

Carbon Farming Initiatives – 2nd Roundtable
Wednesday 23rd and Thursday 24th September 2020

Carbon Farming on **Peatlands**

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CARBON FARMING INITIATIVES IN EUROPE – 2ND ROUNDTABLE



COWI

Overview of the case study

- > *To assess key enabling factors and design elements within peatland mechanisms and initiatives and to explore and illustrate how such schemes have dealt with challenges and countered opportunities in the EU context.*
- > Draws/builds on experience from entrepreneurs setting up niche mechanisms in opposition to mainstream MS policy sentiment at the time (pre-2015).
- > Review of existing(RBP) peatland initiatives – lessons learned and real-work experiences:
 - > MoorFutures (DE), Peatland Code (UK), max.moor (CH), Green Deal (NL), Wetland restoration RDP in Denmark and mini wetland-and peatland restoration and rewetting in Poland.
- > Interviews with key initiative developers, authorities, peatland scientists and policy officers (13 interviews).
- > Expert workshop (MoorFutures)
- > Case study review process (7 reviewers).

How to...

Bring together proponents and answer the big why

Market & Governance approach

Find peatlands

Engage
Participants

Evaluate
and
improve

Business
case and
financing

Develop
crediting
approach

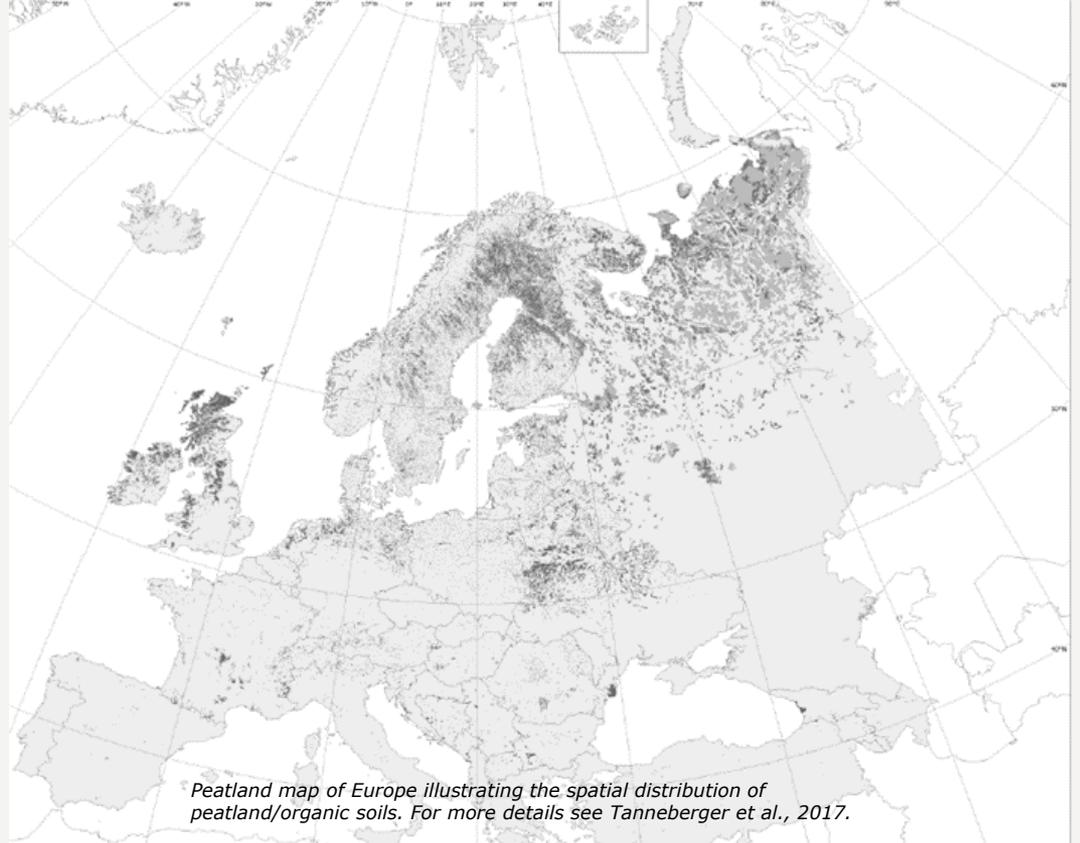
Data and
MRV

The big why: Setting mechanism objectives and demonstrating additionality

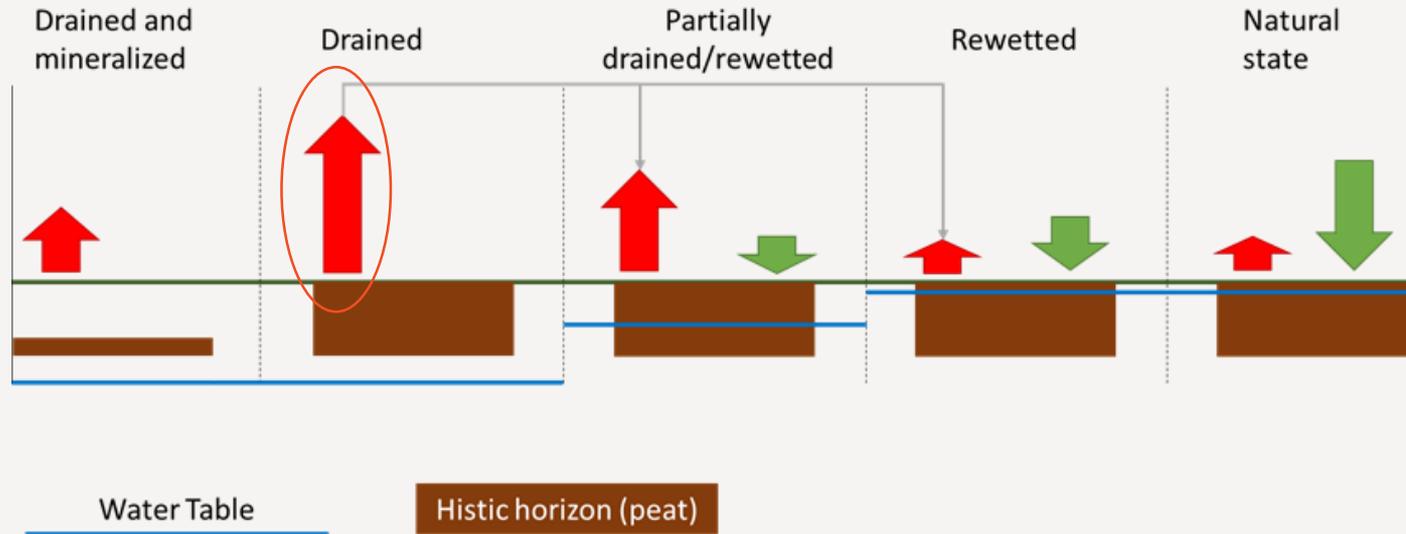
- > Operational objective
 - > Rewetting or restoring of drained peatlands
- > Policy objectives
 - > Climate mitigation
 - > Biodiversity, water protection and nature
- > Eligibility
 - > Definition of eligible condition categories and condition change scenarios
- > Environmental additionality
 - > Mechanism induces climate mitigation actions
- > Financial additionality
 - > Feasibility with the help of the sale of credits
 - > Economic alternative tests such as carbon finance
- > Regulatory additionality
 - > Initiate the project through a scheme
 - > Activities must go beyond what is required by law.
- > Technological additionality
 - > Deployment of a technology, which would have not been used otherwise

Where are the Peatlands of Europe

- > Concentrated in Baltics, Scandinavia, Northern Germany, Netherlands and Ireland, Scotland, UK
- > Essential for carbon cycle, climate mitigation (climate regulation) and ecosystems and ecosystem services.
- > Degraded peatlands are responsible for 5% of total EU GHG emissions in 2017.



Choosing an approach



Choosing result indicators:

Measurement, Monitoring, Reporting and Verification (MRV)

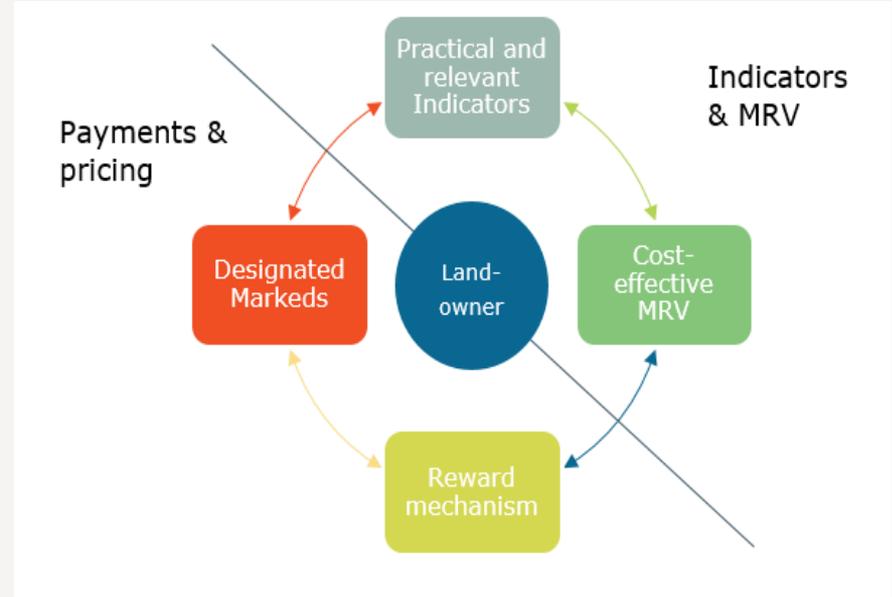
- > Green House Gas mitigation result metric
 - > CO_{2eq}/ha/yr for avoided emissions
 - > MM, where the result metric is avoided peat depletion (cm/time)
 - > Accepted indicators:
 - > Water table height
 - > Vegetation
 - > Land use
 - > Subsidence
- > Monitoring through frequent data collection on state of indicators
 - > GEST Method
 - > Vegetation mapping
 - > Classification of peatland condition
 - > Exposed peat layer
 - > Water table
 - > Peat depletion depth
- > GEST and similar approaches widely used and applicable
- > Data access and topic expertise crucial
- > Ensure cost-effective reliability and accuracy
- > All mechanisms covered require approved projects to monitor progress against a pre-set baseline
- > In case of condition changes, baseline, and monitoring plan should be revised

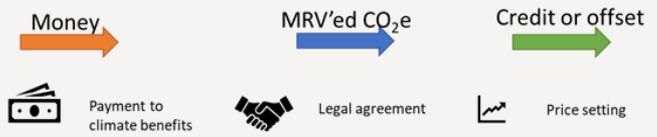
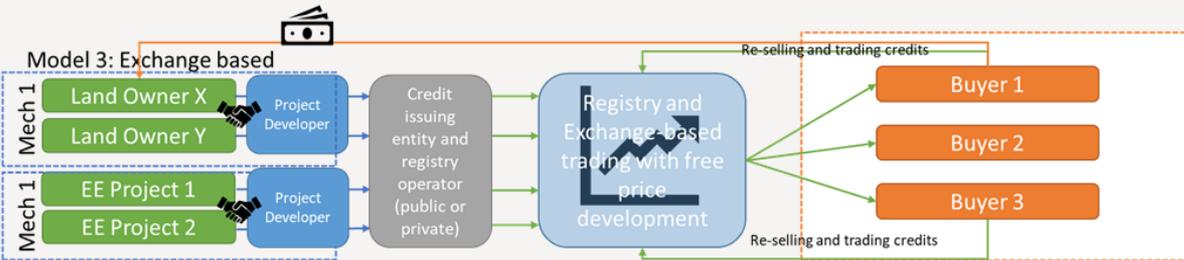
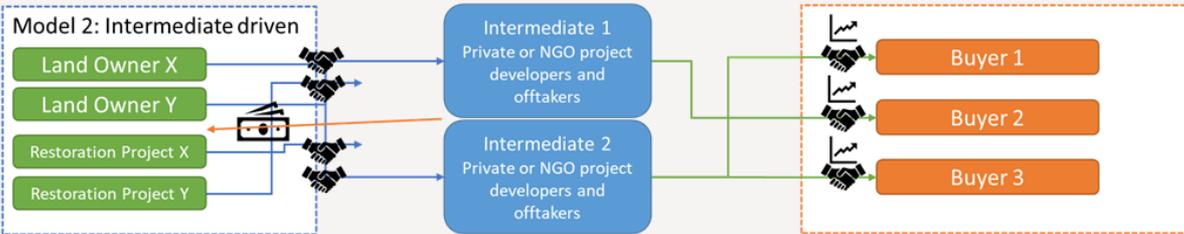
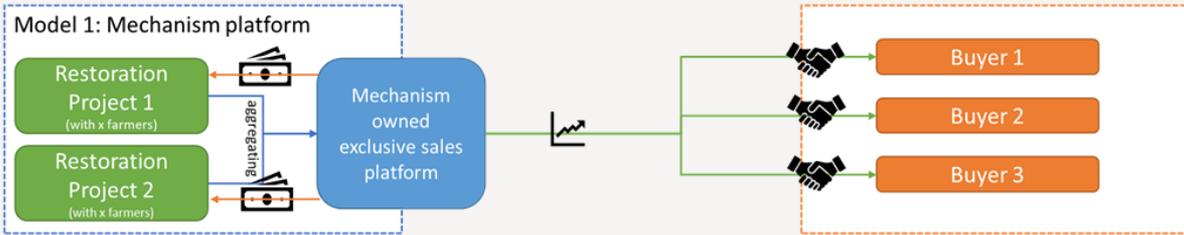
Market & Governance

Paying for results

> Payment/crediting

- > Ex-ante credits allow to provide the needed funding of long-term projects,
 - > Strong economic incentive for action now
 - > Discounts are used to adjust in case the effective amount of carbon avoided is lower than projected
- > Ex-post payments are less risky, but the cash flow will not cover early costs of restoration
 - > Further lending or grants needed
- > Ex-ante crediting not compatible with most markets and no compliance systems





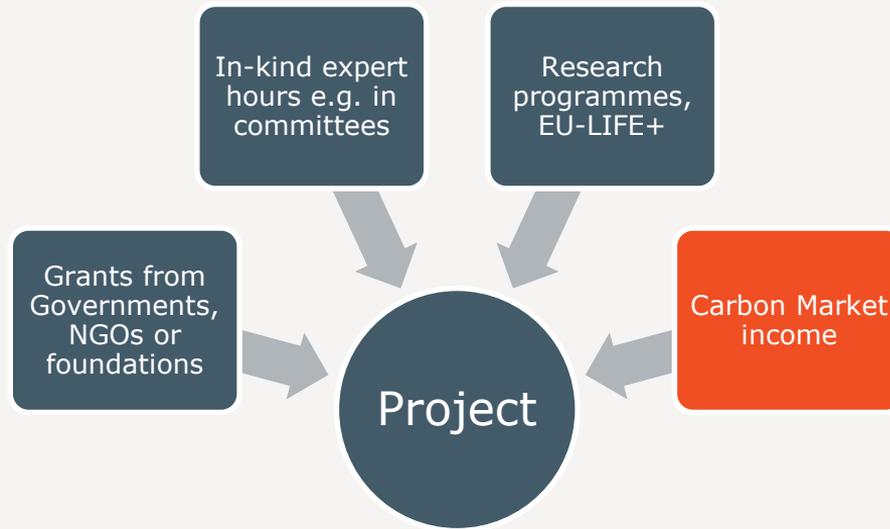
Feasibility, support and enabling mechanism development

- Analyze 3-4 larger peatland restoration areas, which are commercially viable for a full restoration.
 - Including economic considerations such as potential pathways, areas, and price levels as for PC as part of a feasibility study
- Early consideration of land profitability including current CAP payment rights
 - a system where peatland rewetting is more profitable for farmers than regular agricultural practices.
- Detailed high-resolution mapping and assessments of parameters such as soil type, vegetation, water regime, incl. rainfall and groundwater dynamics
 - Training for accredited entities or companies performing validation/verification
- Gain support through stakeholder engagement, training and transparency

Governance and delivery

1. Governing board
 - > Representing farmers, government, academics and project developers.
 - > Should approve rules of procedure for the mechanism.
 2. Technical advisory committee
 - > Senior experts and researchers (peatland flora and fauna, mapping and GIS etc.).
 - > Guide the development of rules, practices and standard of baselines.
 3. Secretariat
 - > Identify pilot projects and improve methodology drafts.
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- > Funding governance
 - > High up-front costs
 - > Funding from several sources
 - > Recoupling costs via credit sale is not possible – a need to reduce costs and mobilise upfront financial support and rely on in-kind support.
 - > Co-financing, incl. public-private-partnership.

Funding peatland restoration

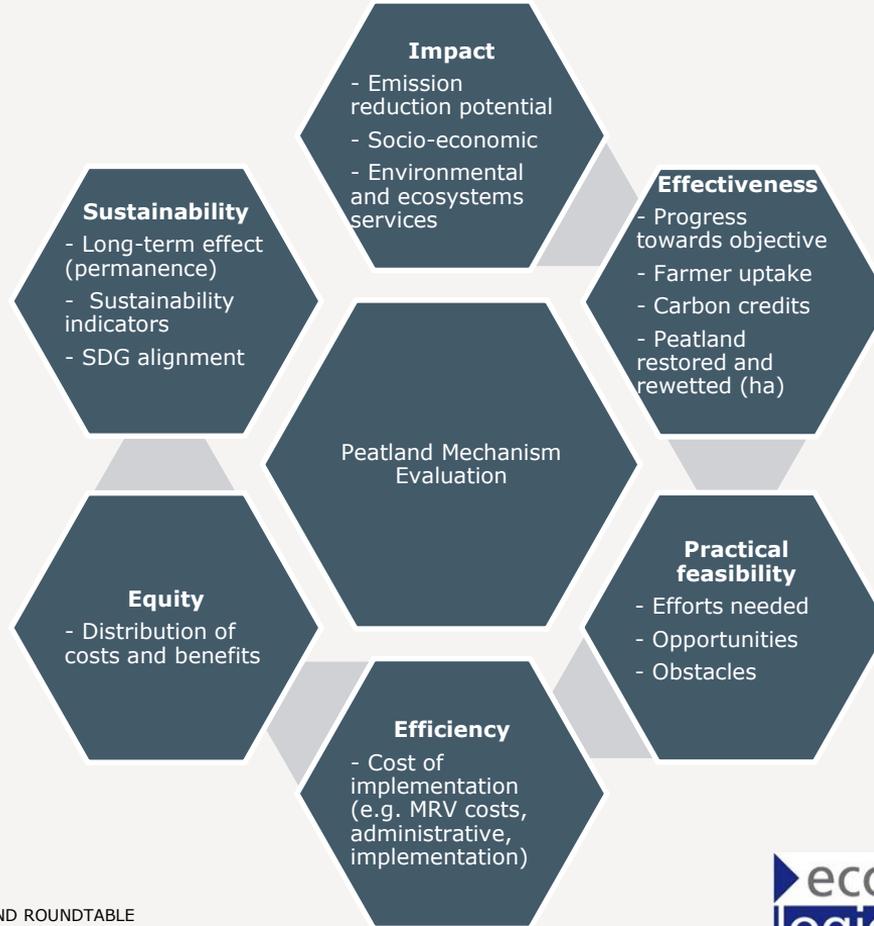


Principal sources of peatland restoration project funding. COWI illustration 2020.

Scaling up adoption

- › Potential for upscaling across EU and mechanism applicability.
- › Trade-off between use of results-based mechanisms and timescale to achieve this.
- › Ensure economic incentives to ensure farmer interest and uptake.
- › Ensuring demand for mitigation outcomes from peatland restoration and upscaling.
- › Broader implementation of co-benefits related to peatland restoration.
- › Dynamic and flexible peatland mechanisms.
- › EU peatland mechanism and CAP alignment is needed.
- › Scientific research and data collection.
- › Knowledge exchange on experiences, innovative approaches and opportunities.

Evaluation



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Thank you!