



## INTRODUCTION

### Let's Get Started

The following steps precede developing a formal contract with NNRG for participation in NW Neutral®:

1. Landowner reviews “Is NW Neutral Right for You” questionnaire and determines initial eligibility. (See below)
2. Landowner reviews the NW Neutral® Case Study on Page 3, which provides an example of potential carbon values as well as fees associated with a carbon sale.
3. Landowner is encouraged to obtain legal and financial advice.

### Is NW Neutral® right for you?

Think about your long term forest goals. If you answer “no” to any of the following questions, NW Neutral® may not be right for you.

- Do you plan to keep all of your forested properties in forest use and not develop or sell them for development for the next 100 years?
- Do you plan to keep all of your forested properties under FSC management for the next 100 years?
- Are you prepared to encumber all of your forested parcels under the equivalent of a conservation easement for the next 100 years?

### NW Neutral® eligibility requirements

You must meet each of the following requirements in order to be eligible for NW Neutral®. All carbon offsets sold must originate from FSC certified forests.

- Are you an FSC certified NCF member?
- Do you have a forest management plan?
- Do you have clear title to the property?
- On average, is your forest of a commercially harvestable age (at least 35 – 40 years old)? When determining your eligibility for NW Neutral, NNRG staff will only consider timber that is of a qualifying age. If you have over 20 acres of qualifying timber, you may qualify for NW Neutral.
- Have you talked with an NCF manager about the eligibility of your property in NW Neutral®?

### **Phase I: Preliminary Steps**

1. Meet with Executive Director, Dan Stonington ([dan@nnrg.org](mailto:dan@nnrg.org))
2. Landowner provides copy of title to NNRG.
3. Landowner signs a Non-disclosure and Media Agreement with NNRG.
4. Landowner reviews Sample Carbon Sequestration Agreement and Covenant (contract).
5. Landowner completes a NW Neutral® Forest Profile (page 4) and submits to NNRG.
6. NNRG develops a carbon value based on the biomass inventory and NW Neutral® carbon values.
7. Landowner makes determination to participate in NW Neutral®

### **Phase II: Contract development**

The following steps involve developing a contract between NNRG and a landowner for participation in NW Neutral®.

1. Landowner and NNRG develop a Carbon Sequestration Agreement and Covenant (contract).
2. NNRG creates carbon addendum to landowner's forest management plan.
3. NNRG contacts Title Company to initiate legal processes and documents.
4. Landowner and NNRG review pre-closing documents.

### **Phase III: Closing**

1. Landowner and NNRG sign final documents at Title Company.
2. NNRG makes first year carbon payment to landowner.

### **Phase IV: Monitoring and Auditing**

1. Landowner completes annual monitoring on the property and forest management activities as specified in the carbon addendum.
2. NNRG conducts five-year carbon verification audits to identify any changes to carbon pools on the property.

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Northwest Natural Resource Group • 1917 1<sup>st</sup> Ave, Level A, Suite 200 • Seattle, WA 98101  
Tel. 206-971-3709 • Email. [info@nnrg.org](mailto:info@nnrg.org) • Web. [www.nnrg.org](http://www.nnrg.org)

## NW Neutral® Case Study Example\*

### Forest profile and carbon value

**Size:** 25 acres

**Forest description:** 60-80 year old Douglas fir dominated forest

**Gross carbon:** 64 tons C/acre = 1,600 tons C

**Net carbon** (after baseline and insurance deductions): 1,263 tons C or 4,633 tons CO<sub>2</sub>

**Net first year value to landowner** (not including sales fees):

*Scenario 1:* 4,633 tons CO<sub>2</sub> x \$15/ton = \$69,495 (\$2,780/acre)

*Scenario 2:* 4,633 tons CO<sub>2</sub> x \$12/ton = \$55,596 (\$2,224/acre)

*Scenario 3:* 4,633 tons CO<sub>2</sub> x \$10/ton = \$46,330 (\$1,853/acre)

*Scenario 4:* 4,633 tons CO<sub>2</sub> x \$7/ton = \$32,431 (\$1,297/acre)

*Scenario 5:* 4,633 tons CO<sub>2</sub> x \$5/ton = \$23,165 (\$927/acre)

### Carbon sale fees

1. Costs to Seller:

a. Biomass Inventory: approx. \$40-\$50/acre (costs will vary by property).

b. Fees subtracted from sale proceeds at closing:

- Transaction Fee - 7%

- Title Report Fee – Varies between counties

- Other Fees – depending on result of title report

- Mortgage Subordination Fee – determined by mortgage holder  
(Lending Institution)

- Property Taxes – if in arrears

2. Costs to Buyer:

a. Recording Fee

\* **Data varies among forest properties.**

## NW Neutral® Forest Profile

Please provide the following information to NNRG, including the forest biomass inventory of your property (item 5). For guidance on conducting a biomass inventory or to find a qualified consulting forester, please contact NNRG.

1. Aerial photo(s) and/or maps that identify the following attributes:
  - a. Property lines
  - b. Forest stands (include number or name)
  - c. Streams, wetlands, and other aquatic sites
  - d. Regulatory required buffers for all aquatic and other sensitive sites
  - e. Site class of soils
  - f. Topography
2. Description of forest. Include the following:
  - a. Total forested acres
  - b. Net forested acres (excluding home sites, buffers, sensitive sites, etc.)
  - c. Description of individual forest stands. Include the following for each stand:
    - i. Stand # or name
    - ii. Total forested acres
    - iii. Net forested acres (as per above)
    - iv. Average age of timber
    - v. Dominant timber species
3. Description of regulatory buffers and/or retention areas. Include the following:
  - a. How buffers were identified on the ground
  - b. Size of individual buffers (in acres)
  - c. How biomass volume in buffers was determined, OR
  - d. How forested area within buffers were segregated from upland forested areas when conducting forest biomass inventory
4. Estimate of future timber harvest volumes. Include the following:
  - a. Schedule of harvests and estimated volume by species for next 100 years
  - b. Describe harvest methods. Include the following:
    - i. Harvest system (e.g. clear cut, individual tree selection, group selection, etc.)
    - ii. Equipment to be used (e.g. small tractors and/or ATV's, standard ground-based skidders, cable, etc.)
    - iii. Post-harvest slash treatment (e.g. lop & scatter, burning, etc.)
5. Forest biomass inventory (must be conducted by professional forester)
  - a. Description of how inventory was conducted, including:
    - i. Map of plot locations
    - ii. Variable or fixed radius plot. Include basal area factor for variable plots and size for fixed plots
    - iii. # of plots per stand and distance between plots