

# Reprint **Island Tides**

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## **Carbon credits contribute to novel Denman land deal**

A complicated land swap involving North Denman Lands Ltd (NDL), the BC provincial government, and ERA Ecosystem Restoration Associates Inc will leave Denman Island with 750 hectares of new protected area and NDL with development potential for up to 13 farms and 40 residential lots, all without exceeding the Island's overall density cap.

The deal is unique in that it is the first of its kind to use carbon credits as part payment.

The new protected area, 15% of Denman Island, is made up of 258 hectares of former Crown land and 492 hectares of former NDL land. Its reforestation will be managed by ERA to restore an ecosystem appropriate to its Coastal Douglas Fir biogeoclimatic zone. ERA's management will continue until the restored ecosystem is 'free to grow'—essentially, sustainable without nurturing.

ERA have purchased the carbon credits for the land for \$1.23 million; later, with third party certification and auditing under ISO standard 14064-2, the credits will be sold as European voluntary carbon offsets to Forest Carbon Group of Darmstadt, Germany.

The carbon credit payment is an essential component of the deal. NDL are selling the 492 hectares (valued at \$6.7 million) to the province. NDL have cut the price by \$1.4 million, and will receive the transfer of development rights (valued at \$3.9 million) from the Crown land to other NDL lands and \$232,000 in cash. ERA's \$1.23 million makes up the difference.

The carbon credits are calculated on the volume of carbon that will be sequestered through growth on the protected land. The entire 750 hectares will be absorbed into the provincial park system, either as park or as ecological reserve. Much of it is on the northern half of the Island, including land within the Chickadee Lake watershed. However, some is immediately adjacent to Boyle Point Park on the southern end (see map, this page).

### **Islands Trust Approval**

NDL, headed by Denman Island resident Henning Nielsen, has a longtime commitment to land development on the Island. However, a scheme proposed by NDL in 2007 for development of lands on the north end of the Island failed to win Islands Trust approval.

The 2010 scheme, which does not call for any increase in the overall density cap under Denman's Official Community Plan, was approved by the Local Trust Committee, after community consultation, and with the expectation that the land swap with the province would go ahead. At that time, the carbon credit financing was not part of the picture, but, in the final analysis, made the scheme possible.

Said Nielsen, 'Achieving the protection of such a large amount of both private and Crown land demonstrates that capital investment can effectively be put to the service of community and conservation goals.'

### **ERA**

ERA Ecosystem Restoration Associates Inc is a Canadian company, formed a few years ago and listed on the TSX Venture exchange, which has a rapidly growing business in the restoration of ecological systems and the sale of the resulting carbon offsets—the company claims to have created and sold over one million tons in its short life. It has about 35 employees, about half of whom are in the field.

The Denman Island Conservation Project is the first private sector project undertaken by ERA; up to the present, the company's clients have been municipalities. Typically, ERA agreements, similar to conservation covenants, have a 100-year life.

Voluntary market carbon offset agreements for international carbon markets typically reflect a commitment not to harvest forests which would otherwise

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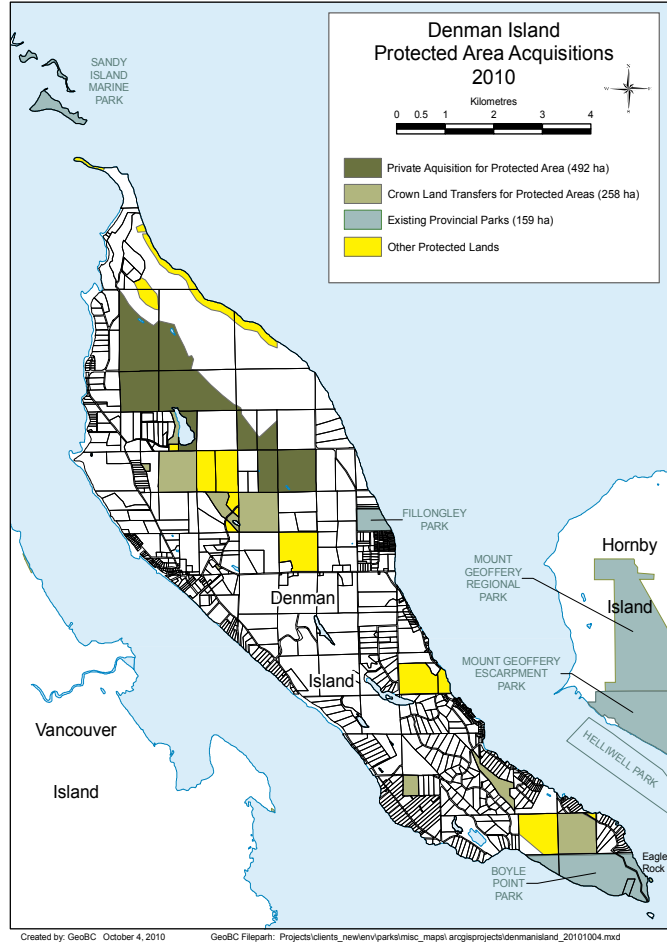
be cut down. ERA's innovation is to create carbon offsets from forests which might otherwise not have grown—hence, ecosystem restoration.

### FCG

The German firm, the Forest Carbon Group AG, invests in and co-develops large-scale forestry projects world-wide. These projects not only give value to forests' ecosystem services but also have many social co-benefits that enable involved communities to create sustainable local economies.

Carbon offsets sold by FCG into the voluntary carbon market are used by their clients to achieve carbon neutrality.

FCG identifies, develops, and finances forestry projects, and offers verification that the offsets that result are real, additional, and auditable by reputable third parties. FCG was founded in 2009, and includes specialists in many aspects of carbon offset development and marketing. 



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