Plantation Forestry Methodology – Planning for Success

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Expectation v Reality

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Rules for Carbon Projects

Carbon Project Assessed → Carbon Project Lodged → Can commence ground works but ONLY on areas lodged with Regulator → Identify if there are new areas to be planted, BUT DON'T DO ANY WORKS IN THIS AREA → Email carbon team with new areas for variation to be submitted. → Wait until confirmation of submission before working on new areas. → Report dates of operations

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Future Focused Forestry

Overview

PLANTATION METHODOLOGY 2022

- Revised and expanded from the 2017 methodology to include schedules 3 and 4 for Continuing Plantations and Transitioning to a permanent activity.

- Introduced a qualitative element as well as a quantitative element.

- Schedule 3 borrows heavily from schedule 2 definitions particularly regarding the definition of short and long rotation for UR species.

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Planning

Project lifecycles for projects under the 2022 plantation forestry method

The key steps required in a 2022 plantation forestry method are outlined in Figure 3 below.

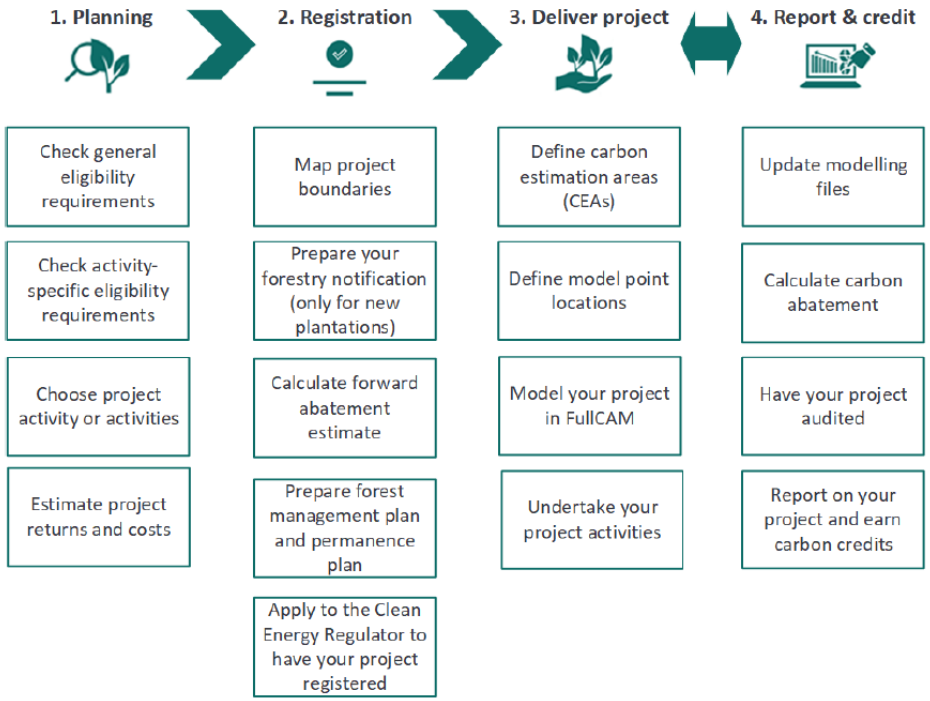

FIGURE 3: KEY STEPS INVOLVED IN A 2022 PLANTATION FORESTRY PROJECT (ILLUSTRATIVE ONLY)

- Credit: Understanding you plantation forestry project – Simple method guide
- In reality, these steps are likely to be out of order or run consecutively.
- Eligibility is heavily impacted by location, which can impact the age trees need to be felled at in order for eligibility criteria to be met.
- The earlier strategic decisions around applying for Schedule 2 versus Schedule 3 can be understood, the more targeted the project can be.
- Permanence period only commences from the date ACCUs are first issued. Permanence period refers to maintaining the rotation sequence rather than keeping trees in the ground longer.

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Schedule 3 & 4 Assessments

- Independent financial assessments and valuations required.
- Financial Assessment Guidance for the 2022 Plantation Forestry Method
- Either prepared or reviewed by a qualified independent person.
- Can be prepared on the basis of a forestry only rotation being having a lower NPV than the cutover value of the land OR the forestry only rotation having a lower NPV than the alternative use of the land.
- The NPV calculations of the land use are structured deliberately so that the two assessment options are assessed consistently which means the NPV is unlikely to ever reflect the actual NPV of the project.

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Issuance and Compliance

- Although a forecast of ACCU issuance can be calculated when modelling a project in FullCAM in preparation for project lodgement, the forecast only becomes actual when offsets reports are lodged and management actions are modelled.

- Reporting periods can be anywhere from 6 months to 5 years, offsets reports can lodged over a shorter time period if the carbon abatement is 2000tCO2-e or greater for the reporting period (equal to 1500 ACCU at 25% discount or 1400 ACCU at 30% discount)

- Planting – Assume Winter Year 0
- Survival Survey – March/April Year 1
- Assume 80% survival met
- Start date of CEA then set at last day of planting
- First offsets report requires initial audit to be undertaken, and report submitted with offsets report.
- CER standard timeframes for assessment and issuance is 90 days, assuming no queries or issues with application.

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