



AVONGRO

Wheatbelt Tree Cropping

July 2005

Multi Million Dollar Carbon Deal

NSW Trading Carbon

New Legislation has enabled WA owned and established CO2 Australia to trade carbon certificates in NSW. It is hoped similar legislation to the NSW Greenhouse Gas Abatement Scheme (NGACS) will be passed in Western Australia to allow carbon trading in this state.

CO2 Australia recently secured a multi-million dollar tree plantation deal that will make country NSW home to the world's largest carbon "sink".

Country Energy entered into a contract with the CO2 Group in April for the supply of 3.2 million tonnes of CO2 equivalent over six years, amounting to approximately 30,000 hectares of mallee plantations.

"It would appear that this would be the biggest (carbon sink) by a country mile", said Andrew Grant, the Melbourne-based managing director of the CO2 Australia. Mr Grant said investors were attracted by the certainty and structure of the novel NSW legislative scheme, which began life in 2003. He said his company hoped to strike similar plantation deals across the nation once state governments had set up their promised state-based carbon trading system.

The core business of CO2 Australia focuses on planting mallees in NSW to absorb or sequester carbon from the atmosphere. The amount of carbon sequestered is measured and used to create carbon credits, which are then sold to emitters of greenhouse gases (electricity retailers and targeted large scale energy users in NSW) offsetting their greenhouse gas emissions.



WA Based Oil Mallee Company

The West Australian based Oil Mallee Company (OMC) is partnering the project. With OMC's extensive Mallee project management and technical expertise, CO2 Australia were delighted to have them on board.

In 2004 the OMC established and managed 12 trial sites throughout central and western NSW across a range of soil types and average rainfalls using a combination of WA selected species, the NSW Blue Mallee species (*E. polybractea*) and several other known dryland species. Since establishment OMC representatives, in cooperation with Wagga based CO2 Australia, have inspected these trial plantations and report excellent growth and survival rates despite much of NSW being gripped by a prolonged and severe drought.

The Carbon Sequestration program has received significant interest in NSW with landowners enthusiastic at the prospect of having the opportunity to participate in the program. CO2 Australia expects to secure additional carbon credit contracts with carbon based emitters in the near future, creating the foundations for a program which will guarantee further plantations in the area for years to come.