

**WCC Advisory Board
Minutes
27 Jan 2022, via MS Teams**

Present: Pat Snowdon, Vicky West, Andy Baker, Jamie Smith, Heather Conejo (Scottish Forestry), Mark Broadmeadow (Forestry Commission), Fiona Hay (Welsh Government), George Hepburne Scott (Forest Carbon), Ewan Mackie (FR), Ambra Scodro, Andy Grundy (Soil Association), Steve Clarkson (OF&G), Renée Kirkvliet-Hermans (IUCN – Peatland Code) Peter Wilson (Wilson Applied/UKWAS), Peter Coleman (BEIS), Nick Blyth (IEMA), Charlotte Araya Moreland (Defra), Matthew Brander (Edinburgh Uni), Andy Leitch (Confor), Robert South (ICF), Graham Clark (CLA), Lee Dudley (Woodland Trust)

Apologies: Bruce Auchterlonie (Scottish Forestry), Ben Searle (NI Forest Service)

1. Updates

Welcome to Graham Clark and Jamie Smith as new members of the WCC Advisory Board.

1.1 WCC Registrations, Validations & Verifications:

- Interim Statistics to December 2021 (number of projects, area of woodland and projected carbon sequestration) are now available here: [UK Land Carbon Registry - UK Woodland Carbon Code](#). This page also shows proportion of units that are sold, when units are due to convert from Pending Issuance (PIU) to Woodland Carbon Units (WCUs) and a map with project locations
- **Registrations:** 97 projects registered in 19/20, 343 in 20/21, 618 so far in 21/22
- **Validations:** Generally complete within 3-year timeline. 31 in 19/20, 52 in 20/21, 28 so far in 21/22
- **Verifications:** 33 in 19/20, 28 in 20/21, 32 so far in 21/22. Backlog due to Covid reduced by 1/3.

The WCC team is examining resources for running the WCC. One new full-time post will join the WCC team from next financial year and the WCC secretariat are also looking at how the application process can be improved to make it more efficient.

2. Climate Change/ Carbon Policy

Reps from England and Northern Ireland were not available to update the Board at today's meeting. The discussion around land ownership changes and interest in carbon markets by landowners was noted across the UK.

Scotland

- The WCC Secretariat are working to improve the visibility of the wider social and environmental benefits of WCC projects. This will be important in showing the WCC's contribution not just to climate change targets but also to the importance that the Scottish Government attaches to a Just Transition.
- There is some evidence of grant applicants changing between application and planting stages
- Scottish projects are seeing a significant increase in fencing costs over the last 12 months, due to increase in cost of materials

Wales

- Woodland Finance Working Group have submitted a paper to the minister, and will announce recommendations soon
- The final round of Glastir Woodland Creation Scheme is now closed, a new grant scheme is in development

3. Additionality

Pat introduced the additionality review. He summarised the two independent reports from Andy Moxey and Tom Morton and outlined the subsequent proposals for the WCC additionality tests.

Heather presented analysis of three different woodland creation scenarios:

- 80% net area conifer, 10% mixed broadleaves, 10% open ground
- 45% net area conifer, 45% mixed broadleaves, 10% open ground
- 90% mixed broadleaves, 10% open ground

The analysis compared the cost/income of woodland creation to the net rental incomes for various farm types, using three different discount rates (4, 5, & 7%), over 100-year project duration.

WCC Secretariat plan the following actions:

- Publish new rules for Legal, Investment and Barrier Test by end March 2022
- Remove the Contribution of Carbon Finance Test, but introduce information on a project's sources of income to the PDD for transparency.
- Set up a group to review the possibility of a new/extended Investment Test for large-scale, equity investments using criteria that match how decisions are made on such investments (e.g. cost of capital and hurdle rates).
- Projects which have finished planting, have a signed contract with the validator and have submitted documents for validation by 30 Sept 2022, will be able to use the current rules. Any projects submitting for validation after this date will have to use the new rules.
- Anyone who is planting after 30 Sept 2022 could review their project against the amended additionality rules and consider reviewing the planted area, species mix or area over which grant is claimed.

The WCC Advisory Board discussed the following points:

- A question was raised whether the WCC might incentivise planting on better quality agricultural land. The WCC is objective on this point through the additionality test which determines which projects require extra funding to occur. For landowners a significantly higher carbon price would be needed to tip the balance to woodland creation as the preferred land-use on better quality land, and it was thought likely that only less productive agricultural land would switch to woodland.
- There was some support for using '% change in IRR' due to carbon revenue to assess additionality, if the % Carbon Finance test is being removed. The challenge is a practical one, and that the % change in IRR required might change geographically and by landowner.
- The Board discussed the timing of the additionality check and whether this could be done before planting as in the Peatland Code model with pre and post-restoration validation. There are some timing issues with doing so but this is a model that could be considered. Once the WCC Cashflow uses more standardised costs/income it should be easier for project to self-determine if they meet the WCC additionality tests.
- The Board discussed whether landowners might be required to meet net zero targets on their own landholding in future, and the implications if they had sold carbon credits through the WCC. The guidance is already clear that carbon credits can only be used once by the 'owner' of those credits. If landowners have sold carbon credits to another party through the WCC they cannot also count that sequestration against the emissions of their land holding/estate.

- The Board would appreciate further sensitivity analysis, to give an understanding of the level of change in key variables that might make a project additional/not additional.
- The Board discussed the potential to stack payments for different environmental benefits on same project. Within the WCC, all potential sources of income have to be included in the cashflow & projects still have to demonstrate that the carbon finance is necessary along with other income streams to be additional.

AP1: All: Any further feedback on the proposed changes to the additionality tests by **Friday 11th Feb**

4. Governance

- Vicky presented slides proposing changes to the makeup of the Advisory Board, the term that members serve, the process for selecting new members, the level of transparency and the scope.
- The Board was keen to balance a workable size for the Board with having a sufficiently broad and inclusive membership. Additional suggestions included Royal Institution of Chartered Surveyors, Central Association of Agricultural Valuers, Scottish Land and Estates.
- The Board suggested clarifying how decisions are made on WCC matters (through the WCC Executive Board/ Advisory Board processes).

AP2: WCC Secretariat to take on board comments, discuss the potential for new members with WCC Executive Board and updates to the Terms of Reference of the Advisory Board.

5. UK Land Carbon Registry Fees

- Vicky set out the current fees for participation in the WCC and proposed some fee increases to account opening (for brokers/retail aggregators), to the PIU issuance fee and to the PIU to WCU conversion fee – especially where that provides more resource for the WCC and Peatland Code Secretariat to increase capacity to ‘manage’ project applications.
- The group were broadly supportive of the increases, but suggest that the account opening/maintenance fee for brokers/retail aggregators merits further thought.
- The Board recommended to set a date for the next fee review.

AP3: WCC Secretariat to finalise fee changes with the WCC Executive Board, to publish with WCC updates by end of March 2022.

AP4: All. Any further thoughts on the fee structure for the UK Land Carbon Registry to the WCC Secretariat by Friday 11th Feb

6. Market Development

- Vicky set out some changes in the carbon market, in particular the growth in number of potential carbon standards – in particular the [UK Carbon Code of Conduct](#) and [Wilder Carbon](#) Standard, both of whom are proposing to act as ‘overarching’ carbon standards which would validate/ verify projects of several land-use types including woodland creation and peatland restoration. Both are proposing to use WCC/Peatland Code carbon prediction tools/ assessment methods within their standards.
- The Board discussed various risks including double counting, WCC/Peatland Code intellectual property, reputational risk of others using our tools, minimum quality standards for carbon credits/standards, and the need for simplicity for landowners (how/who should provide any ‘overarching’ standard).
- There was support for



- Requiring ICROA (or other) endorsement of 'acceptable' credits to be used in the UK.
- Finding a way to make the process simple for landowners looking to make different landuse changes (eg new hedgerows, woodland and peatland restoration), which would minimise transaction costs for landowners and validators.
- Wider governance, standardisation and leadership on carbon standards across the UK – DECC previously led on a 'Carbon Offset Quality Assurance Scheme'.
- Keeping the WCC/Peatland Code carbon tools available online as they are used much more widely than by carbon standards.
- Linking with other initiatives (including the [UN Net Zero Coalition](#)) to ensure integrity in the marketplace including – and managing the reputational risk to the WCC/PC and it's users.

AP5: WCC Secretariat to continue to work with Defra/BEIS and SG on developments of the wider marketplace

AP6: Nick Blyth and WCC Secretariat to discuss further various integrity initiatives

AP7: All – Any further thoughts on market development and the issues regarding new developing standards to the WCC Secretariat by **Friday 11th Feb**

7. Date of Next Meeting

Next meetings by Teams: 11th May 2022, 15th Sept 2022.