

MINISTRY OF AGRICULTURE AND FORESTRY (MAF)

MAF POLICY

REQUEST FOR PROPOSAL

MAF-POL/CP04 CARB-MARKETS-01

RFP	MAF-POL/CP04 CARB-MARKETS-01
TITLE	VOLUNTARY CARBON MARKET OPPORTUNITIES – SOIL CARBON MANAGEMENT IN NEW ZEALAND
ISSUE DATE	20 December 2007

REQUEST FOR PROPOSAL

RESEARCH TOPIC

VOLUNTARY CARBON MARKET OPPORTUNITIES – SOIL CARBON MANAGEMENT IN NEW ZEALAND

1. Purpose

- 1.1. **To develop a cost-effective and practical system that allows those undertaking cropland management and grazing land management activities to estimate/measure soil carbon changes on their land and sell voluntary carbon market offsets.**

2. Context

- 2.1. The Sustainable Land Management and Climate Change Plan of Action¹ includes a Government-Primary Sector partnership focused on assisting land-based primary sectors to capitalise on the business opportunities arising from climate change.
- 2.2. Moving from a high-emission to a low-emission economy is as much about positioning New Zealand for longer-term economic growth as it is about meeting our international climate change obligations. New Zealand's agricultural and forestry industries will need to adapt to changing markets and capitalise on the resulting business opportunities.

3. Background

- 3.1. The Plan of Action will identify how New Zealand's land-based primary sector firms and industries can position themselves for longer-term economic growth and competitive advantage. One area where there may be new business opportunities is in the voluntary carbon market.

¹ <http://www.maf.govt.nz/climatechange/sustainable-land-management-poa/>

- 3.2. Voluntary and compliance carbon markets are rapidly evolving around the world. The voluntary carbon market is where individuals or businesses offset greenhouse gas emissions without any legislated requirement to do so. In New Zealand a number of recently announced initiatives² will facilitate the trading of voluntary carbon market units.
- 3.3. In the USA the Chicago Carbon Exchange currently sells units generated from rangeland soil carbon management and agricultural soil carbon activities.³ In Western Australia a group has announced the soil carbon accreditation scheme.
- 3.4. New Zealand chose not to elect any activities under Article 3.4 of the Kyoto Protocol⁴ for the first commitment period (2008-2012). Emissions and removals from activities such as cropland management and grazing land management therefore do not generate Kyoto carbon credits for New Zealand. There may, however, be opportunities for those undertaking activities such as cropland management and grazing land management to supply the voluntary carbon market with offset units.
- 3.5. The Ministry of Agriculture and Forestry has recently put out a Request for Proposal (Climate Change– ‘Plan of Action’ research programme 2007/08) on GETS (ref 20284) which included a topic entitled ‘Review of soil carbon status and mitigation options for New Zealand’: This review of soil carbon status and mitigation options should be able to assist in informing this research on voluntary carbon market opportunities from soil carbon management.
- 3.6. This research project seeks to expand on the issues and opportunities for New Zealand in the soil carbon (cropland management and grazing land management) area.

4. Research requirements

² http://www.regi.co.nz/regPublic/registry_mt_public.home <http://www.tz1market.com/>

³ <http://www.chicagoclimatex.com/content.jsf?id=23>

⁴ Article 3.4 of the Kyoto Protocol includes forest management, revegetation, cropland management and grazing land management.

- 4.1. **Introduction** - a goal of the sustainable land management and climate change plan of action is to position the sectors to take advantage of the economic opportunities arising from climate change. This includes carbon market opportunities.
- 4.2. **Aim** - this research will contribute to this goal by developing a cost-effective and practical system that allows those undertaking cropland management and grazing land management activities to estimate/measure soil carbon changes on their land and sell voluntary carbon market offsets.
- 4.3. **Outputs** - the research project will:

Part 1

- Identify and describe what carbon market opportunities (voluntary and compliance) have been created (or are in the process of being created) overseas in the soil carbon area;
- Identify, describe and compare the technical specifications/standards, carbon accounting methodologies, and the monitoring, reporting and verification requirements in each of the situations identified above;
- Identify lessons from overseas for implementation in New Zealand;

Part 2

- Design a soil carbon assessment system for New Zealand that allows those undertaking cropland management and grazing land management activities to estimate/measure soil carbon changes on their land and sell voluntary carbon market offsets. This system would include:
 - Technical specifications/standards, carbon accounting methodologies, guidelines and monitoring, reporting and verification requirements;
- System design considerations should include:
 - consistency with New Zealand's international reporting obligations under UNFCCC, and potential future international accounting such as under Article 3.4 of the Kyoto Protocol;
 - cost-effectiveness and practical feasibility ;
 - feedback from potential participants;
 - how the system could operate under the New Zealand Emissions Trading Scheme.
- Identify potential risks for the government and/or participants, including consideration of how these risks can be managed or minimised;

- Estimate the size of the voluntary carbon market opportunity from soil carbon management in New Zealand;
- Identify the barriers to the creation of voluntary carbon market opportunities from soil carbon in New Zealand and propose solutions for how these barriers can be managed or minimised; and
- Identify requirements for underpinning research, information and tools that would support individuals to secure soil carbon opportunities in the voluntary carbon market in New Zealand.

Outputs from *Part 1* are to be delivered by 30 June 2008.

Outputs from *Part 2* are to be delivered by 30 June 2009 with a draft by February 2009.