



Workshop

Carbon Credits from Peatlands – an exchange of experience with Rewilding Europe

June 6, 2024

Participants

- 34 participants
 - o From Germany, Belgium, Denmark, Poland, Netherlands, Latvia, Finland, and Ireland
- Background expertise
 - o Peatland, Policy, Hydrology and GHG-flux dynamics

Rewilding Europe presentation

Rewilding Europe's (RE) approach:

- RE is a project developer. They do not work on the standards, rather, they work with the most suitable standards for the project in question.
- Their approach is to partner with landowners, instead of buying the land.
- It is important to first clarify the landownership structure because the landowner is the credit holder, though exceptionally, with consent of the landowner via agreement, it is possible to transfer the credit rights.
- To ensure climate and economic viability of the project, RE prioritises landowners that:
 - o Want to restore their land and recognise the value of our nature-focused approach;
 - o Are willing and able to provide a long-term (30+ years) commitment to the rewilding and carbon development project to ensure the permanence of the impact;
 - o Provide scale and have access to at least 100 hectares of land, by themselves or in partnership with neighbouring landowners;
 - o Allow for ongoing monitoring of carbon and rewilding impact;
 - o Are willing to invest upfront in the rewilding project, alongside RE.

Why start with Ireland?

- Ireland has a lot of potential (17% peatland), a lot of it drained.
- Most private lands do not have a lot of economic value (degraded peatlands have little economic value to landowners)



- Forested peatlands known for low production.
- Restoration gives GHG benefits of 3-5 t CO₂eq/ha/year emissions reduction.
- Existence of remote and large peatland areas.

How is revenue ensured?

- Existence of a network of corporates to sale to, to make sure to cover the costs, then transfer the rest of revenue as much as possible to the landowner.
- Credit sales should help fund the restoration costs (e.g., felling and drain blocking) and create future revenue for landowners.
- Working with larger areas (minimum 100 ha) enables generation of enough Carbon Credit, thus gaining significant revenue that can cover RE costs and future gains for landowners. Although the land area prerequisite represents a significant limitation for many countries where private lands tend to be much smaller, like Germany, Denmark, Belgium, and Netherlands.
- If you have carbon credit completely validated and verified (i.e., 6-7 years age of project), it is relatively easy to sale (at least using international standards, like Verra). The difficulty is bridging the time gap, as it is more challenging to sale before, to support the high costs in the beginning of project. In fact, access to land, i.e., finding landowners willing to commit long-term (30 years) is a bigger bottleneck than the sale side.

Their process:

- To develop a project, a standard is needed. There are well documented standards to guide the landowner through a project with credit that can be sold.
- 1 carbon credit = 1 tonne of CO₂eq
- RE charges 50€ per credit, which is considered to be on the high side for companies that are only after carbon. There are far cheaper options outside of peatlands. The price acts as an effective filter, only corporates that are serious about their climate impact are interested in buying such expensive carbon credits.
- The landowner should be willing to cover the restoration work.
- Verra's eligibility criteria:
 - o Project should not lead to more drainage by neighbours... best to have a project site isolated for that reason
 - o Project activity is the rewetting of drained peatland
 - o Meets the national definition of peatland
 - o Location in the temperate climatic region
 - o Post-rewetting activities are limited to agriculture and nature conservation
 - o Project impact is not negatively affected by drainage activities outside the area
 - o In the baseline scenario, the site is not forested for commercial purposes
- Greater focus and growing interest in bringing carbon credit projects closer to home. The advantage is that it can be more trustworthy for clients, providing credibility to the clients' carbon strategy. As an example, the possibility of arranging site visits.



- Important to keep standards high to avoid greenwashing as well as ensure financial viability for project developers and landowners.

Breakout sessions

1. What makes you hesitate in trying to sale carbon credit from peatland areas?

- Paradox of additionality: does selling carbon credit entice further degradation? Carbon credit schemes reward landowners with more degraded peatlands as opposed to the landowners that kept their peatlands in good conditions. The more degraded, the greater the impact, hence the carbon credit. Landowners from countries that still have larger proportion of peatlands in good condition will not benefit from carbon credit. Moreover, this prioritisation of very degraded peatlands, which are more difficult to restore, over the partly damaged peatlands that could be more cheaply restored, also affects biodiversity. The restoration of a partly damaged peatland will typically result in greater benefits to biodiversity.
- Further questions on additionality: where do carbon credit schemes fit with the countries' own commitments to carbon reductions via EU and national commitments to reduce emissions from peatlands?
- Prioritisation of heavily degraded peatlands: preference should be given to the restoration of mires that are only partly drained and can still be easily (and cheaply) restored, instead of those that are completely degraded and near impossible to restore properly.
- Revenue uncertainty: landowners suffer high uncertainty about the amount of carbon reduction possible and therefore how much potential earning they could receive. In addition, they face a high investment cost.
- Timescale of carbon credit: 30 years may not be enough for forested peatlands to reach sink status. The aim of carbon neutrality by 2045 is also worth considering, what can be sold afterwards?
- Implications about the different peatland types: How do standards take into account the various peatland types? Drained forested peatlands have very different characteristics to agriculturally used peatlands.
- Lack of knowledge: too little is yet known about the impact of peatland restoration. There's insecurity about the quantification of emissions reductions. More direct measurements are needed.
- Greenwashing concerns: Doubts surrounding neutrality assertions and general risk of greenwashing. There's uncertainty about the standards of certificates, especially if others think the company is profiting from greenwashing; this in turn, affects public acceptance of the certificates. The development of national programme can not only better reflect the specificities of each country, but also reduce risks of greenwashing.



2. What is missing or what are the practical or institutional limitations?

- Lack of carbon market: There's no carbon market in any of these countries, e.g., Latvia, Belgium, Ireland, Finland.
- Lack of expertise: There's not much experience out there, people don't know how the carbon credit process works. Moreover, where there are actual case studies where carbon credits have been generated, it might be site specific, and even if features are similar, land use may be vastly different.
- National standards:
 - o The reality will differ from each EU country: the land use, ownership structure, landscapes, land size, policies and programmes in force, existence of national or regional standards. Standards need to be appropriate to the local area. One size fits all model is not ideal. In Latvia, for example, most peatlands are owned by the State and to a great extent used for forestry. Outside of that, there is uncertainty about who owns the land. In contrast, in Germany, there are more agriculturally used peatlands and in the hands of many private landowners.
 - o National Certification schemes are easier because they only include the necessary parameters. The Verra Standard includes a lot of parameters, which should cover different biogeographic regions. Therefore, they are more exhaustive. National standards must be verified to be trustworthy; the Carbon Removal Certification Framework should play an important role here.
- Technical limitations: modelling should not answer all monitoring needs. Primary system of verification should still be measurements, as it serves to calibrate and further correct modelling.
- Financial uncertainty: this aspects should be addressed, the uncertainty about the amount of carbon reduction possible and therefore how much potential earning landowners could receive.
- Long-term commitment: How to ensure a 30-year commitment, passing to the next generation? Can the landowners sell the land or is the "purpose" registered in cadastre?

3. Would you pursue alone or prefer to outsource?

- Yes and no: Already high costs without guarantee of what you'll get for it, outsourcing would only increase costs, though advantage is that they would help landowners through a complex process that most don't understand.



ANNEX I

Agenda

- 14:00 Welcome words – objectives of the meeting
- 14:05 Round of introductions
- 14:25 Rewilding Europe presentation
- 14:55 Breakout group discussions
- 15:25 Full group discussions and Q&A
- 15:50 Conclusions & takeaways
- 16:00 End