

Breakout 4C: Mitigation and Commercial Timberland

Panelists:

- Russell Hatcher, Wells Timberland
- Robert Olszewski, Plum Creek
- Dave Ferringer, Forestland Group
- Stephanie Gripne, University of Colorado, Leeds Business School
- Moderated by Kent Gilges, Conservation Forestry, LLC

Abstract:

There is a significant overlap between ecosystem services and the commercial timberland asset class but there have been relatively few transactions. The panel will present a range of viewpoints about private and public equity and how mitigation and ecosystem services fit into the investment profile of large landowners. Who is doing what in the space, and what are the major challenges to ESP deals? Where do large landowners feel the biggest opportunities lie?

1. Brief description about what each panelist covered in their respective discussions

- Rob Olszewski: Big timber is providing lots of ES, some are marketed (e.g. hunting); have sold lots of conservation easements. “Carbon markets not compatible with sustainable forestry”.
- Stephanie Gripne: Need to get deals done – good examples and understand / resolve issues
- Russell Hatcher: did “one-off carbon deal” with local utility 0 good general mode / difficult to overcome perception that ES are free – buy the land or pay someone else to do it
- Dave Ferringer: biggest market seems to be conservation easements – has led to alliance with land trusts

2. Overarching themes and key takeaways

- Interest in water protection markets – not something big timber has done much with, but should be one-off opportunities if there’s some guidance on how to do transactions
- Timber industry is mostly oriented to purchase of conservation easements as their preferred method to cash in on ES. Other ES are one-off opportunities

3. The most surprising finding or discussion

- Pessimistic about receiving carbon offsets on timberland. If involves longer rotations, may not be market for logs (or tied up too long); doesn’t work for TIMOs. Need stable market; too risky now.

4. Finding or discussion that had the most audience consensus
 - Push-back from audience on the possibility of receiving carbon offsets on timberland, e.g.:
 - At some point, carbon may be more valuable than timber
 - If timber industry is going to “contribute”, need to help design programs / markets that work for them

5. How this panel outlines (or contributes) to where we might go (as ecosystem services/markets professionals) from here
 - What does big timber need to make ES work for them:
 - More details on the nature and risk of commitments
 - Flexible options suited for different sites
 - Examples of good deals, particularly water-related