

Carbon Pricing: what the best system is for woodlot owners, and how you can make it happen

by Dale Prest on November 21, 2016

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Community Forests International 705-acre woodlot near Sussex NB has stored carbon to the tune of \$300,000

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Early in October, Prime Minister Justin Trudeau finally revealed the biggest part of his climate change hand: if, in 2018, there are provinces or territories that have not priced carbon emissions, he would force a Carbon Tax on them. Not only that, but that tax was spelled out at \$10 per tonne of carbon dioxide emissions in 2018, increasing \$10 each year until 2022 when it reaches \$50 per tonne. This taxation level would serve as the minimum standard for all of Canada, with provinces expected to enforce equivalent regulations as a minimum.

So what does this mean for woodlot owners?

Some of you will be aware that we at Community Forests International (www.forestsinternational.org) have been working to position private woodlot owners and our forests in the forefront of the fight against climate change. Trees are powerful tools in the effort to reduce the amount of greenhouse gasses in the atmosphere, and should factor into our government's policies to reduce carbon emissions. Well designed climate change policy will incentivise forest owners and managers to specifically manage their lands to store more carbon, and compensate those landowners for their efforts. To this end, we at CFI have monetised the carbon stored on our 705-acre woodlot at just over \$300,000 committed over a 100-year contract. Put another way, we have been paid \$3,000 per year for 100 years to keep our average stocking above 20 cords to the acre. We can still cut every tree on that woodlot: just not all at once.

Our sales have been to voluntary customers. Unfortunately, this 'voluntary market' is limited in size. Mr. Trudeau's October announcement, however, could create a much larger market for those carbon credits - or offsets - from well managed woodlots. I say 'could', because Mr. Trudeau has put the carbon pricing ball back in the province's courts, at least until 2018. And it is our provincial government who will make the final decision on which pricing system we get.

Not All Carbon Pricing Systems Created Equal

People usually talk about two carbon pricing options: Carbon Tax vs. Cap and Trade. While in reality we can have any hybrid of the two, a Cap and Trade is a much better option for woodlot owners. Cap and Trade systems usually only apply to the biggest emitters in a given province. The emissions of these emitters is capped at a given level, which is reduced year after year. If emitters can't reduce their emissions below their cap, they can purchase qualified carbon offsets from people outside of the regulated system who undertake activities that pull carbon back out of the atmosphere. In existing Cap and Trade systems emitters can only purchase offsets totaling 7% of their emissions, preventing emitters from leaning too much on the purchase of offsets to avoid reducing their own emissions. The cap is reduced over time, until we get to 0, which is where we need to be.

Were each Maritime Province to institute a Cap and Trade system woodlot owners would be able to manage their lands to specifically store more carbon and receive payment from a regulated market for it. Better yet, our governments, today, have the option – today - to adopt the same system, tweaked to our particular circumstances, that is currently operating in larger North American jurisdictions. In so doing, woodlot owners would gain access to the Cap and Trade markets of California, Ontario and Quebec. Known collectively as the Western Climate Initiative, these markets are 10-50 times the size of what and Maritime Provinces' would be on their own. All of the carbon offsets that private woodlot owners in our provinces could generate would be a drop in the bucket.

It gets better. Beginning in 2018 exporting carbon offsets to places like California could sustainably bring \$100 million per year into rural, forest based communities in NS, NB and PEI. That amount increases to \$200 million by 2030. All from private woodlots, alone. This is a big rural economic development opportunity. And maybe best of all, we will still continue to cut wood. Like I said, we can cut every single tree we have. Just not all at once. In fact, DNR in NS and NB have become increasingly worried about disengaged woodlot owners not managing their lands, taking that wood supply out of our collective basket. Well, to sell carbon offsets, you need to manage your lands, meaning that

disengaged woodlot owners will become re-engaged, increasing the size of our working forest. A Cap and Trade program would help our forest products sector.

So to summarise, Cap and Trade is the best system we could have, and if its linked to the Western Climate Initiative, its even better.

How you can help

This is an important message to get through to politicians over the next few months. Because of the federal government's timeline, our province is looking today at what type of system we will have in place in 2018. We need to get the message across to them that we want a Cap and Trade system linked to the Western Climate Initiative.

Everyone has a role to play in getting this across the finish line. Call your local councillor, MLA and MP. Let them know that we need a Cap and Trade program, and that we should be a part of the Western Climate Initiative. Its good because it'll keep costs down and create a new export opportunity for rural communities. Using our woodlots in the global fight against climate change is something we as woodlot owners can feel proud of. It is something that we will tell our grand children that we, as individuals, did to prevent a real catastrophe. At CFI we've been sorting out the details for the past 6 years. We now know what needs to be done, and know how to do it. It's a win-win for us all, so lets get on with it.