Chugach Alaska Corporation

Carbon Project Overview
Alaska Native Regions
Chugach Region

Land Ownership: 378,000 acres of Fee, 550,000 acres of Subsurface
Our history is our people, culture and connection to the land.
How do we create sustainable shareholder benefits from our lands...while retaining ownership and providing good stewardship?
Carbon Projects

Carbon Offset Project

Coal Conservation
Offsets in California’s Cap-and-Trade Program

**What are offsets?**

Under the California cap-and-trade program, there are two types of compliance instruments: allowances and offsets. Allowances are directly generated by the government and initially distributed to sources subject to the cap (regulated entities). In contrast to offsets, an alternative compliance instrument voluntarily generated by a non-regulated entity (a project sponsor) pursuant to a California Air Resources Board (CARB) protocol or regulated entity through bilateral purchase agreements. Both allowances and offsets can be traded in the secondary market.

An offset represents the reduction, removal or avoidance of the amount of greenhouse gas (GHG) emissions that would have occurred otherwise and which is generated from an AB32-registered project. Regulated entities can use offsets to fulfill up to 30% of their compliance obligations under the cap-and-trade program. The 30% limit ensures that 70% of emissions reductions occur through direct emissions reductions by regulated entities versus subject to the cap and subject compensated by offsets. Offsets must be generated from projects developed and based on activities that are certified by a state-sanctioned third-party administrator (TPA) approved by CARB. CARB also adopts new protocols as it provides transparency to the protocols.

**Key criteria for offsets**

- **Real:** offsets must represent real emission reductions that have already occurred. The reduction is not projected to occur in the future.
- **Additionality:** offsets must represent emission reductions that are in addition to what would have occurred otherwise.
- **Permanence:** offsets must represent emission reductions that are permanent (or must be secured for 30 years or more).
- **Verifiability:** offsets must be verifiable by an independent third-party administrator (TPA) certified by CARB.
- **Verifiability:** emissions reductions represented by offsets must be reliably measured or estimated, not capable of being quantified.
- **Retrievability:** offsets must be selectable and enforceable against the entity that generated the emission reduction.

**Benefits of offsets**

Offsets allow compliance flexibility by giving regulated entities another option for compliance in addition to just allowances. Flexibly and cost-efficiently, offsets can help reduce compliance costs because reductions can be generated outside of the cap as long as they are within the project’s scope. For instance, this would allow companies to internalize the environmental impacts associated with the construction and operation of power plants, thereby reducing overall greenhouse gas emissions across the energy sector.

**An offset is an alternative compliance instrument voluntarily generated by a non-regulated entity and sold to regulated entities through bi-lateral purchase agreement.**
Carbon Project Benefits

• We realize financial benefits from our lands
• Our lands will be managed to assure a healthy forest
• We retain ownership of our lands
• We can utilize our lands and pursue other opportunities as long as we maintain carbon stocks
• Opportunities for shareholder hire and business development
• We are contributing to a healthy environment, for our own lands as well as on a global scale
Quyana
(Thank you)

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