

Grasslands Avoided Conversion

Carbon offset economics and financing

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Carbon Markets Review

Voluntary markets

- Corporate buyers (Lyft, Microsoft)
- Prices at \$5-20/ton
- Demand increasing

Compliance markets

- Credits purchased by emitters
 - E.g. utilities in California
- Generally higher prices (\$15/ton)
- More regulatory hoops
- None accepting grasslands projects yet

“Alternative” ecosystem service markets

- Unproven models to sell carbon or water credits with less restrictions on landowner

Grasslands Avoided Conversion - Opportunity

- Landowners can generate at least \$5-20 per eligible acre in revenue after placing an easement
- Carbon payments can be obtained upfront or annually (up to 50 years)
- Landowners must maintain a grazing plan but no changes in management required
- “Stacking” with other incentive payments is allowed

Grasslands Avoided Conversion - Challenges and Eligibility

- Legal: carbon rights in easement language
- Size: minimum 5,000 acres projects generally needed
- Timing: projects must start within 6 months of placing easement
- Soil quality: suitable for growing crops according to NRCS

Grasslands Avoided Conversion – Land Trust Roles

1. Easement holder

2. Landowner

3. Project developer

4. Carbon credit seller

Land trust may fill 1 or all of these roles if they do not hold the easement

Project Development and Financing

Independent firms can help landowners/trusts design a carbon project via:

1. Conducting initial feasibility assessments
2. Providing up-front financing to assist with closing an easement
3. Coordinating project development
4. Identifying 3rd party verifiers
5. Purchasing current or future offsets

Grasslands Avoided Conversion – Project Development Process

Place easement,
carbon feasibility
assessment

List project with
registry
(ACR/CAR)

Identify/hire
project developer

Collect data &
prepare initial
reports

Conduct site visit
and 3rd party
verification

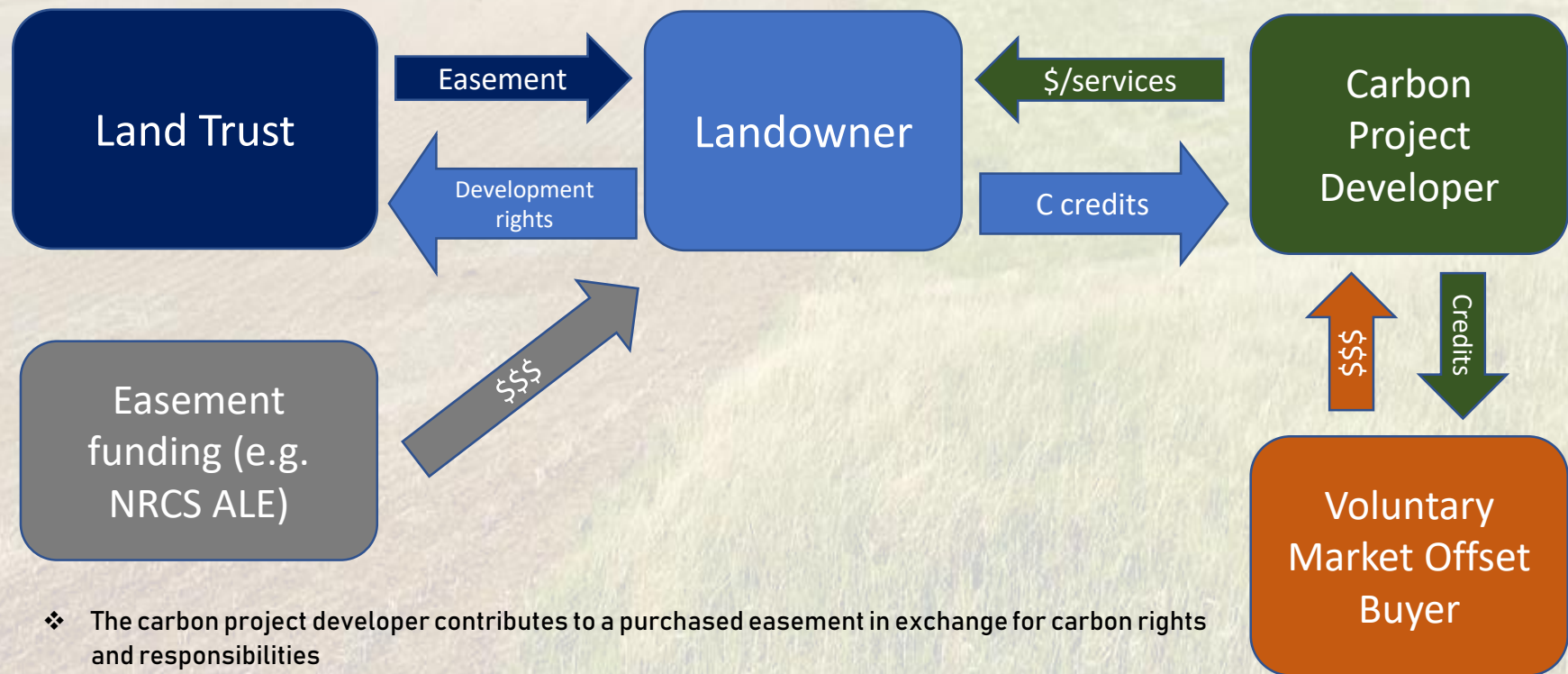
Issue credits and
identify offset
buyer(s)

Conduct ongoing
desktop reporting
and credit sales

Obtain additional
verification after
5 years



Grasslands Carbon – Easement Financing Example



- ❖ The carbon project developer contributes to a purchased easement in exchange for carbon rights and responsibilities
- ❖ The benefits of this approach are simplicity and much higher upfront payment for the landowner
- ❖ A version of this transaction was been conducted in Oregon by [The Climate Trust](#) in 2018

Landowner Economics

Example ranch property:

- 15,000 acres
- 10,000 acres eligible for avoided conversion
- 8,000 expected credits/yr
- \$15 per credit paid by voluntary buyers

Hypothetical landowner economics*:

- Option 1: ~\$500K easement financing
- Option 2: ~\$50K/yr, up to 50 years**

*Exact amounts may vary greatly and will depend on project specifics

**Duration of carbon revenue will depend on existence of voluntary markets and negotiations with offset buyers

Thank you!

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