

U.S. Natural Climate Solutions Accelerator Finalist: Vermont Forest Carbon Phase Two.
Collaboration between Vermont Land Trust and University of Vermont.

Vermont Forest Carbon Phase Two initiative aims to develop a statewide forest carbon offsets aggregation program and to promote marketing appeal of “charismatic” carbon offsets to attract price premiums by offering multiple ecological, social, and economic benefits. The initiative anticipates reducing the efficient minimum for carbon offset participation to 200 acres by aggregating landowners of small to medium sized privately owned forest parcels, and by layering revenue from carbon offsets on top of existing stewardship mechanisms, such as conservation easements, cost-sharing programs and forest certifications. Co-benefits of flood resilience and water quality improvements, conservation of un-fragmented forest blocks for habitat and migratory corridors, and sustainability of working forests to support local economies - all add “charisma” to forest carbon credits. This is expected to gain premiums and to attract buyers on the voluntary carbon market under the American Carbon Registry (ACR).

- **How it works:** The initiative aims to bring together landowners of 200 or more acres into combined carbon offset projects of over 5,000 acres, whose aggregation is accepted by the voluntary carbon markets. The first demonstration project aims to aggregate owners of 5 to 10 private properties for a target area of 5,000-10,000 acres, and a second project would like to work with town forests and other community-owned lands. Net revenue generated through sale of offset credits under an aggregated project is expected to yield \$16-20 per acre annually for each landowner for at least the first 10 years, and would provide a supplementary income on top of other revenue streams (timber and non-timber), cost-share, and tax incentives.
- **Carbon aggregation:** Project aggregation can reduce costs per carbon offset generated by enabling efficiencies of scale related to impact precision requirements and field verification frequency. Sharing monitoring and forest growth and yield modeling costs among aggregate participants can reduce costs to individual forest owners. This allows smallholder forest owners to generate carbon revenues that compensate the costs of accessing carbon markets. In addition, projects can gain a greater financial gain if developed in conjunction with other types of forest management plans, such as those required by Vermont’s Use Value Appraisal (UVA) Program and major forest certification systems, which work in conjunction with carbon management and are required by carbon markets. Programs such as UVA and conservation easements lessen tax burdens, and grants from conservation cost-share programs lessen the cost of administering management plans. Layering these mechanisms with carbon projects can help to maximize income to forest owners and improve forest stewardship.
- **Scaling up:** 400,000 acres of Vermont’s forested landscape have been identified as suitable for scaling up this approach, and the overall market opportunity in Vermont is estimated to be \$60M over the next decade. The initiative would like to be replicated on similar landscapes throughout the Northern Forest Region, and sees a vital role for the Regional Greenhouse Gas Initiative (RGGI).

The initiative aims to demonstrate that forest carbon offsets can add an important supplementary revenue to forestland owners to help to keep working forests active in support of local economies, while promoting ecological management to improve forest health.