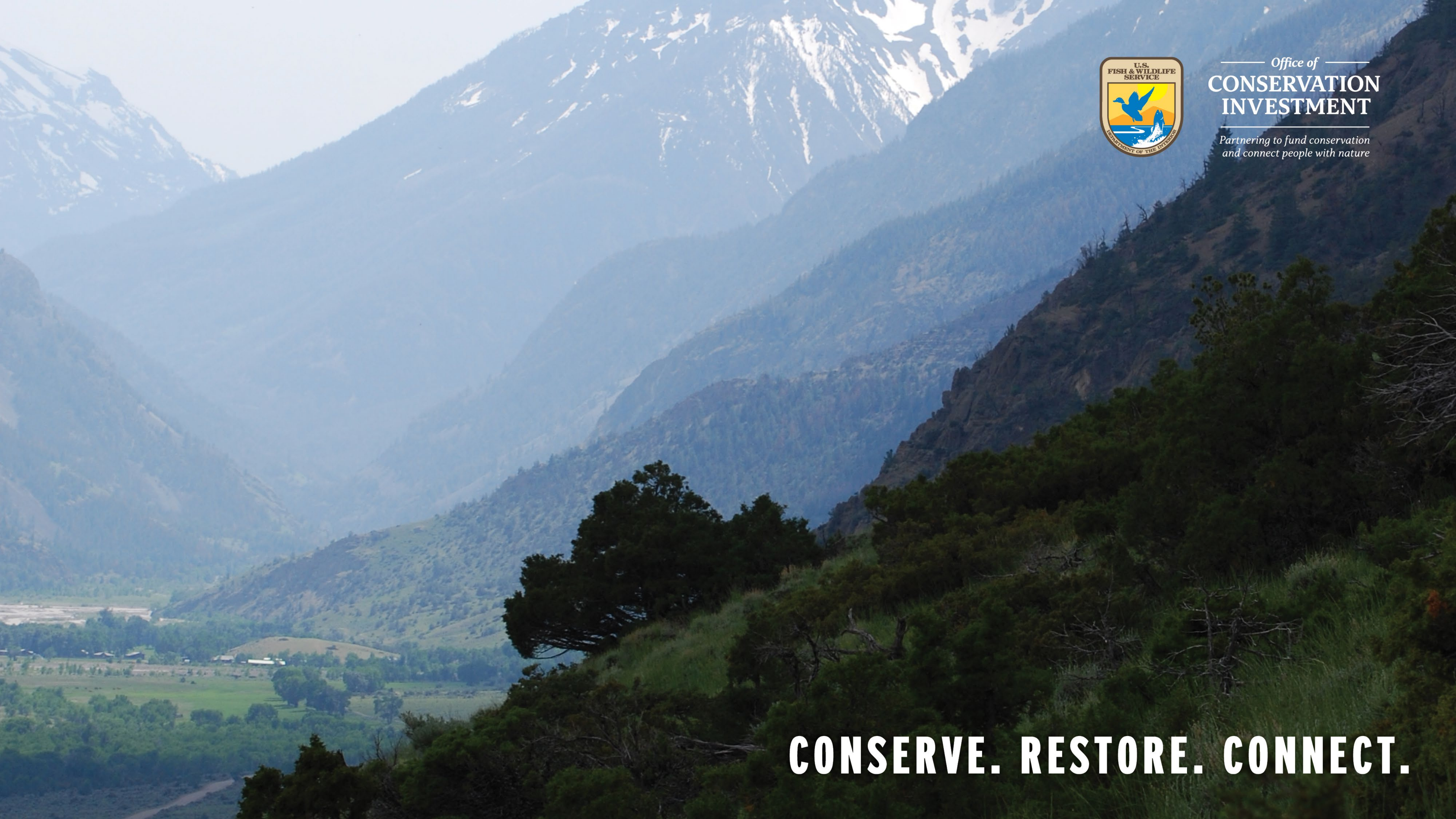
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Natural Climate Solutions and Conservation Investment Programs

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Overview

- Discuss background and impetus for new guidance
- Discuss examples of natural climate solutions
- Walk through guidance
  - Eligibility for grant funding
  - Allowability as a secondary use
  - Requirements for income
- Discussion, Q&A

Why new guidance?

- Growing interest in natural climate solutions
  - Significant potential to generate income
- Existing regulation and policy can be difficult to apply
- Request from Joint Task Force, partners to develop additional guidance

Process

- Initial draft developed by the Office of Conservation Investment National Lands Team
- Reviewed by Federal Assistance Coordinators Working Group
- Reviewed by Regional and HQ managers
- Reviewed by DOI Office of the Solicitor

Scope

- No new requirements
- Voluntary activities (no regulatory or compensatory climate/GHG mitigation)
- Biological sequestration (no geological sequestration/carbon capture and storage)
- General requirements and examples—check with your Regional Office!

What are Natural Climate Solutions?

Nature-based Solutions (NBS) are actions to protect, sustainably manage, or restore natural or modified ecosystems to address societal challenges, while simultaneously providing benefits for people and the environment.

Natural Climate Solutions (NCS) are a subset of nature-based solutions and include actions to protect, sustainably manage, and restore habitats while simultaneously storing carbon or avoiding greenhouse gas emissions.

Other Terms to Know

- Carbon Benefits/Offsets – The amount of carbon stored or emissions avoided above baseline conditions after deductions for leakage and impermanence.
- Carbon Credits – A tradeable certificate, permit, or other interest equivalent to a pre-assigned amount of carbon benefits (offsets).
- Carbon Activities – Any and all activities associated with carbon sequestration, participation in a carbon program, and/or involvement in a voluntary carbon market.

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Voluntary vs Regulatory

- Voluntary Market – A carbon market that operates only using willing sellers and buyers. There is no requirement for participation and no single marketplace.

- Regulatory Market – A carbon market that functions as part of a regulatory or compliance regime (e.g., cap-and-trade).

Carbon Programs

- Usually involves a third party (carbon program)
- Usually involves an agreement to maintain the carbon-sequestering activities
- Income is paid to the State by the carbon program, often in anticipation of the sale of carbon credits.

Income from Carbon

Natural Climate Solutions (e.g., habitat restoration) result in biological sequestration of carbon

State Fish and Wildlife Agency

Carbon benefits can be measured, quantified, and documented (e.g., carbon credits)

Carbon Program

Carbon benefits can be monetized (e.g., through voluntary carbon markets)

Carbon Registry/Market

Income

U.S. Fish & Wildlife Service

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Guidance Overview

- Eligibility
- Allowability
- Income

Eligibility

- Typically, carbon sequestration/climate change mitigation is ineligible
- What’s the purpose of the activity?

Allowability

Secondary activities are allowable, but they must not:

- Interfere with the purposes for which the land was acquired with Federal funds
- Result in an encumbrance or disposal of title unless provided for by the Service
- Result in a loss of management control of property purchased with Wildlife and Sport Fish Restoration Program $ OR State hunting and fishing license revenue

Interference

- Property purchased with Federal $ has to be used for the purposes for which it was acquired
- Activities that interfere with that purpose are not allowable

Encumbrance or Disposal

- Cannot encumber or dispose of title unless provided for by the Service
- Disposals unlikely, encumbrances more so
  - Easements, deed restrictions, leases, etc.

- Confer with Regional Office ASAP!

Loss of Control

- For WR and SFR, must maintain management control of property
- Must maintain control and not divert hunting and fishing license revenue
  - Includes land purchased with license revenue

Requirements for Income

- Is it program income?
- Is it State hunting and fishing license revenue?
- Is there a term and condition on the award?

Program Income

- Income earned during the period of performance of an award
- Income that results from activities supported by the Federal award

License Revenue

50 CFR 80.20

(c) Income from the sale, lease, or rental of, granting rights to, or a fee for access to real or personal property acquired or constructed with license revenue.

(d) Income from the sale, lease, or rental of, granting rights to, or a fee for access to a recreational opportunity, product, or commodity derived from real or personal property acquired, managed, maintained, or produced by using license revenue.

Potential as Match

- Significant potential for use as match
  - Program income could be treated as cost share
  - License $ can be used as match
- Confirm there is not a Federal nexus on the carbon program

Example: Delayed Harvest

- A NFE receives payments from a carbon program for generating carbon benefits (emissions reductions) through delayed timber harvest.
- Every year, the carbon program surveys timber on NFE-owned lands (purchased with both Wildlife Restoration funds and state hunting and fishing license revenue) and offers a dollar amount to the NFE for delaying harvest of that timber for one year.
- Timber harvest and the delaying of timber harvest are both routine activities on NFE-owned lands. The NFE has an open Wildlife Restoration award that funds timber harvest

Example: Mine Reclamation

- The NFE holds title to un-reclaimed/abandoned mine lands purchased with both Wildlife Restoration and hunting and fishing license revenue.
- She State Department of Reclamation is providing significant funding for the restoration, this property will undergo extensive restoration, including native tree and grass plantings. These activities will assist in meeting fish and wildlife management goals that have long been identified for the property.
- A carbon program has offered to purchase carbon credits that result from the biomass planting and other restoration activities; the activities would take place over an extended time frame, and payments would be spread out accordingly.

Questions?

Resources on the FA Wiki:

https://fawiki.fws.gov/x/AwBJEw

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