

Katoomba

The Ecosystem Marketplace's Daily coverage of the 2006 meeting of the Katoomba Group in Portland, Oregon (June 7–9)

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Foundation or Fraud?

The U.S. Department of Energy Releases New Rules for GHG Registry

By David Biello

*In 1992, the U.S. Congress ordered the Department of Energy to set up a voluntary program for companies to report greenhouse gas emissions. A decade later, the President ordered the agency to make the program's reporting rules more accurate and credible. Do the recently released rules provide the foundation for a future regulatory scheme or are they just a convincing diversion? The **Ecosystem Marketplace** investigates.*

Four years ago, the Bush administration sent a valentine of sorts to supporters of action on climate change. In a February 14 address focused on his administration's so-called Clear Skies Initiative, the president announced his plan to reduce the amount of greenhouse gases emitted by U.S. businesses per widget produced or dollar earned (known as GHG intensity) by 18 percent by 2012.

In line with this effort, the president declared: "Our government will...move forward immediately to create world-class standards for measuring and registering emission reductions...And we will give transferable credits to companies that can show real emission reductions."



Overall greenhouse gas emissions rose by 1.7% in the United States last year.

Like many an ardent lover, the president must have misspoke, for there are no transferable credits under the new plan and no prospect of acquiring them. The Department of Energy did, however, unveil a new registry on April 17, 2006. The new registry sets out clear reporting guidelines for entities choosing to monitor, report and register their greenhouse gas emissions and any emissions reductions achieved.

Overall greenhouse gas emissions rose by 1.7% in the United States last year – suggesting the country has a long way to go toward confronting climate change – but the new guidelines for voluntary reporting are nonetheless a step

Foundation or Fraud?

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forward when it comes to federal recognition of the problem.

Making the Grade

Under the new guidelines, dubbed 1605b by those familiar with their legislative origin, a company can report its emissions in nearly any imaginable fashion. If the company wishes to register any reductions, however, it must meet more stringent criteria for measuring and reporting, explains Stephen Eule, director of the climate change technology program at the Department of Energy (DOE).

Efforts to estimate emissions from various activities – ranging from a utility running a nuclear power plant to improvements in forestry management by a landowner – make up the bulk of the new guidelines. First and foremost, however, is the definition of an entity that can have reductions:

“entity means the whole or part of any business, institution, organization, government agency or corporation, or household that: (1) is recognized under any U.S. Federal, State or local law; (2) is located and operates, at least in part, in the United States; and (3) the emissions of such operations are released, at least in part, in the United States.”

With that out of the way, the guidelines go on to define which emissions belong to an entity and which do not. In essence, the government calls on entities to use financial control as the “primary basis” for making that determination. For instance, a cement company must report all the emissions associated with the manufacture of its product on site--termed direct emissions--as well as the indirect emissions associated with its use of electricity. In fact, there is double-counting going on; both the user of electricity and the generator of electricity must report the emissions associated with that power, but only the user can take credit for reducing its energy use.

Of course, since an entity can be just a part of a

business, observers point out that this measure may not always be accurate. For example, the hypothetical cement company might choose to report on emissions from just one highly efficient subsidiary, rather than the wider corporate parent. “The fundamental difficulty they have is cherry-picking,” says David Doniger, climate policy director for the Natural Resources Defense Council (NRDC), an environmental group. “Companies only want to report good stories.”

Once an entity has determined the sources of any likely emissions – whether the tailpipes of cars or the mouths of cows – it must then prepare its report. A number of options are avail-

able, from the direct measurement of the continuous emissions monitors (CEM) on power plant smokestacks, to inferred measurements from designated tables outlining the general carbon storage of a stand of trees in a given area of the country.

Like a good schoolteacher, the DOE then provides a grade for each of these methods as it applies to a particular source. For example, a coal-fired power plant would get an A grade for CEM data or doing the math on carbon content in

consumed fuel periodically. Basing that math on purchases or deliveries, however, would merit a B if done on a regular basis and a C if done only once.

Entities then calculate all of the grades from their various sources to produce a weighted average. And just like in high school, only the best students get to crow about their achievements: “If a reporter is seeking to register reductions, the weighted average rating for emissions for both the base period and the year used to calculate such reductions should be greater than or equal to 3.0” (a B-average for those well out of high school).

Notably, the new rules primarily allow for reporting in terms of emission intensity – absolute reductions can only be reported if total output does not decline. For most entities, reductions can only be registered from 2003 or later, using a base period of 2002. An exception is made for participants in other programs – namely DOE’s own ClimateVISION or the EPA’s Climate Leaders – but even these high-achievers can only

go back as far as 2001. “The general approach was to try and link this with the President’s announcement and not have too much that goes backward,” explains William Hohenstein, director of the global change program office at the U.S. Department of Agriculture (USDA). “It’s not that we don’t recognize what went on in the past, we do,” DOE’s Eule offers. “We decided that it’s best to look forward, use 2002 as the general baseline for people who are registering their reductions.”

The DOE’s focus on emissions intensity rather than overall reductions, combined with the decision not to reward early actors, has won the agency criticism from many corners. “They managed to come up with a set of guidelines that pissed off everybody,” notes Wiley Barbour, executive director of the Environmental Resources Trust (ERT), an environmental nonprofit with its own registry product.

A Rock and A Hard Place

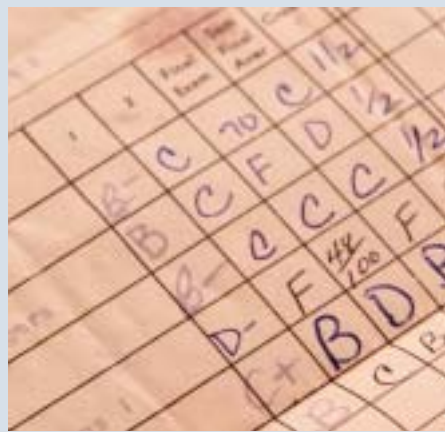
Environmentalists want a mandatory program. “1605b is somewhere between irrelevant and a diversion,” says NRDC’s Doniger. “It’s a diversion from the question of whether you’re going to have mandatory limits.”

A mandatory program would provide regulatory and financial incentives to participate. “This program is an improvement in the reporting aspect but fundamentally there are no incentives out there for companies to undertake emission reductions,” notes Richard Morgenstern, a senior fellow at thinktank Resources for the Future. “If we’re ever going to make any serious progress we’re going to need to go beyond these voluntary efforts, establish some form of limit and put a financial incentive in place. Cap-and-trade is certainly a very attractive incentive.”

“The limit on the total amount of pollution is what creates scarcity, which gives the right to put pollution in the air some economic value and drives the whole search for efficiency,” adds Doniger. “This has a lot of apparatus and no driver.”

Meanwhile, business interests want credit for early action. “You don’t want to punish people who have acted ahead of the game,” says Kate Zyla, a research fellow at the Pew Center on Global Climate Change, a climate thinktank. “You really don’t want to punish those who have been the leaders.”

“There are some companies that have done impressive things,” Doniger admits, “and their wheat gets lost in all this chaff.” But the DOE feels that it lacks the authority to offer any kind of definitive credit. “There is no promise being made that any of these things will amount to early action credits,” ERT’s Barbour notes.



Like a good schoolteacher the DOE then assigns a series of grades to each source.



"For agriculture we've developed user-friendly methods and a model called COMET that will enable farmers to estimate the carbon storage in their soils."

"Companies are getting on a list and saying: 'Here's what we're doing and one day we might get credit.'"

"We can't make that promise," confirms DOE's Eule. "All we can do is set up a system that is credible so that there is a likelihood that these reductions will be recognized under that future policy."

Out of the Woods

Despite the program's limitations, the DOE and its partners have done their best to work through the complex issues surrounding greenhouse gas emissions and, more specifically, greenhouse gas reductions. In particular, the USDA has evaluated agricultural and forestry emissions and offsets in the most rigorous manner yet. "When we started there weren't guidelines for agricultural sources," USDA's Hohenstein says. "[The Chicago Climate Exchange] is giving a half-a-ton credit for conservation tillage. That's not a bad guess but it's not actually linked up."

The USDA has therefore attempted to link land use practices with greenhouse gas emissions. "Specifically, for agriculture we've developed user-friendly methods and a model called COMET that will enable farmers to estimate

the carbon storage in their soils," Hohenstein explains.

After all, industry and NGOs have realized that, after efficiency improvements, agriculture and forestry will provide the cheapest reductions. "There is an assessment that some of the most cost-effective ways of reducing emissions occur in agricultural or forest lands, through everything from changing tillage practices to addressing emissions from manure," says Hohenstein. "All of these things are fairly price competitive with trying to squeeze out further industrial process efficiencies."

For example, the guidelines go through the various emission sources and sinks found in and around a farm. Using a variety of indices, a farmer can estimate the emissions from his herd

of cattle, depending on whether they are beef or dairy, bulls or heifers, in the southeast or California. Detailed state-by-state tables list methane factors depending on where their waste ends up. Similarly, detailed lists track carbon dioxide emissions for the various types of soil found throughout the country. And finally, sequestration factors are provided for changes in land management, ranging from planting native species to no till plantings maintained for 20 years.

The guidelines are similarly specific for the amount of carbon captured and stored in forests, providing lookup tables for stands of trees in the various regions of the U.S. Alternatively, forest owners can opt to measure growth in a particular woods. Whatever method entities choose to use, they commit themselves to permanent monitoring once they have registered reductions. "If a

Our View: From Katoomba to Portland

The first Katoomba Group meeting in Australia 7 years ago was full of excitement, energy and anticipation. Innovation was in the air and people were talking big, but few would have guessed just how "big" things would one day become.

Since the first meeting of this group in 1999, public sector and non-profit programs have integrated ecosystem services into public health, economic development and environmental efforts throughout the world. Scientists have mapped the flow of ecosystem services across the planet's surface. And private sector institutions have stepped forward as buyers and sellers of ecosystem services, developing sophisticated markets for investing in conservation.

Just as exciting as these big picture changes, are the more local developments of recent years. Glance around the world and regionally customized examples of market-based conservation abound: subsistence farmers in India are using eBay to market the carbon sequestration value of the trees they plant on deforested slopes; industrial water users in Australia have set up a scientific system based on flood patterns to trade salinity credits (and protect water quality) in the Hunter River; South Africa is using ecosystem restoration programs to fight unemployment; and fishermen are refining fishery quota systems to maintain sustainable catch levels here in the Pacific Northwest.

During the development of all of these programs and many more, the Katoomba Group has continued to meet each year to share expertise and forge partnerships. In building a new economy of conservation we have learned that the global and local faces of progress in the field of ecosystem services are equally important and inextricably linked. Based on this recognition, we have designed a program for the next three days that offers both breadth and depth.

We hope you will leave Portland on June 9, 2006 with both a renewed sense of the broad sweep of activity in markets for climate stabilization, marine conservation, biodiversity preservation and hydrological regulation, and a clear sense of how to advance markets for conservation in your own – very beautiful – backyard. Just as importantly, we hope you will find the contacts, the networking, and the company both interesting and fun.

Michael Jenkins, President, Forest Trends

Ricardo Bayon, Director, The Ecosystem Marketplace

Amanda Hawn, Editor, The Ecosystem Marketplace

Nathaniel Carroll, Project Manager, The Ecosystem Marketplace

company decides to report such reductions, they commit to continuous reporting,” Hohenstein says. “If they stop reporting, the reductions they have accrued will disappear.”

Overall, the measures are quite thorough and rigorous, but they may prove difficult for individual farmers or forest owners to navigate. “One of the keys to lowering transaction costs in emerging markets is to aggregate as a way to bundle together a bunch of projects and one central group does the monitoring and verification,” argues Barbour of ERT, a potential aggregator under its EcoLands program. “That is

For example, the California Climate Action Registry (CCAR) has been recording emissions and reductions since 2002. CCAR has partnered with various state agencies working on Governor Schwarzenegger’s vision of reducing greenhouse gas emissions in the state by 25 percent by 2020. “Our purpose in life is we are the bean counters,” says Joel Levin, CCAR’s vice president for business development. “We are there to measure GHG emissions in a systematic way that is consistent with what everybody else does.”

With links to more than 24 states and software that provides the necessary reports for EPA’s

Climate Leaders, the program has proven extremely popular. It also provides even more rigor than 1605b. DOE’s program encourages independent verification; CCAR requires it. “Certification improves the quality of your data,” Levin notes. “If you’re going to share it with shareholders or government, it may not be as accurate as you would like unless you have a third party look at it.”

At the same time, a group of northeastern states is developing its own regional registry system, designed to

be compatible with both voluntary programs and the nation’s first mandatory program: the Regional Greenhouse Gas Initiative, or RGGI (http://ecosystemmarketplace.com/pages/article.news.php?component_id=4332&component_version_id=6252&language_id=12). “There were some concerns about the consistency, transparency and credibility associated with 1605b,” says Heather Kaplan, director of the eastern climate registry program at NESCAUM, an association of air agencies in the northeast. “This system will be able to support both voluntary and mandatory data. 1605b is not in any way to support a mandatory program.”

Both of these multi-state efforts plan to harmonize their independent systems, and both rely on a protocol developed by the World Resources Institute and World Business Council for Sustainable Development, known as the GHG Protocol. “The GHG Protocol is not a program, it’s just the tools,” explains Florence Daviet, an associate in the climate, energy and pollution program at WRI. “For companies to go out and do an inventory is not an easy thing.”

Already, a host of companies are participating in one or more of these programs and more than 200 companies have started using the GHG Protocol. Without specific incentives, such as future credits or a mandatory program, there seems little reason to change practices.

Important or Irrelevant?

Actual reporting and registering under DOE’s new program will not begin until next year, once the Department’s Energy Information Administration have put all forms and procedures in place. “This will essentially establish an official government record of emission reductions,” DOE’s Eule notes.

No further refinements to the guidelines are expected, and the program is not intended to form the basis for any future scheme, mandatory or otherwise. “This should not be considered the groundwork for cap and trade,” Eule says. “It’s not our intention to use this as a camel’s nose under the tent for such a thing.”

“The object here is to encourage people to undertake action,” he adds. “For entities that want to go the extra mile and register, there’s tremendous value in educating the public on what they’re doing. They don’t get any reward from the federal government at the same time, what they do get is a higher level of recognition.”

Meanwhile, Congress continues to debate various approaches to a mandatory scheme to control greenhouse gas emissions, but it seems clear that EPA, not DOE, will run any such future program. “People will say: ‘What was all the fuss about 1605b for?’” argues NRDC’s Doniger. “It is just going to become a vestige.”

In essence, the DOE will be encouraging participation in a more complex program without any rewards aside from publicity that is just as easily garnered through other efforts. “Incentives for doing this tend to be a little diffuse,” USDA’s Hohenstein admits. “We hope that there is interest. We hope that at a minimum we get enough of a cross-section to get a good test to see how these things are working.”

David Biello is a regular contributor to the Ecosystem Marketplace. He may be reached at d_biello@yahoo.com.



not allowed under the new guidelines and that is a problem.”

“We are contemplating a primer, outreach and education work, working through our extensions service; train the trainers within extension and state conservation offices,” Hohenstein says. “One of the uncertainties is how widely these will be used.”

A Tough Sell

With fairly complex guidelines and strict structures for reporting but no promise of credits, it may be difficult to encourage participation in the new 1605b program. Even though it is the first comprehensive reporting program offered by the federal government – as opposed to DOE’s ClimateVISION, which focuses on trade associations, and EPA’s Climate Leaders, which encourages reduction commitments but does not include a specific registry – there is no guarantee that U.S. businesses will turn to the 1605b program to register their emissions. After all, there are plenty of other options.



Guest Editorial: I'll have mine double dipped

by Bettina von Hagen

As we gather in Portland, the Ecosystem Marketplace asked Bettina von Hagen of Ecotrust, one of the hosts of this Katoomba meeting (and a Board Member of Forest Trends), to share with us some thoughts on environmental markets. She discusses “stacking” environmental credits – or is that double dipping?

First of all, let me be among the first to welcome you to Portland for this, the first-ever Katoomba Group meeting in the US. Ecotrust is delighted to host you here in Portland – this beautiful city we call home – for this important event. These are exciting times. Not least because the issue we are discussing is so central to the environmental movement and humanity as a whole.

Excitement makes things interesting, but it can also make them difficult. Interesting because market-making can be highly addictive – developing the initial concept and structure; the establishment of rules, service areas, and credits; the emergence of new market systems and new companies, the thrill of competition; the first trades and price-setting; the proliferation of intermediaries: traders, reporters, verifiers, consultants, self-proclaimed experts; the market growth, crashes, and self-corrections – all of it is great theater and very compelling, especially if you have a stake in the market. Of course, when it comes to ecosystem services – the air we breathe, the water we drink, the plant and animal community that sustains us – we all do.

But let's not kid ourselves. These issues can be difficult. Which is why, as we gather here in Portland, I wanted to take this opportunity to highlight a difficult but exciting issue that I think will become central to markets for ecosystem services as we move forward. Let me pose it as a series of questions: As individual markets emerge for water quality, water temperature, carbon, habitat, flood control, salinity reduction, and a host of other ecosystem services, how do these markets relate to each other? Can these individual services be combined in ways that can outperform a more traditional commodity use of the land; uses such as mining, timber production or real estate development? Which services are complimentary, and which

are incompatible? And how do we value and account for these different services appropriately?

In general, the stacking or bundling of ecosystem services – allowing a single unit of land to provide and receive compensation for multiple services – has been poorly received by regulators. The risk in allowing this “double-dipping” is that if the system is not well designed, impacts on multiple acres might be compensated for by the protection and restoration of a single acre, and the net amount of intact habitat might decline. For example, in the course of their development projects, three developers might impact an acre of marsh, an acre of cackling Canada goose habitat, and another acre of giant garter snake habitat – 3 acres in total. Under a multi-credit system the potential might exist for these three lost acres to be compensated for by the purchase of 3 credits arising from a single acre of marsh which provides habitat to Canada geese and giant garter snakes.

Given the risks, it is good for regulators to be cautious. It would be far worse if they were too liberal, and allowed ecosystem service markets to enable the net loss of valuable habitat and ecosystems. However, while a lack of caution may be costly, excessive caution also comes at a price; in this case, a price that could significantly limit the growth and development of robust environmental markets.

Let me give you an example: Not long ago, the operators of the recently approved Skykomish Habitat Bank in western Washington sought to construct and operate a 239-acre mitigation bank along the north bank of the Skykomish River. The site was formerly farmland, with a county-owned levee severing its connection to the river. Farming was no longer profitable, and the owner had converted the farm to other land uses, such

as ball fields and a dirt bike track – detrimental land uses which were not allowed under the zoning. The arrival of mitigation banking in Washington provided an alternative vision – to reconnect the land with the river, recreating wetlands and providing habitat for the endangered Puget Sound chinook salmon and bull trout. The site was ideal for this purpose, located on a bend in the river between the valley floor and the water. The Bank owners first designed the site to maximize its value to fish, creating numerous braided side channels. However, the single resource focus of much of our natural resource legislation can cause agencies to focus on the resource they are most responsible for – rather than the design which can result in the most ecological value – and in this case resulted in a credit structure which did not favor salmon habitat. The bank operators were forced to change the design or forsake \$2-3 million in potential wetland credit sales. The bank went forward with the revised design, and –while it still provides some fish habitat and wetlands—it is not as environmentally effective (or as lucrative) as it could have been.

In addition to legitimate concerns about a multiple credit system leading to a net loss of habitat, regulators sometimes resist bundling because of a concern that it might lead to excessive profits – a windfall to the owner of the credits. Such a concern belies an underlying aversion to someone profiting – or perhaps it is “profiting too much”—from conservation, from an activity that was once in the domain of the government and non-profits. In some cases, such sentiments may also serve as subterfuge for a belief that money is inherently impure and corrupting and its production should therefore be limited.

To address this concern we offer a few observations: First, windfall profits – and spectacular bankruptcies – are a common feature of emerging markets. For every conservation bank developer or carbon trader who is rolling in the money, there are others who have lost their shirts. What regulators could and should do is to try and make emerging environmental markets – whether for habitat, carbon, stream mitigation credits, or other services – as deep and transparent as possible. The larger the trading or service area, the greater the number of buyers and sellers, and the better the quality and timeliness of market information, the better the market will function. If profits are truly “windfalls”, they will quickly attract more project owners and sellers and force the price down. True to form, windfalls don’t stick around for long. As the market gains depth and



Bank owners first designed the site to maximize its value to fish.

information flows freely, the “invisible hand of the market” will – and the American economic system rests on this premise – find the right price and produce the socially desirable level of ecosystem services.

Second, what appears to be a windfall at first blush might actually be appropriate returns given the risk of the market, the volatility of returns, and the time value of money. Let’s take mitigation bankers, for instance. This is a business for highly risk-tolerant people. It requires substantial upfront investment and time to: secure land, develop a restoration and management plan, negotiate the service area, determine the number and timing of release of credits, and institute performance metrics with all of the relevant agencies, all the while remaining highly vulnerable to market and (sometimes fickle) regulatory changes. Throughout this development period (which can last three years or longer) invested capital can total several million dollars or more before seeing a penny of return.

Beside, mitigation bankers have to attract capital, and are generally competing for capital with other types of private equity investments. A rule of thumb is that

investors in private equity markets will require a 30% annual rate of return to compensate them for risk and for the lack of liquidity. So, if a mitigation banker puts \$5 million into developing a habitat bank, and after five years sells all of the credits for \$19 million, is that a windfall profit – after all, it is almost four times the initial investment? Not according to his or her investors – the expectation of a \$19 million cash return is exactly what is needed to entice the investor to put their capital to work in this market, given the market’s risk, uncertainty, and length of time before capital is returned.

So why should we worry about investors, and whether or not they get an appropriate risk-adjusted return? Surely they can take care of themselves? They can indeed, and can certainly go elsewhere, but we want to entice them to invest in ecosystem service markets – to create value and become a constituency for habitat and clean water, and to compel industry, developers and the rest of us to consider and eliminate –or at least pay for—the negative impacts of our activities.

This ability to double-dip – to stack ecosystem service returns – is particularly important in rural settings where land values are lower and there is less economic activity to spur ecosystem service payments. Rural lands also remain some of the most intact and most valuable from a biodiversity perspective. As farming and forestry become less profitable in the face of global competition and other market forces, ecosystem service markets are an important tool in maintaining the integrity of these rural lands. With less activity to support high credit prices for wetlands and habitat for endangered species, rural landowners often need the capacity to bundle an array of ecosystem service sales – carbon credits, flood control, wetlands, habitat, along with timber, livestock, and farm produce – to out-compete land conversion to more detrimental uses.

So, with our environment at stake – and a tool to enhance the value of our natural capital in our grasp – should we worry if a few people profit “excessively” from markets that are just forming? We think not – for in the process, they may well be enriching us all.

Bettina von Hagen is the Vice President for the Natural Capital Fund and for Forestry at Ecotrust. She can be reached at bettina@ecotrust.org.



The Heartbeat of a Market

by Ricardo Bayon and Nathaniel Carroll

Look closely at the heart of any market and what you find is information. Simply put, information makes transactions possible. If you didn't know who was selling, how could you buy? If you didn't know the price others were paying, how would you know if you were paying too much or too little? If you didn't know the rules of the market, how could you enter it?

Without information, markets cannot function effectively.

And yet, if you look closely at the wetland mitigation and conservation banking markets, there is a definite need for greater information. Who knows, for instance, how many wetland mitigation banks there are west of the Mississippi at any given time? Or, to drill a little deeper, who knows how many banks in Merced County, California are selling San Joaquin Kit fox credits? And do you know how much each one of those credits is worth? What if you needed to know who has purchased them already...could you find out?

If you were asked those questions today, finding an answer might take weeks (or even months) of solid research. That is a problem since those are precisely the sorts of questions that the mitigation and conservation banking markets need to be able to answer quickly and effectively to function effectively in the long-term.

If I am a developer intent on building a mall and need Kit Fox or Tiger Salamander credits, I don't want to spend hours—let alone days or weeks—trying to find out who is selling credits and how much they are going to cost me. And, if I am an investor interested in investing in mitigation/conservation banking markets, I don't want

to spend months trying to figure out how these markets work or who is selling what, where.

At the Ecosystem Marketplace, we understand the value and the power of information. We also understand that in order for them to grow and thrive, there is a desperate need for someone to collect and disseminate information about the wetland mitigation and conservation banking markets; information people can use, in an easily digestible and searchable fashion. We also understand that someone, somewhere, needs to begin to keep better track of what is happening in these markets; in short, we need a database and registry of sorts on conservation and wetland mitigation.

And so, over the next few months, the Ecosystem Marketplace will be working to construct just such a database/registry, first for conservation banks and then for wetlands banks.

Using our new Species Banking Database, people will be able to get a quick overview of the conservation banking market in the U.S. More importantly, people will be able to search and sort this database according to whatever lines make the most sense to them. If someone wants a list of all the Burrowing Owl banks in California, they can get it; if they want to find out which banks have sold specific credits in a given price range, they can do that too.

Attached to this article you will find a series of screenshots of the database web site (to be located at www.speciesbanking.com sometime after June, 2006). Here you will see that we are not only posting aggregate data (numbers of species banked, number of banks in the US, etc.),



Coming soon: www.speciesbanking.com

we are also allowing users to dig deeper into the database, to find out specific information about all the banks and species on the database, right down to contact details for each bank and each regulator.

We are starting with conservation banking, because we feel the wetland banking task is still a bit too large for us to take on single-handedly. In contrast, the conservation banking market is still small enough for us to really achieve something meaningful in the months to come.

As you can see from these screenshots, the task is already well underway. We hope that you will join us in this endeavor by making use of the database and, most of all, by supplying us with the information we need to make this a reality. Information breeds liquidity, and liquidity will, in the long-term, be good for this industry.

Ricardo Bayon is the Managing Director of the Ecosystem Marketplace and Nathaniel Carroll is a Project Manager at the Ecosystem Marketplace. They can be reached at info@ecosystemmarketplace.com.

Agenda for Today

Wednesday, June 7, 2006

Registration, welcome and introductory plenary at the World Forestry Center. Evening reception on the rooftop at the Jean Vollum Natural Capital Center.

1:00-2:00 PM

Registration

2:00-3:30 PM

Welcome Presentations

Opportunity in the Pacific Northwest

Ron Sims, King County Executive

The Global Status of Ecosystem Service Markets, and the Genesis and Role of Katoomba & the Ecosystem Marketplace
Michael Jenkins, President and Founder, Forest Trends

The Status of Ecosystem Service Markets in the Pacific Northwest: Status and Potential; Introduction to Conference
Bettina von Hagen, Vice President, Forestry & Natural Capital Fund, Ecotrust

Welcome to the World Forestry Center
Gary Hartshorn, President and Chief Executive Officer, World Forestry Center

3:30-3:45 PM

Break

3:45-5:15 PM

Introductory Plenary
State of Global Ecosystem Services: Millennium Ecosystem Assessment

Walter V. Reid, Director, Conservation and Science Program, David and Lucile Packard Foundation

The View from Wall Street
Mark Tercek, Managing Director, Goldman Sachs

Public Sector Perspective on Environmental Markets
Mark E. Rey, Under Secretary for Natural Resources & Environment, USDA

7:00-9:00 PM

Welcome Reception
at the Jean Vollum Natural Capital Center

The City of Portland: An Environmental Leader
Dan Saltzman, Portland City Commissioner



About the Ecosystem Marketplace



The Ecosystem Marketplace seeks to become the world's leading source of information on markets and payment schemes for ecosystem services; services such as water quality, carbon sequestration and biodiversity. We believe that by providing solid and trust-worthy information on prices, regulation, science, and other market-relevant issues, markets for ecosystem services will one day become a fundamental part of our economic and environmental system, helping give value to environmental services and thereby helping conserve them.

Staff

Michael Jenkins — Publisher

Ricardo Bayon — Director

rbayon@ecosystemmarketplace.com

Amanda Hawn — Editor

ahawn@ecosystemmarketplace.com

Nathaniel Carroll — Program Manager

ncarroll@ecosystemmarketplace.com

Contributors

Andrew Bell

Carolyn Kousky

Katherine Hamilton

Sylvia Tognetti

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