

Carbon Credits

Jeffrey Parker, Parker Forestry Consultants, explained carbon credits to the Tyler County Forest Landowner Association on Saturday, March 12, 2022, at the Pickett House Restaurant in Woodville, Texas. Many of the sixty-five landowners present, attended specifically to learn more about this new timberland income opportunity which pays forest landowners for carbon captured in standing trees.

A carbon credit is a credit for carbon dioxide (greenhouse emissions) reduced or removed from the atmosphere. Industries and vehicles, for example, release carbon dioxide; trees remove carbon dioxide. Hence, those who produce greenhouse emissions can purchase carbon credits from forest landowners to “offset” their emissions. These arrangements are managed through carbon forestry projects.

Carbon forestry projects began in the early 1990s, with some early failures and some early successes. Beginning in 2021, Natural Capitol Exchange (NCX) began offering carbon credit contracts in Texas.

NCX will enroll small acreages; there is no enrollment fee and no minimum acreage. The landowner must enroll all properties under ownership – even those that are in pastureland, etc. The contracts are for one year with payment at the end of the term. Credits will be calculated based on the merchantable trees on the property. The carbon credit buyers are paying the landowner to defer harvest; no carbon credits will be calculated for trees too young to be harvested. Aerial photos of the property are taken at the beginning to calculate the carbon credits. Aerial photos are taken again at the end of the contract period to verify that trees have not been harvested.

NCX reports that 42% of the properties they have enrolled are under 500 acres, with the smallest participant being 37 acres. Once a property is accepted by NCX, they anonymize all landowner bids to secure a buyer for the carbon credits. Individuals have anecdotally reported receiving from \$5 - \$17 per acre for a one-year contract.

Texas landowners can apply for carbon credits either on NCX’s website <https://ncx.com> or through a forestry consultant.