

Points for Immediate Action for Clarity prior to Launch of the Code

- It was seen as essential to ensure that techniques for estimating carbon baseline and soil carbon were available; these need to be quickly introduced into our calculations even if they are very rough estimates at this time if we are asking applicants to include it in their calculations.
- For clarity we need to consider what effect the introduction of the carbon woodland element to Glastir grants will have on potential WCC applications until the end of current RDP round. It was thought that because the grants only reached 70% of establishment costs that additional finance was always going to be needed. However in essence this may be considered as double payment for the same element of the project. In order to qualify for WCC the carbon payment may need to be reduced. (This may be OK for WCC but not for GHG Reporting Guidelines. MB suggests that Glastir payments are reduced for WCC projects to explicitly exclude carbon.)
- We need to look more carefully at our legal test with respect to planting created on the back of Section 106 developer contributions. Forest of Marston Vale will provide details of projects they have; need to ensure that such projects can certify to the code. If compensatory planting is not required, then their funding should be seen as part of the project income (not for carbon) allowing other carbon finance to be leveraged in; need to consider in NNCSF pilot project (WCTF). Related development issue to this in Scotland and Wales there was a recognition that considerable amounts of land are being lost to windfarm creation but that the new woodlands could not be counted under the code. Participants asked what was being done to address woodland loss through permitted development.
- There may be issues with the request for a long-term management plan. Therefore we need to be clear on the level of detail we are asking for when we request a long term woodland management plan with WCC applications as the long term is not necessarily well covered at present. It was suggested that amendments to the woodland planning grant in England would need to be made to extend it to cover woodland creation as WCG does not currently ask for a long term management plan to be produced.
- Participants felt that there was a need to have more information on the financial matters i.e.
 - how much the process of certification would cost
 - whether the costs are actual or standard costs
 - need to see and use the business investment model for carbon finance and asked whether input was being sought from forest industries.

- need to clearly express how the value of land and opportunity cost of activities particularly in financial barrier test
 - clarity required on what's included in the <85% public finance equation, and over what time period
 - scenario based case studies generated from the different finance models and forest management types would be useful
- We need to consider the level of information requested for stakeholder access as concerns were raised about the level of evidence required for stakeholder consultation – in particular would FC WOs be required to initiate an EIA consultation/ determination on non grant aided projects?
- We need to highlight the underpinning role of UKFS/Sustainable Forest Management plays in the WCC as there is currently no mechanism to prove that a project reaches UKFS (apart from a check by woodland officers on application of grant or possibly an EIA determination IF FC gets involved). Therefore non grant aided woodland creation will require an easy non-burdensome mechanism to prove that UKFS has been met. Associated with this was the suggestion that getting warning on the need for an EIA determination in England was ad hoc (with respect to private woodland planting without grant) and that reliance on this occurring would not be a solid way to proceed for the Code. It was suggested that information/ evidence of non compliance with FC grant and UKFS could be communicated to WCC.
- Some clarity with respect to permanence and the approach the WCC expects will be appropriate as placing a burden on any land may make it very difficult to resell in the future this was linked to the discussions around risk and the concern expressed over the high levels of buffers in the project. Participants suggested that potentially the levels of risk for permanence could reduce if market forces take over and the carbon market operates effectively. We therefore need to build in the flexibility in the WCC to enable the market to decide how it approaches the risk of permanence in the future
- There was some support for a cut off date earlier than Jan 2005 for historic woodland planting which has been carried out for carbon sequestration purposes rather than having a 'fluid approach'
- Some participants expressed concerns over the availability and scale of the marginal land that would be required to create the levels woodland desired to meet some climate change and new woodland creation targets. However small this minority is perhaps we need to have some up-front figures and comparisons prepared for Woodland Officers in advance of the launch

- Participants thought that it would be essential for a site assessment to take place before validation to the WCC could be achieved unless an FC WO had visited the site and evidence of the visit was presented

Issues for Medium Term Action

- Participants thought that there was a need for FC to work on a standard 'template' contract (or terms in a contract) suggesting the likely issues to arise between buyer and seller for the sale and purchase of carbon within a Woodland Carbon Code project. Issues around the onward sale of a property/woodland to a second owner and the enforcement of carbon rights by the original owner would need to be looked at within this piece of work.
- There was a need to explain that the WCC stopped counting carbon at the forest gate and the difficulties of policing the chain of custody. We therefore should consider the need to provide information on the carbon benefits of timber management (beyond the forest gate) noting that these can't be reported/claimed – although this will be used as a justification in some projects for establishing productive woodlands rather than carbon reserves. Participants felt it would be useful if we developed some simple converter figures and there was a great deal of support for developing the information about timber substitution values (in terms of CO₂ stored in products) and the possible alternative uses for wood products with respect to renewable energy. Both agents and Woodland Officers thought that they would require this information so that they could provide this information to owners and potential investors in the future
- Participants suggested that we should request spatial data rather than point data so that adequate accurate cross-checking and compliance checks can be carried out (thus improving the WCC's future compatibility with existing FC systems). We also need to look into how we check that other government (but non FC) grants are not being claimed on a piece of land this needs to be automated and linked in with current FC grant systems
- Participants thought it would be sensible to use the website to show how much carbon had been sold in each project if this can be recorded by the project managers

Issues for Future Action

- The tax implications resulting from trading in carbon sequestered in woodlands requires a great deal of thought as it could change some aspects of taxation law with respect to woodland ownership especially with regard to inheritance tax. Participants asked whether tradable carbon or bought would be seen as an asset on a company's balance sheet and therefore how carbon owned by companies would be treated for tax purposes.

- We may need to consider if the code will be flexible enough to cover agro-forestry systems, orchards and individual tree planting in the future
- Participants were keen to know whether changes to woodland management and consequent additional carbon sequestration would be considered in the WCC

+ Identified/ Recognised Business Opportunities

- Initial concerns that the Code may not accommodate/be attractive to small schemes seemed to disappear when the potential for group schemes was mentioned. There was a perceived a business opportunity for agents in group management of small schemes
- There was support for the idea of a 'carbon dating' agency bringing projects and investors together

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May 2011