

Alaska Business

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Innovative deal sees permanent retirement of coal reserves while securing long-term income for Chugach community via forest carbon market

Chugach Alaska Corporation to sell Bering River coal rights

CHUGACH ALASKA CORPORATION | NEW FORESTS | THE NATURE CONSERVANCY

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An aerial view of the eastern edge of Alaska's Copper River Delta, the focus of an innovative deal that safeguards old-growth forests and major unmined coal reserves – while creating long-term income for the region.

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FRANCISCO, California, and ANCHORAGE, Anchorage, Alaska, January 26, 2017) – A groundbreaking new deal was announced today that has secured the sale and permanent retirement of an Alaskan coal field, while also ensuring long-term income for an Alaskan Native community.

The deal will see the Chugach Alaska Corporation (Chugach) sell its Bering River coal rights to New Forests, a sustainable forestry and conservation investment manager. New Forests will retire those rights by transferring them to The Nature Conservancy and the local Native Conservancy land trust, while generating revenue through the California cap-and-trade carbon market.

The transaction illustrates how land can be managed in a way that yields both financial and environmental benefits. It also provides an investment model that shows how conservation finance can create new opportunities for landowners, investors and non-profit partners seeking to balance long-term land stewardship and development.

"As a community-owned organization, Chugach's mission is to provide meaningful opportunities and benefits to our Alaska Native shareholders and descendants today and for generations to come," said Josie Hickel, Chugach shareholder and Senior Vice President of Energy and Resources. "A coal sale and carbon offset project is a unique opportunity to deliver long-term, sustainable economic and financial value for our shareholders and region."

New Forests currently manages more than 1.8 million acres of timberland internationally and is one of the largest developers of carbon offset projects for California's cap-and-trade system.

"This novel investment structure will enable Chugach to manage the Bering River Coal Field and regional timberlands in a manner that delivers long-term financial security for the Chugach shareholder community as well as significant climate benefits," said Brian Shillinglaw, Director of New Forests' United States investment programs. "Our partnership demonstrates that the combination of creative private investment and a price on carbon pollution can deliver positive financial, environmental and social returns while supporting long-term sustainable resource management."

The Bering River Coal Field is situated on the eastern edge of Alaska's Copper River Delta – the largest contiguous wetlands on the Pacific Coast of North America and one of the world's most productive wild salmon fisheries. The Copper River Delta ecosystem combines glaciers, rivers, rainforest and ocean, constituting critical habitat for a vast range of wildlife. The region has been designated as a Western Hemisphere Shorebird Reserve Network Site of Hemispheric Importance and its annual shorebird festival is a world-class ecotourism destination. Surveys show 90 percent of the

local community rely on the Copper River Delta's wealth of natural resources such as salmon for employment and subsistence needs.

The Bering River Coal Field is located approximately 50 miles southeast of Cordova, Alaska. Chugach was conveyed 73,000 acres of land and mineral rights comprising a large portion of the Bering River Coal Field in 1983, pursuant to the Alaska Native Claims Settlement Act. This announcement represents a critical step towards achieving the objectives laid out in Chugach's 100-Year Plan.

As part of the agreement with New Forests, Chugach will actively manage and maintain the land to retain high carbon stocks in the forests in exchange for the opportunity to sell carbon credits to businesses regulated under California's greenhouse gas pollution reduction program. The coal rights were transferred in fee to The Nature Conservancy, a non-profit conservation organization, with a restrictive covenant against development held by the local, Native-Alaskan controlled Native Conservancy Land Trust.

"The Nature Conservancy is pleased to be making history in Alaska with this innovative approach to conservation," said Rand Hagenstein, state director for The Nature Conservancy in Alaska. "We thank our partners for their deep commitment to Alaska and its future generations. This agreement promises a secure future for the forests and salmon streams of the Copper River Delta region and combats climate change – all while supporting the distinctive mission of an Alaska Native corporation."

"This is a precedent-setting carbon conservation accomplishment," said Dune Lankard, on behalf of the Native Conservancy Land Trust. "Preserving the Bering River and Carbon Mountain watersheds not only addresses climate change in a real way, but also protects the ancestral homelands of the Chugach shareholders and maintains our vibrant subsistence and commercial fishing way of life."

About Chugach Alaska Corporation:

Established in 1972 under the Alaska Native Claims Settlement Act, Chugach Alaska Corporation exists to serve the interests of the Alaska Native people of the Chugach region with a focus on profitability, celebration of our heritage and ownership of our lands. Through responsible management of our lands, businesses and assets, we provide meaningful opportunities and benefits to our community of 2,500 shareholders. Chugach fulfills its mission through a range of investments and operating businesses that provide government, facilities and energy services. Learn more at www.chugach.com.

About New Forests:

New Forests is a sustainable real assets investment manager offering leading-edge strategies in forestry, timber processing, land management and conservation. Founded in 2005, the company's investment programs focus on the Asia-Pacific region and the United States, with more than AUD 3.7 billion in funds, assets under management and committed capital. Through its Forest Carbon Partners program, New Forests finances and develops forest carbon offset projects for the California carbon market. Forest Carbon Partners works with family, industrial and tribal landowners to create carbon offset projects that deliver real financial value – increasing and diversifying revenue for timberland owners. Learn more at www.newforests.com.au and www.forestcarbonpartners.com.

About The Nature Conservancy:

The Nature Conservancy envisions a world where the diversity of life thrives, and people act to conserve nature for its own sake and its ability to fulfill our needs and enrich our lives. As a non-profit conservation organization, the Conservancy is committed to solving big challenges to nature and human well-being. For nearly 30 years, The Nature Conservancy in Alaska has crafted lasting science-based conservation solutions with diverse partners all across the state. Learn more at www.nature.org/alaska.

About the Native Conservancy Land Trust:

Established in 2003, the Native Conservancy Land Trust was formed to support Indigenous people's efforts to preserve and restore ancestral lands through the establishment of conservation trusts on sacred lands and waters that are inherent to the protection and perseverance of sovereignty, subsistence, spirituality and Native Culture. Its founding Native board formed the organization with the Bering River Coal Fields in mind as their first conservation and stewardship goal. The Native Conservancy was the first Native led land trust in Alaska. Learn more by contacting Dune Lankard at dune@redzone.org.

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