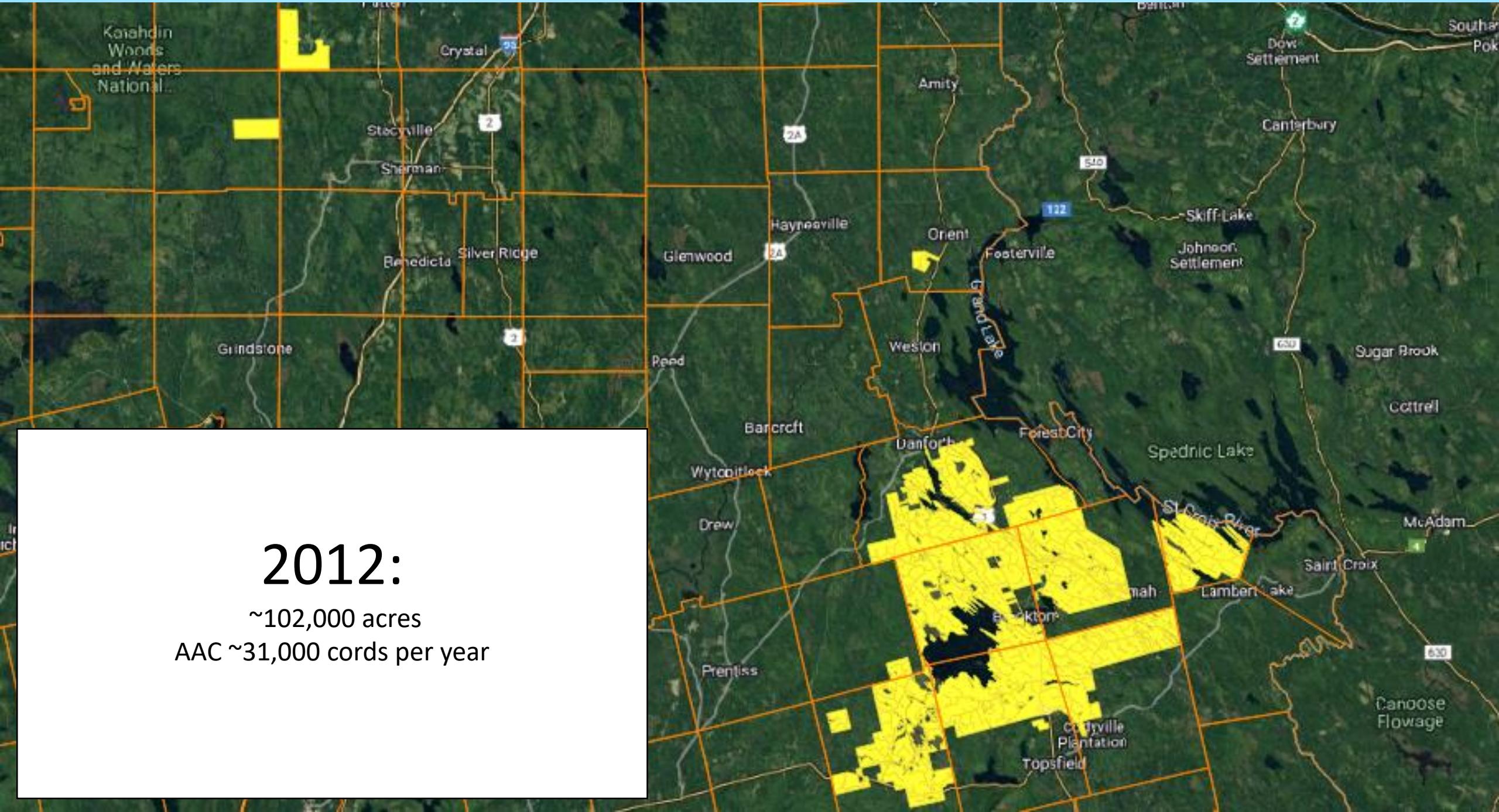
The background of the slide features a wide-angle photograph of a forest in autumn. The trees are a mix of green, yellow, and orange, with some bare branches visible. A calm lake or river runs through the center of the frame, perfectly reflecting the surrounding foliage. The sky above is a clear, pale blue.

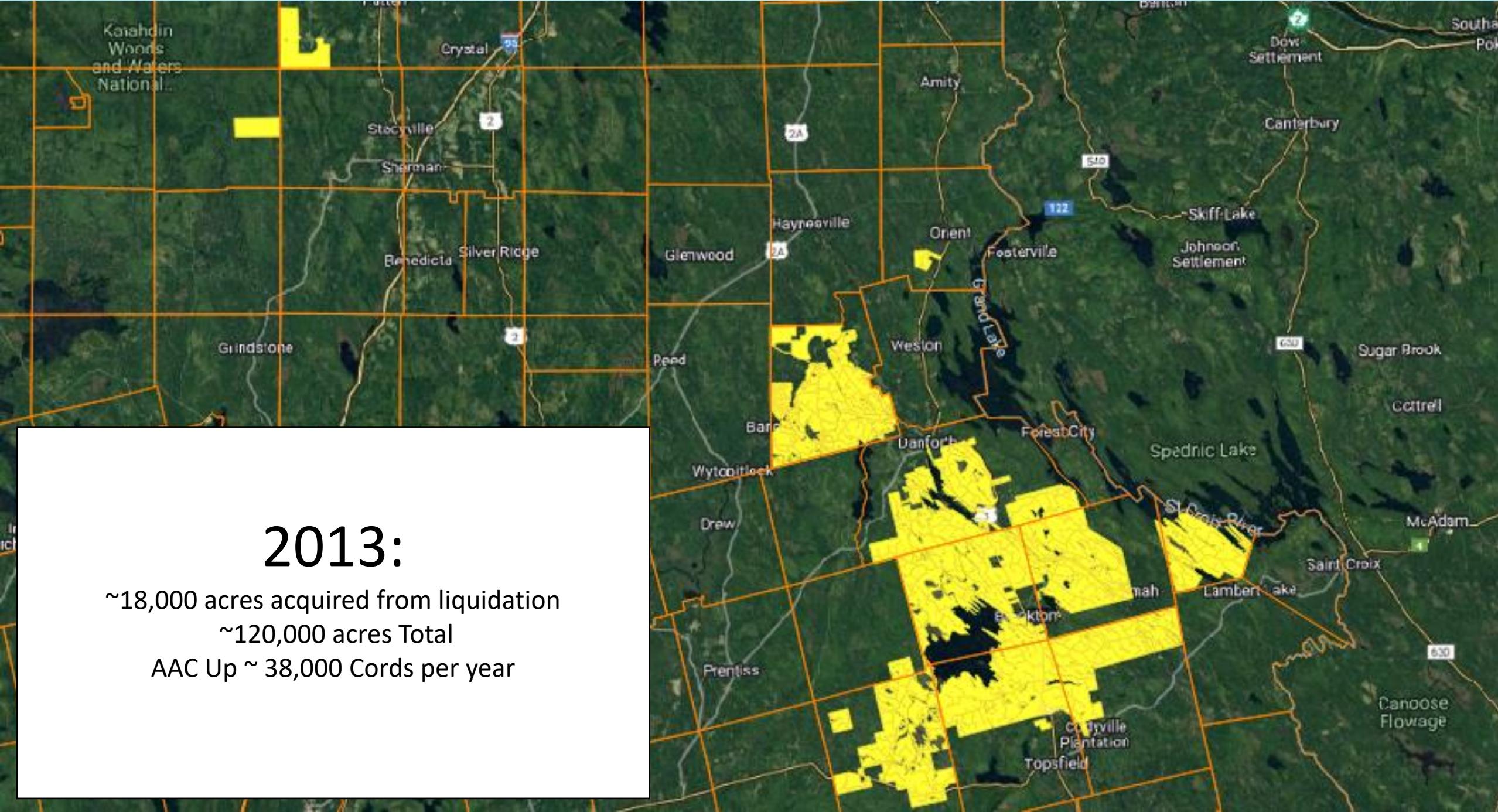
How Carbon Credits Influence Commercial Forest Management

Yale Presentation 11/13/2023



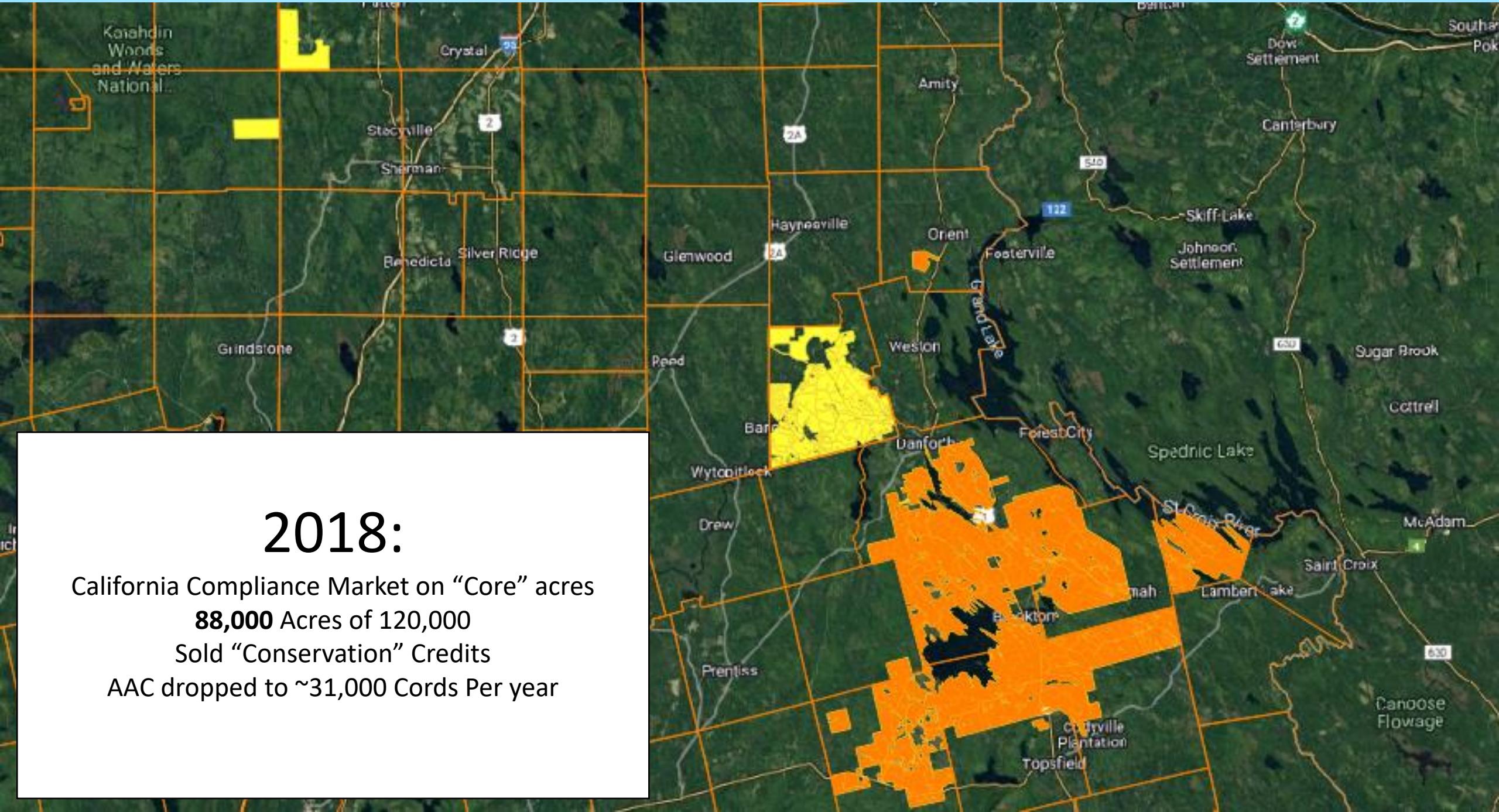
2012:
~102,000 acres
AAC ~31,000 cords per year

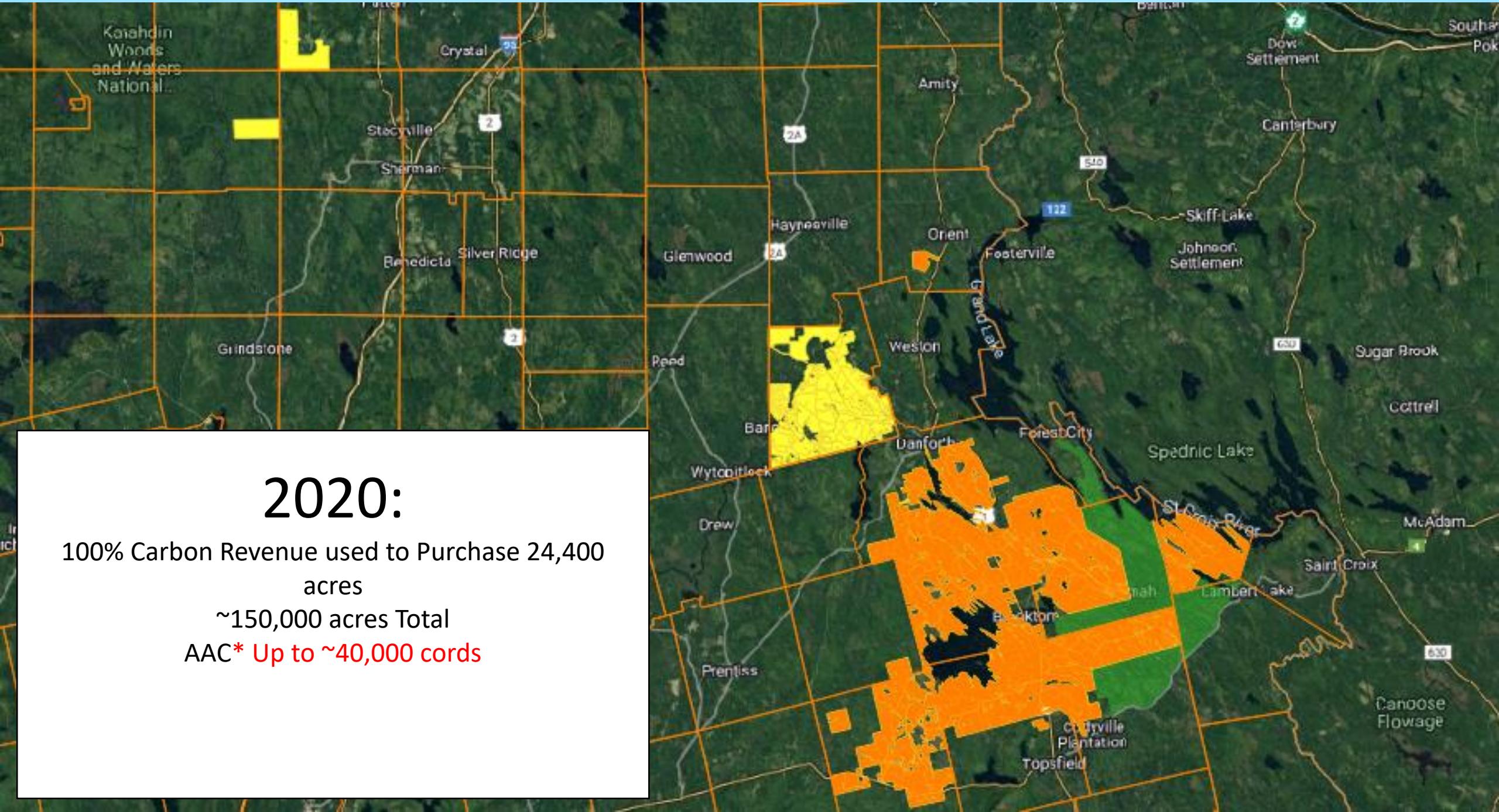
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Woods
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National
Forest

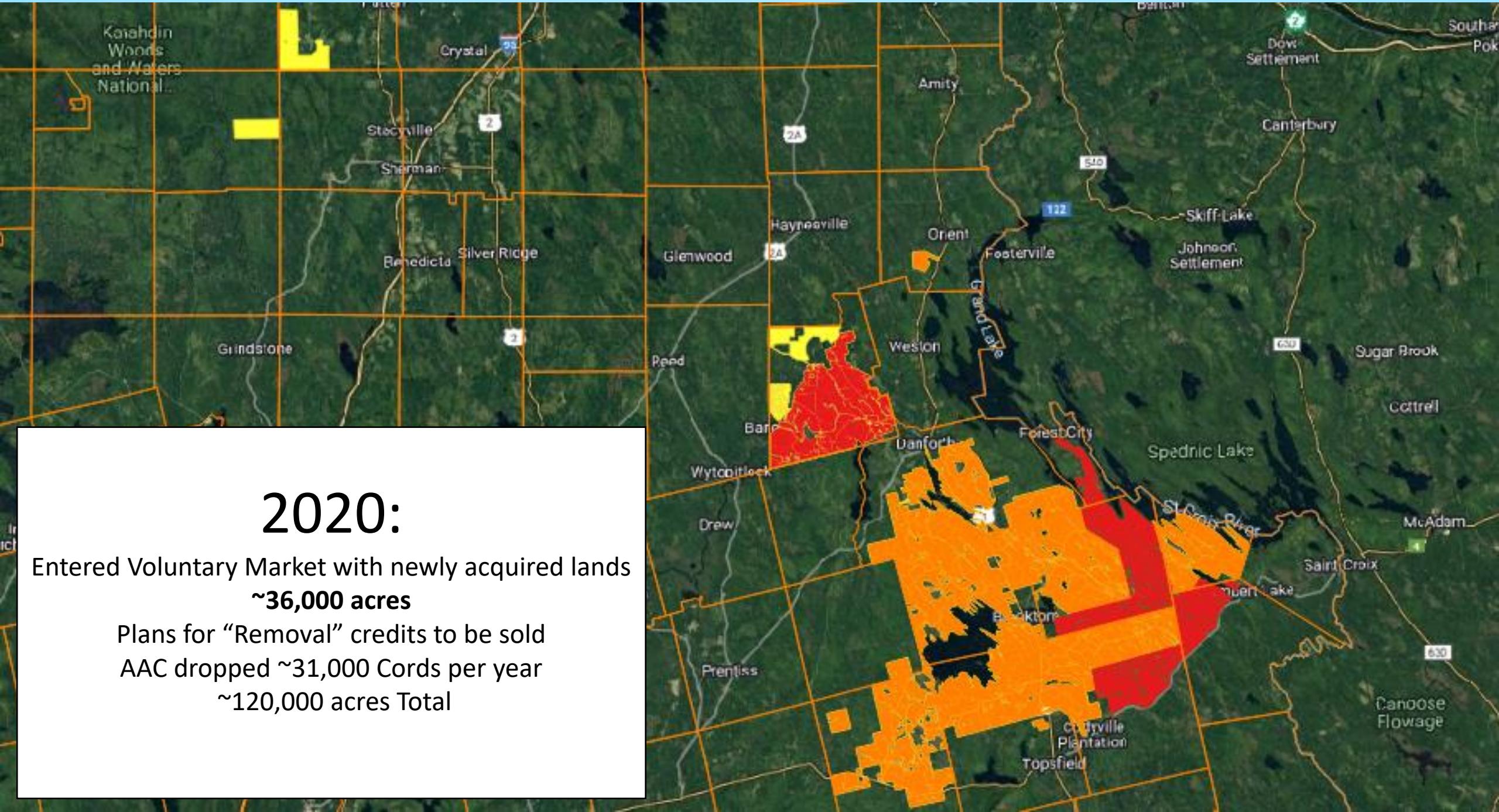


2013:

~18,000 acres acquired from liquidation
~120,000 acres Total
AAC Up ~ 38,000 Cords per year



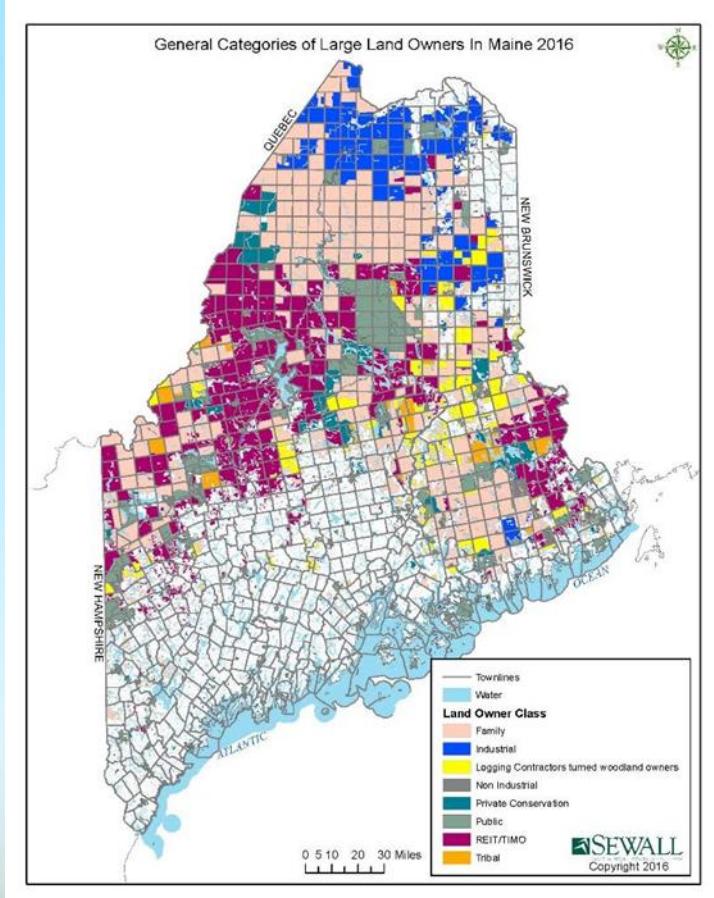




Landowner Uncertainty in Maine, SFI Survey

- Length of Commitment
- Risk, Uncertainty
- Forest Protocol Restrictions
- Value of Credits Versus Costs of the Program
- Landownership Type and Culture

How does Baskahegan Compare? Why did it work for Us?



Issue of Concern	Baskahegan
Length of Commitment	👍
Risk, Uncertainty	👍
Forest Protocol Restrictions	👍
Value of Credits Versus Costs of the Program Over 100 Years	👍
Landownership Type and Culture	👍



Length of Commitment

Issue of Concern	Baskahegan
Length of Commitment	

Why It Concerns Others Most

- Resale concerns- Liquidity and price reduction, legacy planning
- Transfer of Knowledge- especially NGOs with projects
- Depending on forecasts and program design, sales period could be short, while commitment is long.

Baskahegan's Position

- Baskahegan just had its 100th year anniversary, 100 years is not forever.
- Baskahegan considers **Conservation** offsets a financial reward for doing good forestry in the past.
- Baskahegan seeks to **BUILD** value of the asset, not just maximizing financial output.
- “**How we make money is just as important as how much money we make**”
- Baskahegan’s current share holders are comfortable limiting the liquidity of the asset for future generations.

Risk, Uncertainty

Issue of Concern	Baskahegan
Risk, Uncertainty	

Why It Concerns Others Most

- Pre-salvaging- Spruce budworm or other diseases. Is it allowed?
- Could sign up, pay expenses, and the market drops out
- Could accidentally create a reversal- VERY Expensive.

Baskahegan's Position

- Baskahegan is at projected low point in our inventory
- Baskahegan has fought a war on balsam fir since the 1960s.
- Our forest for all intents and purposes is fully regulated (i.e. not a lot of mature fir to salvage)
- We have extensively modeled salvaging and can keep up with tree mortality with normal AAC.
- Most of our Carbon motivation was for an initial windfall of credits in year Zero, uncertainty isn't much of an issue with conservation credits.

Forest Protocol Restrictions

Issue of Concern	Baskahegan
Forest Protocol Restrictions	

Why It Concerns Others Most

- Even-aged Management restriction- Block size too small.
 - Spacing of even aged blocks
 - “Green up” time for size and spacing.
- Reporting is burdensome

Baskahegan's Position

- Baskahegan has been cultivating our forest on a small block size for 30 years.
- While we occasionally treat on a 40+ acre size, we can restrict this size during credit generation periods.
- We are not thrilled with the connection to forest certification....



Model View

- Baskahegan'07
 - Actions
 - Areas
 - Constants
 - Control
 - Graphics
 - Landscape
 - Lifespan
 - LpSchedule
 - Optimize
 - Outputs
 - Queue
 - Reports
 - Schedule
 - Transitions
 - Yields
- Spatial Setup
- Maps

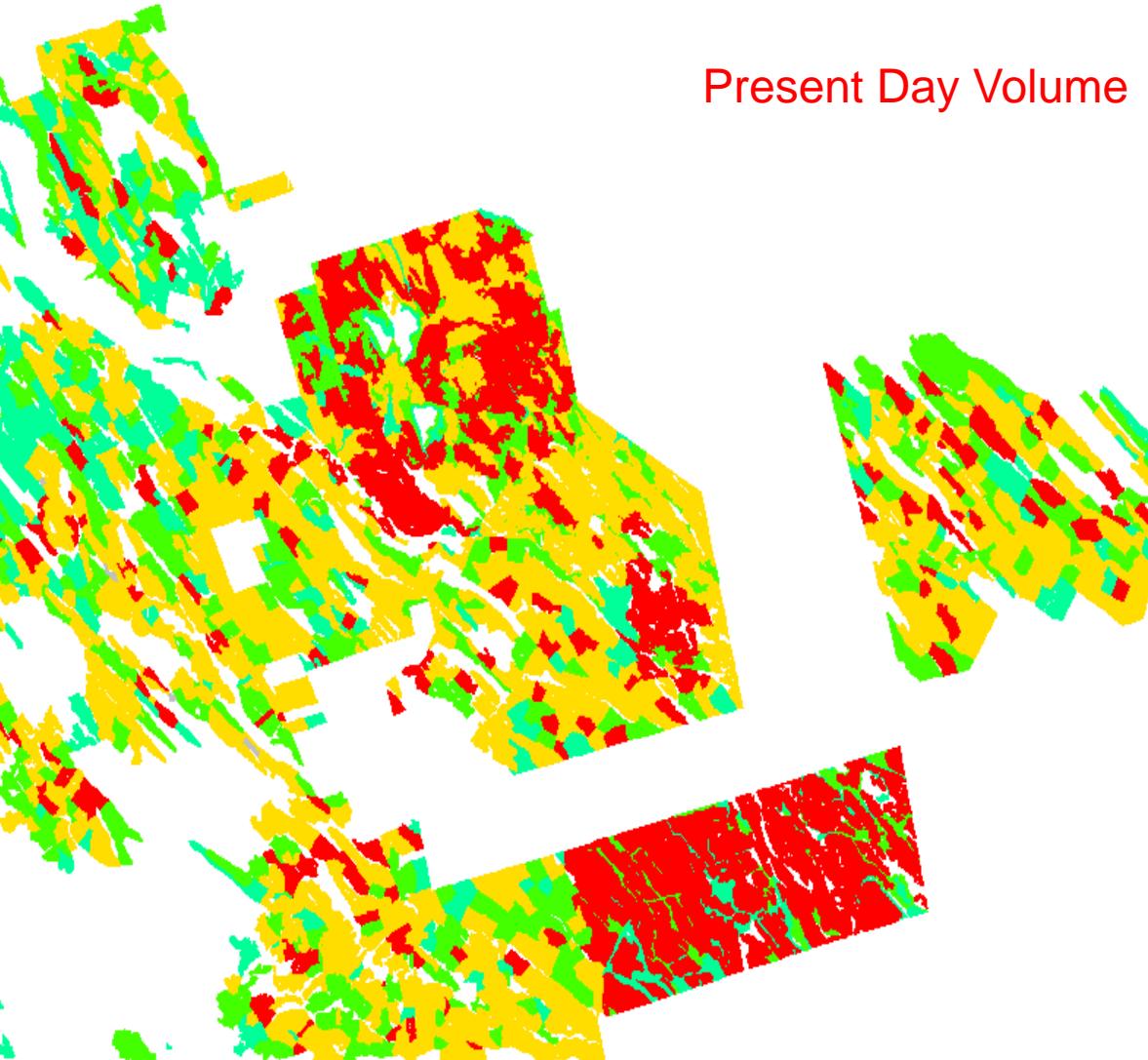
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Legend

(totalvol)

Red	0.000 - 11.039
Yellow	11.040 - 22.079
Green	22.080 - 33.119
Cyan	33.120 - 44.159
Blue	44.160 - 55.200



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1: 1 6,445 polygons Selection = 0 polygons, Area = 0.0 C:\Arcviewprojects\Model Shapefile\areafile - complete DEFAULT X= 614,879.0 y= 5,039,491.9 Maps





Model View

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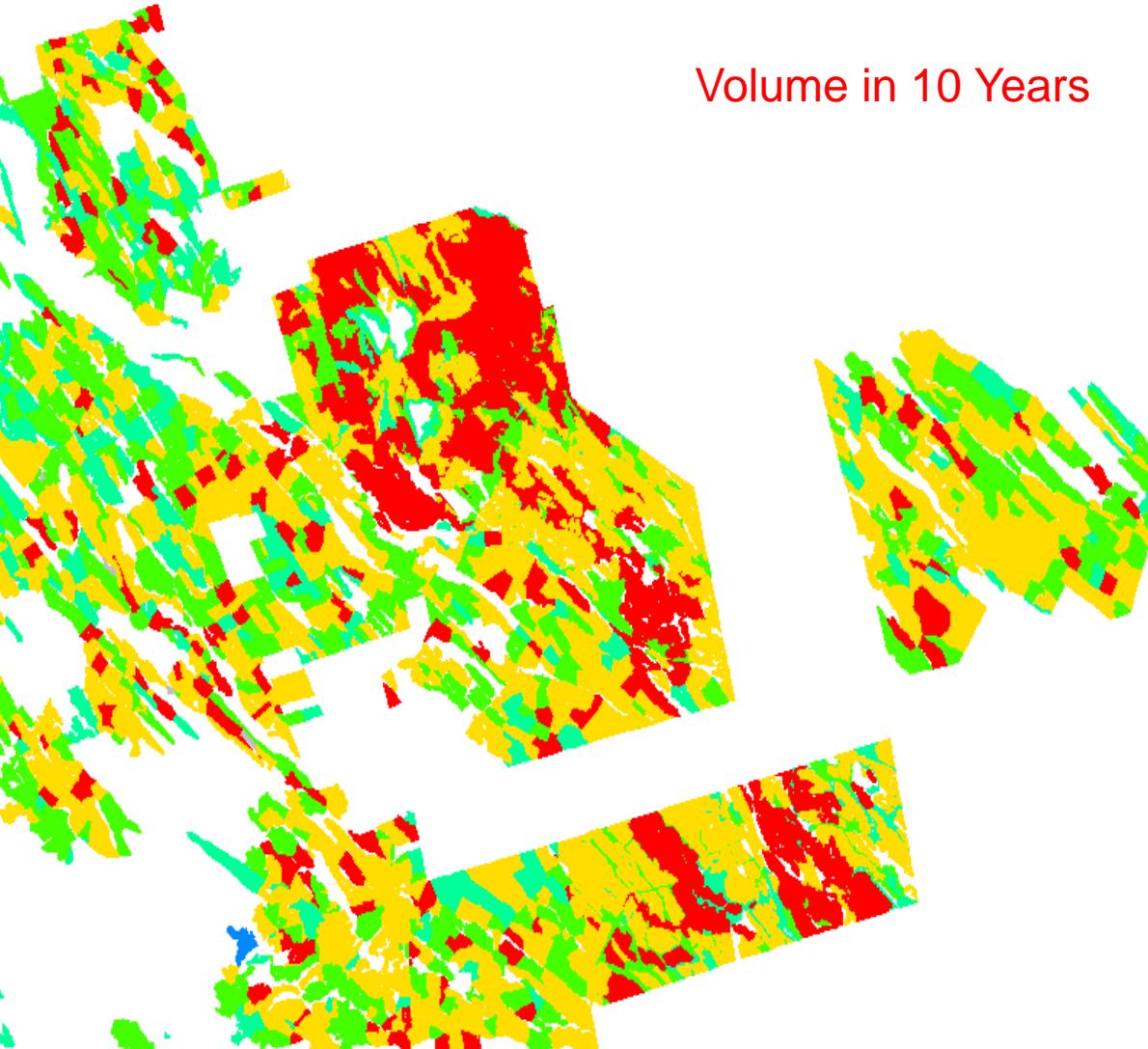
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Legend

(totalvol)

Red	0.000 - 10.739
Yellow	10.740 - 21.479
Green	21.480 - 32.219
Cyan	32.220 - 42.959
Blue	42.960 - 53.700



Volume in 10 Years

Model Scenarios

- Baskahegan'07

 Outline Labels
 Hide interior lines

Quick Le...

- [Default]
- [Scheduled]
- [Treatments...]
- [Operable...]
- [Cut_period]
- > Spatialzon
- > Treatments
- > Period1
- > Period2
- > Period3
- > Period4
- > Period5
- > Remsoft_id
- > Action
- > Block
- > Cut_period
- > Preblock

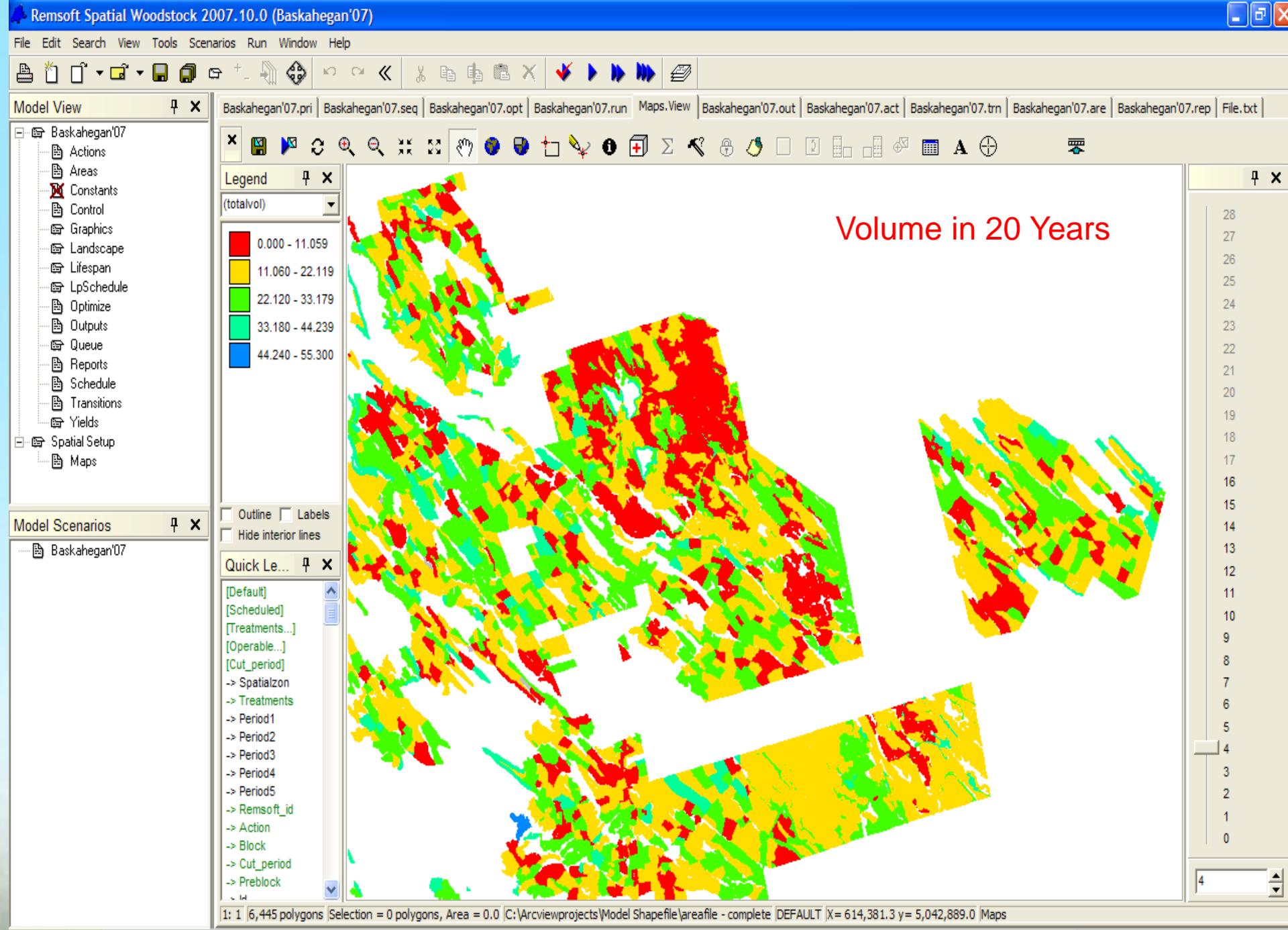
1: 1 6,445 polygons Selection = 0 polygons, Area = 0.0 C:\Arcviewprojects\Model Shapefile\areafile - complete DEFAULT X= 615,310.4 y= 5,045,420.1 Maps



Microsoft PowerPoint ...

Remsoft Spatial Woo...







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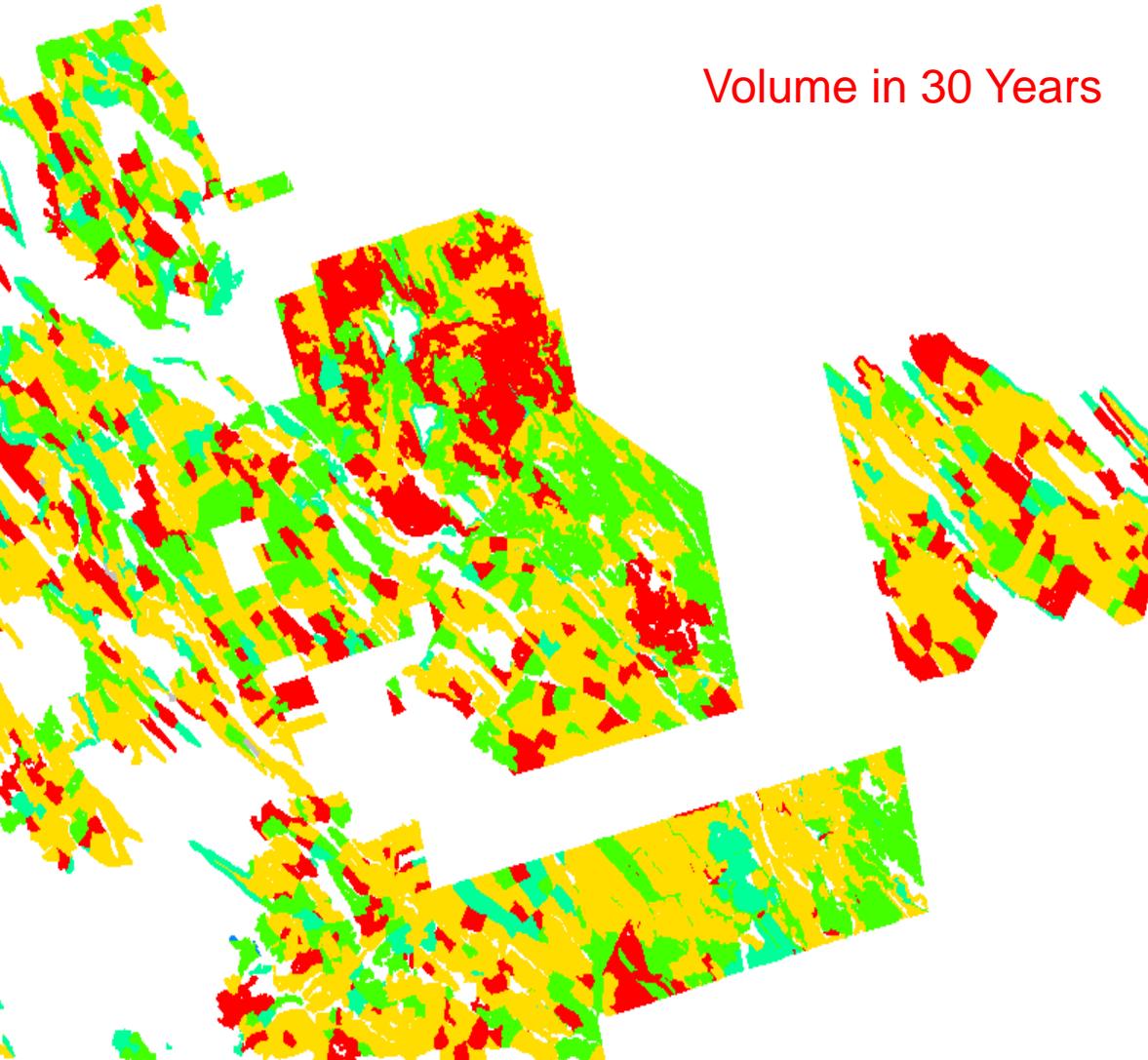
Baskahegan'07.pri | Baskahegan'07.seq | Baskahegan'07.opt | Baskahegan'07.run | Maps.View | Baskahegan'07.out | Baskahegan'07.act | Baskahegan'07.trn | Baskahegan'07.are | Baskahegan'07.rep | File.txt



Legend

(totalvol)

Red	0.000 - 11.059
Yellow	11.060 - 22.119
Green	22.120 - 33.179
Cyan	33.180 - 44.239
Blue	44.240 - 55.300



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Model Scenarios

- Baskahegan'07

 Outline Labels
 Hide interior lines

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- > Period3
- > Period4
- > Period5
- > Remsoft_id
- > Action
- > Block
- > Cut_period
- > Preblock

1: 1 | 6,445 polygons | Selection = 0 polygons, Area = 0.0 | C:\Arcviewprojects\Model Shapefile\areafile - complete | DEFAULT | X= 614,580.4 y= 5,041,656.7 | Maps



Microsoft PowerPoint ...

Remsoft Spatial Woo...





Model View

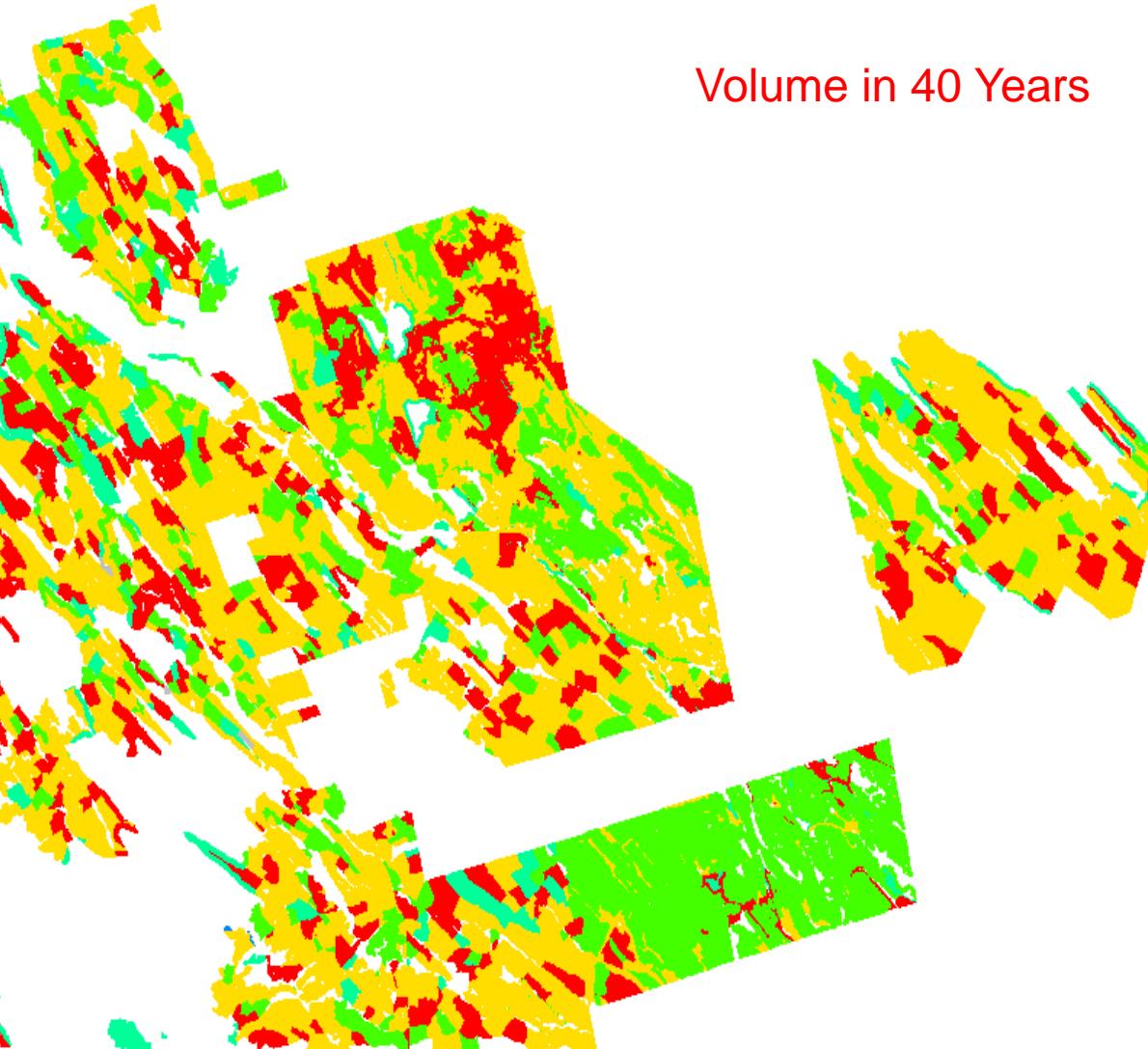
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- Outline
- Labels
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Model Scenarios

- Baskahegan'07



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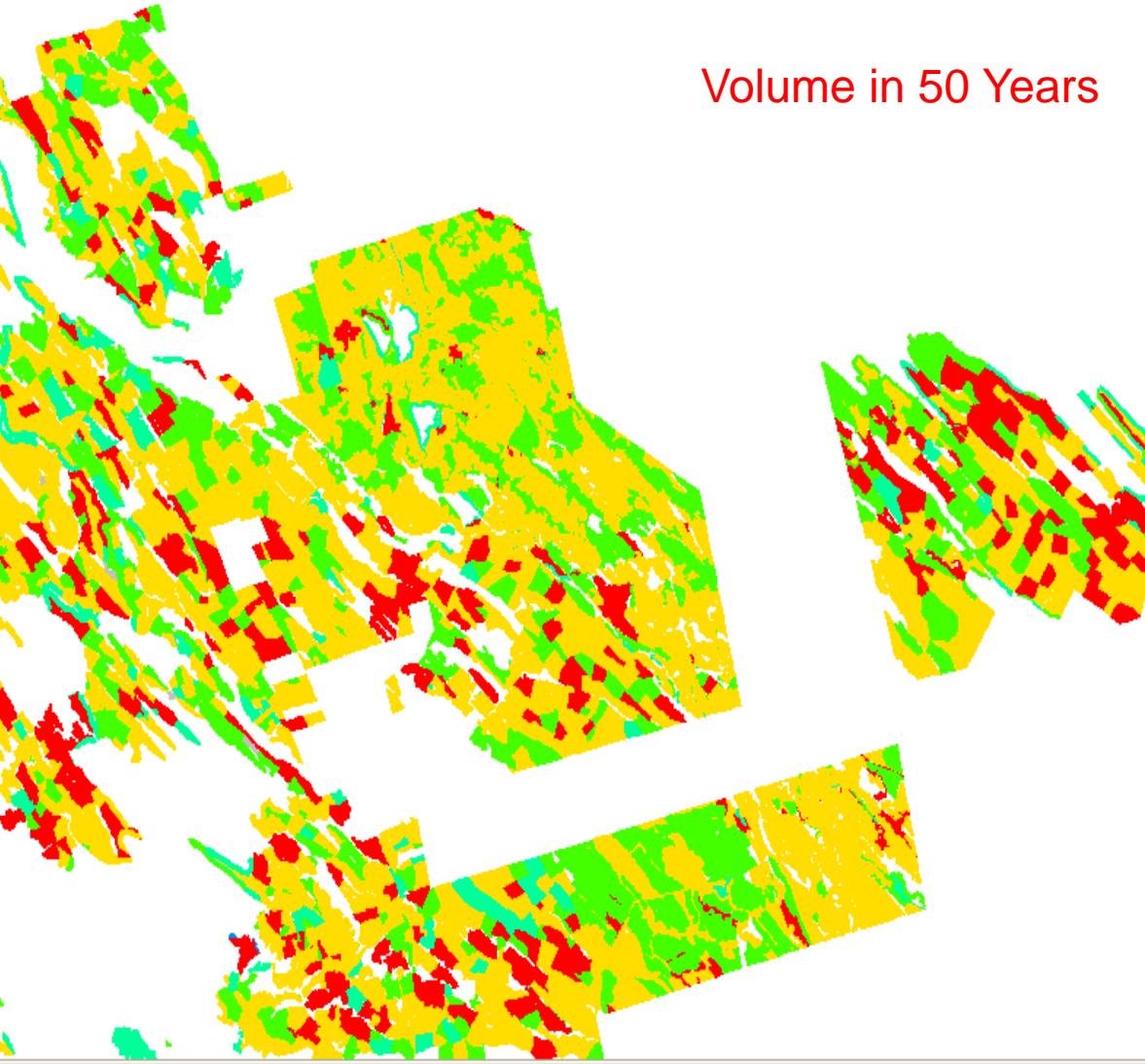
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1: 1 6,445 polygons Selection = 0 polygons, Area = 0.0 C:\Arcviewprojects\Model Shapefile\areafile - complete DEFAULT X= 615,775.0 y= 5,041,323.7 Maps



Value of Credits, Cost Over Time

Issue of Concern	Baskahegan
Value of Credits Versus Costs of the Program Over 100 Years	

Why It Concerns Me

No Longer An Issue

- Cost of initial project
- Cost over time
- Value of credits were much lower than wood value, until recently
- Most companies didn't have significant volumes of "windfall" conservation credits.

Baskahegan's Position

- Baskahegan's project had a windfall in the start, with plenty of money to establish the project and set aside funds for future maintenance.
- While traditional cruising costs will likely continue to go up, we are hopeful technology will allow prices to go down.

Landowner Type and Culture

Issue of Concern	Baskahegan
Landownership Type and Culture	

Why It Concerns Others Most

- Against regulation/oversight of any kind
- Pro-labor- Carbon “takes” Maine Jobs
- (*Repeat*) Resale concerns- Liquidity and price reduction, legacy planning

Baskahegan's Position

- Baskahegan’s management remains virtually unchanged*
- There are much bigger concerns in the industry than carbon influences on wood supply and labor.
- Baskahegan’s current share holders are comfortable limiting the liquidity of the asset for future generations.

Other Thoughts

- Practice Based incentives may be coming- conducting harvests differently, what I call “making a better solar panel”
- Soil carbon is ignored, and its mysterious.
- Carbon Buyers are becoming more educated and are asking project owners hard hitting questions.
- Forest Owners only have so much control over leakage
- Forestry didn’t cause climate change, you did.
- Curtailing emissions is essential for an effective credit program.
- Maine’s timber economy is not doing well, and its not carbon’s fault.
- What you do with the money matters.
- Don’t throw the baby out with the bathwater. By design, carbon offset programs have been evolving since their launch.