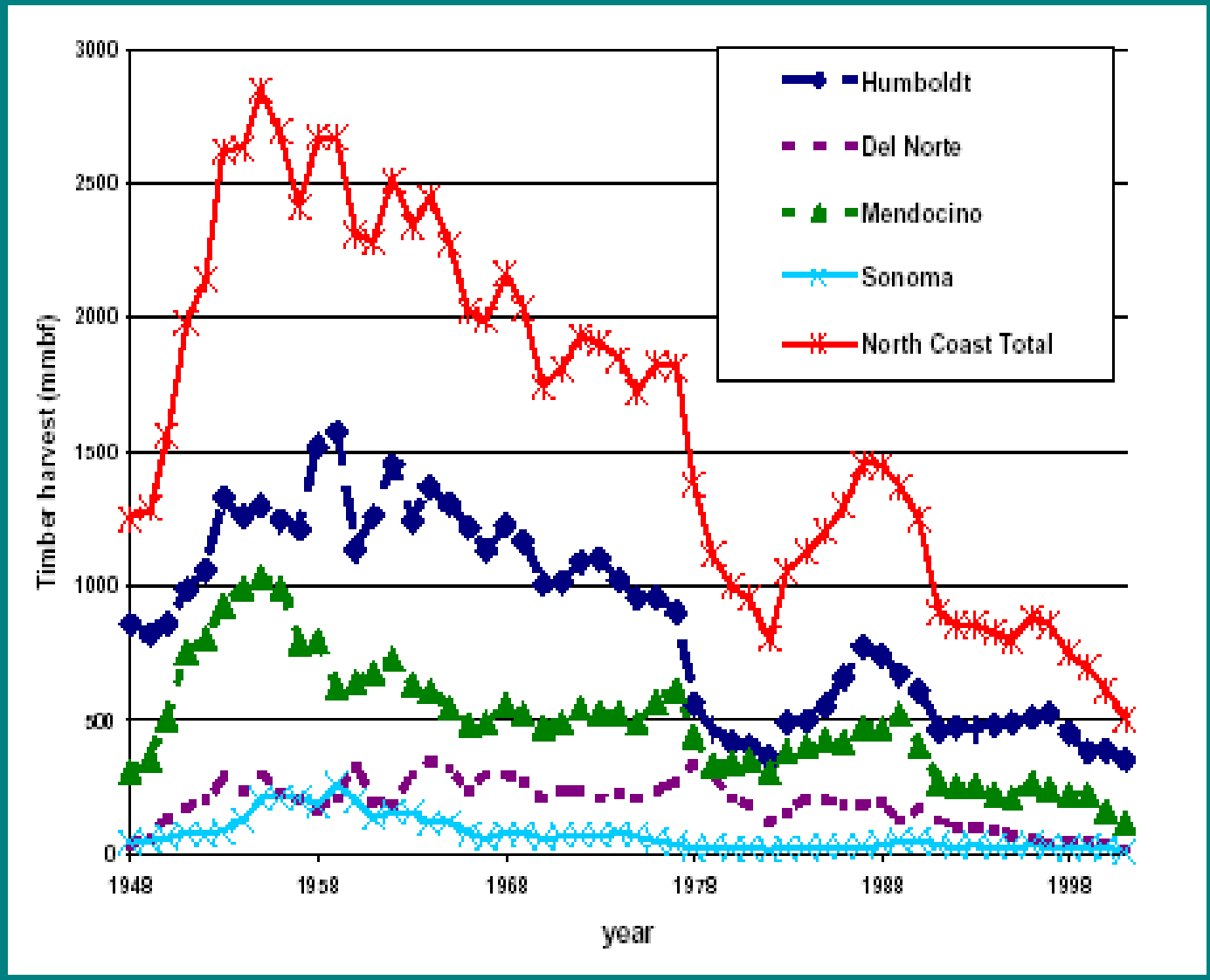
- >600,000 metric tons sold or contracted to date
- Vintages: 2005 – 2012
- Terms: Varied, some current and some forward sales


Garcia River Forest CO2 and MBF of Timber
Metric Tons of CO2e
0
50000
100000
150000
200000
250000
MBF Harvested
2000
4000
6000
8000
2020
2040
2060
2080
2100
Year
CO2e
MBF

Estimated Costs for Registration/Verification

- Timber Inventory and Cruise: $80,000
- Modeling/reporting carbon: $90,000
- Certification of project activity: $45,000

Total: $215,000



(Source: Richard B. Standiford, U.C. Berkeley Cooperative Extension, 2003; copied from Humboldt 2025 General Plan)

Traditional Approach

- Acquire for Public Park or Preserve

Limits of Traditional Approach

- Expensive to buy, expensive to manage
- Reduced property tax base
- Reduced economic activity

NGO-owned “Working Forest”

- Land remains in private ownership
- Land stays on tax rolls
- NGO provides stewardship
- Compatible economic uses permitted