

Agriculture Greenhouse Gas Markets Grassland Project Protocol

A new type of carbon credit program designed for long-term conservation initiatives such as conservation easements on grasslands will begin enrolling landowners this year. This program will pay landowners who are avoiding crop cultivation activities in concert with easement activity.

The new grassland protocol program is important because:

- The program rewards producers and landowners for implementing long-term measures to conserve grasslands.
- Producers and landowners can generate a new revenue stream through carbon credits while still maintaining livestock production.
- Important grassland habitat will be maintained.



Why grasslands?

- The United States has lost grasslands to cropland at accelerated rates in recent years.
- Converting grasslands to croplands can lead to a number of environmental issues including loss of habitat, soil erosion, water pollution, and release of greenhouse gases.
- By maintaining grasslands, landowners can enhance wildlife habitat, improve watershed health, and prevent the release of carbon into the atmosphere.

How does it work?

- Projects begin when the area is committed by recording a conservation easement, or by transferring ownership to an entity with a provision to maintain the grassland in perpetuity.
- A Qualified Conservation Easement (QCE) must be recorded to ensure permanence. A QCE is a conservation easement that includes terms to prevent the conversion of a project area from grassland to another use.
- Individual credits will be issued for a maximum of fifty years. Payments will vary based on type of soil, grassland quality and other factors.
- Carbon must be stored for at least 100 years after the issuance of the paid credit.

What are project eligibility requirements?

- Landowners must have either recently placed a conservation easement on their land or be considering a conservation easement. An easement must have been in place no earlier than July 22, 2013 in order to be accepted.
- Your land will be matched to an analysis done by our project team to determine eligibility. Eligibility factors include NRCS Major Land Resource Area components, soil texture, and past land use resulting in significant soil carbon loss when converted to cropland.
- Land has been grasslands for at least 10 years.

What does it mean to do a 100 year easement?

- To offset GHG emissions, reductions generated from this protocol must be permanent.
- A reduction is considered permanent if the quantity of carbon associated with that reduction is stored for at least 100 years upon issuance of carbon credits, similar to most in perpetuity requirements for conservation easements.
- Project developers will be responsible for monitoring and verifying a grassland project for at least 100 years.

What information do I have to provide?

- The project developer will collect a map of the land from you. They will use the size of land and its location, alongside crop and grassland rental rates, land use history, and soil type and texture, to determine eligibility and help you enroll in a project.

Project Development Costs

- Project developers work with landowners to determine financial feasibility. *Developers, not landowners, pay to develop a project.*
- A number of factors influence project development costs and costs vary by project.
- Major development steps include: project feasibility assessment, data collection and analysis, data report, verification, and offset issuance fees.

Revenue for landowners

- Scale is the primary factor determining revenue generated. Larger projects generate a higher volume of credits.
- In general, landowners can expect that their project will generate between 0.5 – 2.0 Tonnes (CRTs) per eligible acre each reporting period (generally one calendar year).
- Voluntary offsets generally sell for between \$4.00 - 7.00. Compliance grade offsets are currently selling for \$11.00 per offset.
- Project developers can help you determine your potential payment levels. Payment schedules are determined on a project by project basis.

Project Example

Project Developer Investment:

If a 30,000 acre ranch in has 22,000 eligible acres generating a net of 1.2 Tonnes per acre per reporting period and has an agreement to record a conservation easement:

- Estimated project development costs is \$89,000 (years 0-1)
- Estimated annual monitoring and verification cost is \$28,000 (years 2-10)
- Estimated annual CRT delivery is 26,400 CRTs (264,000 over ten years)
- Estimated Registry fees are \$64,080 (over ten years)

Gross Project Revenue:

Assuming the project can sell all credits for 10 years-
Gross Revenue is \$1,584,000

Landowner Revenue:

Using the same 30,000 acre ranch as an example-

Estimated Net Revenue for initial 10 years would be \$1,178,920

- $(\$1,584,000 - (\$89,000 + (\$28,000 * 9\text{yrs}) + 64,080))$
or \$53.58 per acre.

For More Information Contact:

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