

# **Expert Panel on Forest Carbon Markets and Payment Programs**

*Building Forest Carbon and Market Decision Capacity: 2024-2025 Webinar Series*

January 16<sup>th</sup>, 2025

## **Webinar Series Overview**

The 2024-2025 Building forest carbon and market decision capacity webinar series invites academics, forest industry, and other forestry experts to present on relevant topics to increase adoption of climate-smart technologies and practices in forest systems. The series aims to develop and expand forest stakeholder knowledge and perspectives on forest carbon payment programs for more informed decisions-making by bringing together a diverse group of landowners, state and federal natural resource professionals, consulting foresters, academics, and policymakers. This webinar series is co-hosted by the Forest Carbon and Climate Program (FCCP), USDA Forest Service, Michigan State University Extension, Michigan DNR, and the Wisconsin DNR. Support for this series is provided, in part, by funding from the USDA National Institute of Food and Agriculture, Renewable Resources Extension Act.

Recordings for all webinars can be found here:

<https://www.canr.msu.edu/FERM/Workshops/Building-forest-carbon-and-market-decision-support/webinars>

## **Expert Panel Webinar Overview**

This webinar panel brought together representatives from various forest carbon payment programs including the Family Forest Carbon Program (FFCP), Finite Carbon, and Climate Action Reserve as well as a verification auditor to provide in-depth expertise on the nuts and bolts of forest carbon markets and payment programs including project development, verification and auditing, and potential payment schemes and structures. Attendees had the opportunity to ask relevant questions directly to the panel to learn more about the specific details and potential income sources of projects.

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## Summary of webinar Q&A

The following section summarizes questions and answers discussed in the Q&A function of the webinar. Some questions have been edited for clarity.

Q1. Does rubicon also deal in Renewable Energy Credits?

A1. We have a range of credit types in the portfolios we sell, including nature-based projects, engineered removal solutions and super pollutant elimination projects: <https://rubiconcarbon.com/our-solutions/>. However, currently we do not have any renewable energy credits in those portfolios.

Q2. [NYS] Is there a conflict in enrolling in NYS Forestry management program 480A (tax credit) and participating in private sector carbon credit program simultaneously for the same acreage?

A2. I can speak to The Family Forest Carbon Program. We work hard to ensure compatibility with state current use tax programs by reviewing state program requirements and management plans to ensure landowners stay in compliance with all their programs and agreements. In NY and with 480A in particular it is possible to be enrolled in both, but we would review the specifics with the landowner (harvest requirements, etc) to ensure everything aligns before a landowner makes the decision to enroll.

Q3. what is an acre year?

A3. 1 acre for 1 year

Q4. What would happen to an acreage that is enrolled in a carbon credit program and a disaster fire similar to the one happening in LA burns out most, if not entirely, the enrolled acreage? Is enrollment canceled? Is the owner on the hook to replant? Please clarify what would happen.

A4. Natural disasters are covered by a risk buffer pool. If the entire project is burned to the extent that the carbon is lost, the project is terminated

Q5. is there any legal authority of which you are aware that governs how a landowner treats the income payments from the carbon sequestration programs, for Federal income tax purposes?

A5. You should always reference the advice of your tax advisor, but when we provide landowners 1099s, the incentive payments are classified as "other income."

Q6. Are Tennessee landowners able to enroll in these services at this time?

A6. Yes! I believe all of these projects are available in TN, but I can confirm The Family Forest Carbon Program and LandYield are.

Q7. We are considering entering into an agreement with Family Forest Carbon Program. We like the concept, but have a couple of concerns about programs like this: Is this truly a carbon saving methodology? who is buying the carbon offsets, and why? Are they not just greenwashing, allowing them to produce more CO2? Really interesting discussion and thanks!

A7. I love these questions! I'd be glad to go into more detail. But we are quite proud of the claims we make with our methodology. We use a methodology approved by the Verified Carbon Standard and can share a

few blogs that describes the method. We also do buyer vetting to ensure all our buyers are following the mitigation hierarchy -- reducing or eliminating emissions first before sourcing offsets. That's unique to our mission, though there are international standard bodies looking to set buyer standards.

Q8. From the perspective of private landowners looking to potentially sign contracts, how vulnerable are these various programs to the likely changes in priorities of the next Administration with regard to carbon markets (and climate change in general).

A8. Hi- LandYield and other voluntary crediting programs work in the voluntary carbon market space which is not connected to any fed or state regulations. Companies are buying credits to meet their self imposed climate commitments.

Q9. Can adjustments be made after signing the contract. For example, if you want to clear an acre or two for a house, can that be done?

A9. Some programs offer that type of flexibility but it varies from program to program. For example, LandYield is a provider that offers this.

Q10. Do any programs provide credits for farmland use of cover crops or set up of permanent warm season grasses. If a farm is partially forested will programs allow enrollment of the forest portion only.

A10. Some programs do offer credits for farmland use of cover crops. Yes, landowners are able to enroll parts of a farm that is forested.

Q11. Can someone please explain what the bottleneck might be which causes such a long development period to bring a project to market? Is it lack of verifiers? Is 2+ years reasonable to bring a 20k acre project to credit generation?

A11. The amount of time to bring a project to market can vary dependent upon the program, developer, and registry. Some programs use remote sensing and start paying landowners upon enrollment and do not make them wait until full verification is complete.

Q12. I own about 47 acres with several neighbors of which about 75% is currently forested. Our goals for this property is to protect it from development and moving forward we would like to manage invasive species, improve habitat for songbirds and sequester carbon. Are these programs a good fit for our situation?

A12. Yes, many voluntary programs would be a very good fit for this!

Q13. Has anyone developed a comparative summary of the various programs that are offered. We have 210 acres of forest land in Columbia county PA.

A13. Virginia Tech Extension has some resources that are applicable across the eastern US. <https://www.pubs.ext.vt.edu/CNRE/cnre-177/cnre-177.html>. More resources can be found through the Forest Owner Carbon and Climate Education Program (FOCCE) - <https://sites.psu.edu/focce/>

Q14. Which programs will develop and pay for a formal forestry management plan for the small land owner

A14. This depends on a variety of factors including landowner location and type of forests. For example, programs such as the family forest carbon program provides two ten-year forest management plans to landowners

Q15. To clarify, is carbon sequestration an alternative to harvesting within the VT Current Use Program? Or, do we need to drop out of the program to enroll as a carbon offset program? (and lose tax benefits)

A15. It's always good to consult with county tax assessors to make sure program requirements meet tax use requirements, but carbon is not an alternative to timber harvesting in UVA. Harvest schedules can often be modified to accommodate programs such as the family forest carbon program enrollment, but the land still needs to be managed for timber products over the long term (the exception is the reserved forestland classification, but that is a relatively rare situation).

Q16. In western NY there is lots of interest in the Carbon market. Some of the complaints I have heard is that Oak Hickory forest type is not of interest for carbon credits. The answer we have received is that there is no harvesting pressure on that forest type. This really isn't factual

A16. Both LandYield and the Family Forest Carbon Program enroll hardwood forests in NY state

Q17. What are the legal ramifications of being in any of these programs when and if you want to sell your properties? Do such contracts carry on and are future property owners held to them or can they opt out? Thank you

A17. These agreements are typically transferred to the buyer. If the buyer wants to terminate, there would be penalties associated with doing so.

Q18. Our family has owned 200 acres of forest land in the Upper Peninsula of Michigan since the 1950s. It has been harvested sustainably under the Michigan Qualified Forest Program (QFP) every 20 years or so, most recently in 2020. Is there any conflict between the QFP program which requires a Forest Management Plan and periodic harvests and the Family Forest Land Carbon Programs described here? Does it affect the MI tax status of the property? Where is the best place to start to explore these carbon offset programs for small landowners like ourselves?

A18. This varies from program to program, but The Family Forest Carbon Program does have a pathway for compatibility with QFP & FFCP - for this example, the forest management plan would need to be reviewed to see past & future harvest plans. We'd likely also do a site visit with this LO to ensure they meet our stocking criteria since the harvest was relatively recent.

Q19. As a landowner what does a "management plan or project" for carbon credits look like? We have a forest management plan for long-term forest management. How does this fit in to a carbon credit project?

A19. If it's updated, it could be very helpful and applicable for your enrollment in a carbon program.

Q20. Landowner here. The Carbon Credit organization that I negotiated with in the past loaded most of the payments toward the end of the 20 year term, which is understandable, but left me very little inducement upfront to commit to the program. Is that typical?

A20. Methodologies vary from program to program. For example, the methodology LandYield use normalizes credit issuances such that your project issues the same amount of credits ever year. Landowners should consult with individual programs to learn more.

Q21. As a small forest owner wanting to get started in a carbon credit program should I contact a private forestry consultant or contact a carbon credit company?

A21. Most programs have certified foresters on staff, but it is best practice to work through consultancies that a landowner already has a relationship to better understand the broader carbon credit landscape. Both are available options for most carbon payment programs

Q22. American Forest F is a nonprofit with at least \$60 million in federal subsidies for Family Forest Carbon Program, yet still its contract has landowners transfer their carbon rights to AFF's taxable LLC in exchange for practice payments fixed over the 20 year contract. When is AFF going to provide profit sharing with the small and underserved landowners whose carbon it is selling?

A22. We're actually working right now to implement a profit sharing policy with landowners. Stay tuned!

Q23. Does enrolling in a carbon credit program prohibit any harvesting of acreage in the project? Or is some limited harvesting allowed if it benefits the overall health of the forest? (I'm new to this whole idea so thank you for understanding my very basic question). Our family forest is in Virginia - about 80 acres).

A23. Most carbon credit programs allow some level of harvesting and generally require that growth outpaces harvesting. The details vary from program to program and consulting individually with a prospective program is desired before enrolling.

Q24. Family has approximately 200 acres in Patrick Co, VA. I have no experience with these programs whatsoever. It sounds like a starting point to begin is to work with a local forester? Is there any type of statewide database of consulting foresters which have experience with these "out of the box" ideas?

A24. Landowners can work directly with developers and payment programs. The society of American Foresters (SAF) provides a database of certified foresters

[https://www.eforester.org/Main/Certification/Find\\_a\\_Certified\\_Professional.aspx](https://www.eforester.org/Main/Certification/Find_a_Certified_Professional.aspx)

Specific states sometimes provide directories as well.

Q25. I'm a retired forester managing a 75 acre family woodlot. Would my inventory information be acceptable?

A25. It would like be for most voluntary payment programs

Q26. I assume that these carbon offsets can be purchased by the industries that are creating these carbon emissions? Are there any requirements of them in making any efforts to actually reduce their emissions and not gain relief by purchasing credits only as their business model? Thank You

A27. There are few or no requirements for industries to offset or decarbonize, generally speaking. For most companies, both decarbonization and purchasing carbon credits are happening voluntarily.

This is of course different in compliance markets, but much of today's conversation is focused on the voluntary carbon markets.

Q27. What is the range of compensation for the various carbon credit programs? Is there a template to compare the economics of the various carbon credit programs? Are these compensation numbers stable, increasing, possibly decreasing? Is there anyone out there who can advise the landowner which is the "best" program for the landowner. Anyone out there that has that skillset? Thank you.

A27. Landowners can reach directly out to developers and payment programs. Landowners are also encouraged to contact a certified forester for more information.

Q28. What happens if land is sold?

A28. Projects can be transferred to new owners if they agree, or terminated with associated penalties

Q29. what duration of contractual commitments are typically required for the small landowner. Are there any programs out there that might contract for 5 or 10 years

A29. We don't know of any that have that short of commitments. Most commitments range from 20-30 years or more.

Q30. For these large companies are doing due diligence on a project, if the project does not align with their objectives (granted the project has been verified/following the protocols), will they entertain allowing the project developer to make changes, for example, making the baseline more stringent OR is that project no longer considered for purchasing credits from?

A30. In our experience, there is interest in helping a project developer or landowner take a project from not-passing to high integrity, where it's possible!

Q31. If we enroll in a forest program, do we find out ahead of time who is buying our credits and for what purpose?

A31. Typically no -- because we don't always know who the buyer is going to be at any given point. But you can ask who developers typically sell to and what their own internal rules or controls may be.

Q32. Many big tech companies are seriously considering deploying small-scale nuclear reactors to support their AI data center's insatiable appetite for electric power. SemiAnalysis estimates average electricity consumption for ChatGPT at 564 MWh per day, or, 2.9 Wh per request. They say Google AI alone could consume as much electricity as Ireland (29.3 TWh per year). Chip makers like NVIDIA, Intel, and other AI providers say they are taking their commitments to energy reduction seriously. Do you think they can offset their way out of these massive energy requirements and the resulting emissions?

A32. There are few or no requirements for industries to offset or decarbonize, generally speaking. For most companies, both decarbonization and purchasing carbon credits are happening voluntarily. Companies are engaging in offsets in line with a self-imposed requirement or a goal they have set for themselves.

We advocate for a Both And approach - both purchase carbon credits AND decarbonize. If a company is increasing its emissions, purchasing carbon credits becomes all the more important in reducing the overall impact of that increase - there isn't a penalty to anyone for not buying carbon credits, at least in the US/ VCM. This is of course different in compliance markets, but much of today's conversation is focused on the VCM.