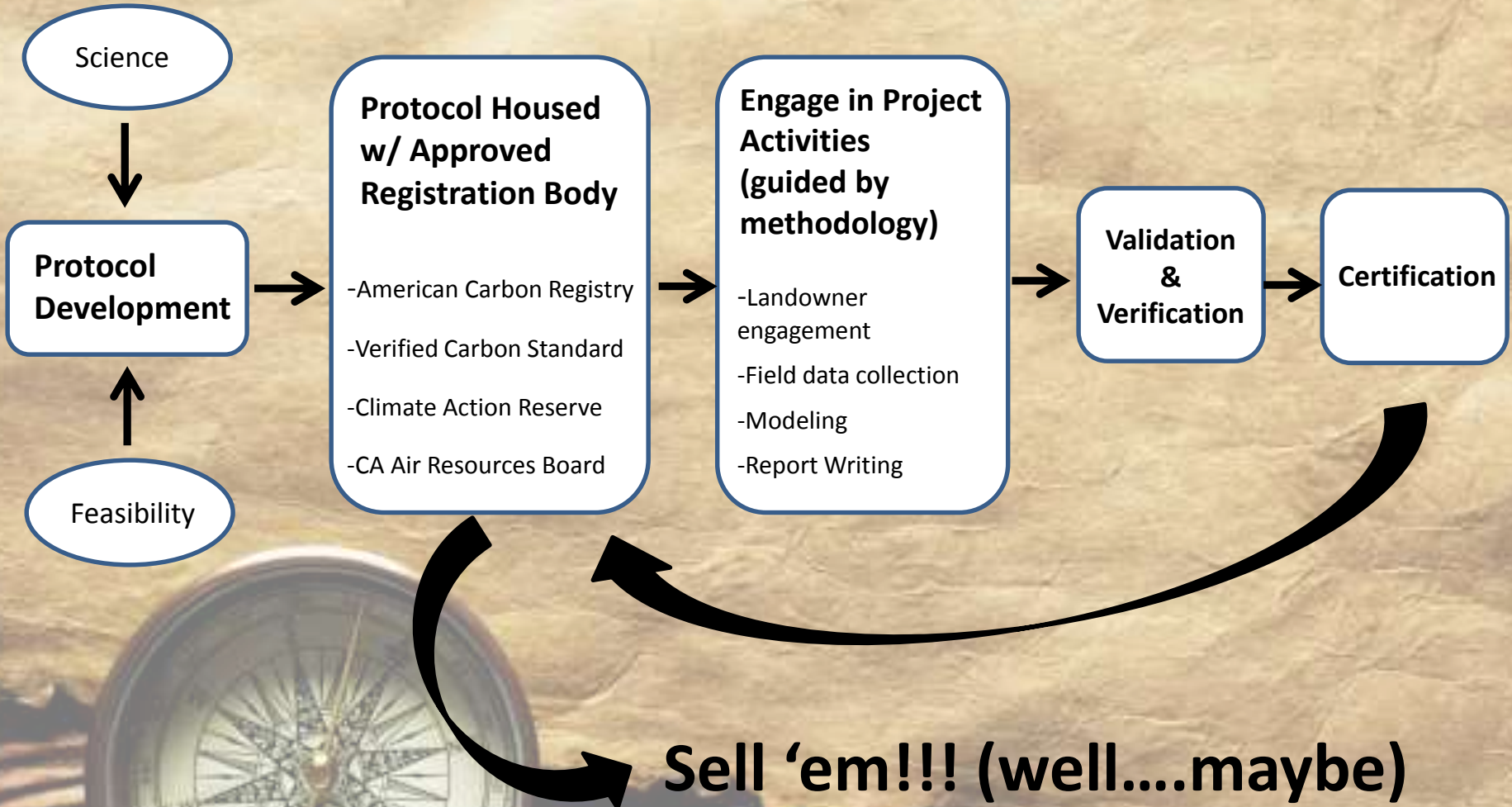


GENERATING GRASSLAND CARBON OFFSETS: OVERVIEW, REALITIES, AND RECOMMENDATIONS

Presented By: Billy Gascoigne, Ducks Unlimited
Prepared For: ACES, Jacksonville, FL
December 2016



Navigating the Carbon Markets



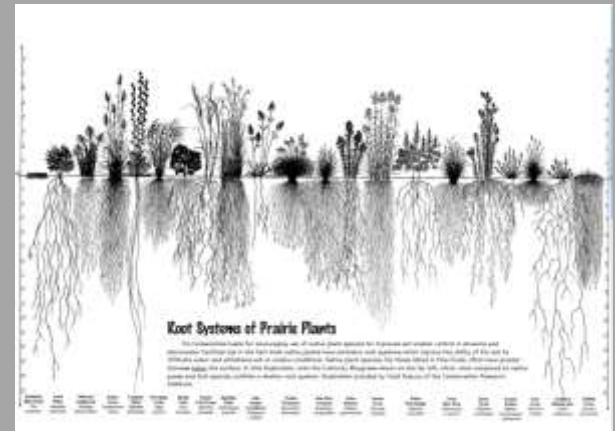
DU's Carbon Program—Background

Waterfowl depend on healthy and abundant grasslands for breeding and raising young



Program Background

Grassland and intermixed wetlands provide a myriad of benefits beyond waterfowl.....other wildlife, water quality, flood mitigation, economic base (e.g. ranching & recreation), & CARBON!



Project Region

The Prairie Pothole Region... “The Duck Factory”

Also the most **Endangered Ecosystem** in North America...



DU's Carbon Program—Avoided Conversion of Working Rangelands



Can we help curb rangeland loss and avoid carbon releases?



DU's Grassland Carbon Program—Overview

- Landowner engagement started back in 2008 & 2009
 - 6 counties in central/south-central ND
 - 29,000 grassland acres (78 different landowners)
- ACoGS methodology development, formally adopted by ACR in fall of 2013
- Verified and certified 40,000 carbon offsets in 2014—the first and only certified avoided grassland conversion credits in the world.



Challenges

- Economics
 - HIGH transaction costs, inconsistent demand, upfront investment, scale, NPV, etc.
- Demands of protocols—required expertise in real estate, law, economics, biology, biogeochemistry, soil physiology, and remote sensing...
- Unknowns—science (e.g. land mgmt. practices), tools, land economics, markets.....equates to risk.
- Scalability of grassland offsets—restored grasslands excluded from marketplace, predicting the alternative scenario, cost of conservation agreements
- Stagnant voluntary market—credit volumes steady, but limited buyer entry



Overcoming Challenges

- **Transaction Costs:**

- Revising protocols: utilizing public data (assessing suitability), condensed modeling platforms, spatial imagery (verification), ease of aggregation
- Bolstering the market itself and true value of benefits (revenue side)

- **Risk:**

- **Financial/Market**—Altered landowner contract structures (pros/cons), forward contracting with buyers
- **Internal/Crediting**—Internal insurance policies (e.g. reserve accounts at registries), diversified beyond carbon markets



Key Takeaways

- Land-based agricultural offset projects have been proven beyond pilot project phase
- Making large improvements, many more needed
- Landowner participation not major constraint if incentives are realized early on and burdens remain with PDs.
- Double edge sword-----If we don't get a handle on transaction costs and risk, we not only will struggle to get project developers to enter the market, but will inevitably limit landowner participation as well.





Thank You.

Contact Information

Billy Gascoigne

970-593-8938

bgascoigne@ducks.org

