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PG&E announces carbon-offset deal with 2 forests

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Pacific Gas & Electric will announce investments in two Northern California forests today, including the Lompico Headwaters Forest in the Santa Cruz Mountains - the first tangible results of its year-old ClimateSmart carbon-offset program.

The utility describes the deals as the largest such purchase in California. The company wouldn't disclose financial details, but the contracts likely represent about \$2 million in carbon-offset payments.

The deals will cut greenhouse-gas emissions by 214,000 metric tons - 200,000 metric tons through 2012 from the Garcia River Forest in Mendocino County and 14,000 metric tons through 2021 at Lompico, which is five miles north of Felton and not far from Highway 17.

"This type of carbon credit purchase is very important because it establishes an economic value for a redwood forest," said Brian Steen, executive director of the Sempervirens Fund, the non-profit group that owns the Lompico property. In the past, the value of a redwood was related to "how much do you get per board feet in the lumber yard."

So far, 15,700 customers have joined ClimateSmart, said Robert Parkhurst, PG&E's manager of

environmental policy. Started in June 2007, the program allows customers to become "climate neutral" by paying a small amount.

The typical residential customer pays less than \$5 a month, calculated as a percentage of their electricity and natural gas bill. Corporate customers pay more; the Silicon Valley campus of a large IT company would pay "a couple of thousand dollars a month," Parkhurst said.

The carbon offset deals follow protocols established by the California Climate Action Registry, which have been endorsed by the state's Air Resources Board, Parkhurst said. That's important because the burgeoning carbon-offset market has been criticized as unregulated and populated with offsets that haven't been verified.

The Sempervirens Fund will get a "modest" amount - \$150,000 over a 14-year contract - but Steen expects more deals in the future that will enable the group to buy more redwood forests.

Financial terms of the deals weren't announced. In getting approval for its ClimateSmart program from the state's Public Utilities Commission in 2006, PG&E estimated it would likely have to pay about \$9.71 a ton for carbon. That would mean the value of the Garcia River Forest contact would be about \$1.9 million.

PG&E describes ClimateSmart as a pilot project, saying it plans to have contracts to offset 1.5 million tons of greenhouse-gas emissions by the end of 2009.

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