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Private US Forest Owner: Carbon and Renewable Energy Policy

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About Plum Creek

- 2.8 Million Hectares
- One of the largest private landowners in US
- First timberland REIT in US
- A focus on sustainable forestry
Forestry in the US

- **Overall trends**
  - 50% increase in timber inventory in last 50 years
  - Improved environmental performance on private forests
  - Reduced forest management on federal forests

- **Shift in Forest Ownership**
  - De-integration of forest products industry, forest ownership changes
    - REIT = Real Estate Investment Trust
    - TIMO = Timberland Investment Management Organization
  - Changes in non-industrial demographics

- **Potential impacts of ownership changes**
  - Greater focus on forestry value proposition
    - Higher value products
    - Environmental values
  - Risk of land use change
Points for consideration:

- Working Forests Have Carbon Benefits
- Bioenergy is an Important Opportunity
- Carbon and Bioenergy Policy Challenges
Working forests have Carbon Benefits

Sustainable forestry is “Better than Carbon Neutral”

• **Working Forests**
  absorb carbon from the atmosphere, store carbon on the land.

• **Solid wood products**
  store carbon in structures and are energy efficient

• **Wood bioenergy**
  displaces fossil fuel, and prevents release of carbon from permanent storage

10 year old pine plantation in Georgia
Bioenergy Opportunity to Forest Owners

• **Greater use of every tree harvested**
  – Logging residuals (tops and limbs)
  – Cull trees
  – Incidental thin

• **Replacement for lost markets**
  – Decline in paper demand
  – Importance of healthy markets
  – Keeping forests as forests

• **More forestry opportunities**
  – Thinning for productivity and health
Policy Challenges

• Recognize carbon benefits of working forests
  – Retention of working forests
  – Carbon premiums for wood building products
  – Carbon “neutrality”: bio versus fossil carbon

• Enable emergence of bioenergy markets for wood fiber
  – Recognition of wood bioenergy as renewable energy contribution
  – Inclusive definition of biomass – include the whole tree
  – Sustainability criteria – embrace existing safeguards

• Recognize importance of markets to sustainable forestry
  – Bioenergy markets improve forestry
  – Healthy forestry markets stimulate forestry investment
Recipe for a better world:

Grow More Trees, Use More Wood

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