

PEATLAND CODE



Creating peatland restoration projects eligible for the Peatland Code

The Peatland Code

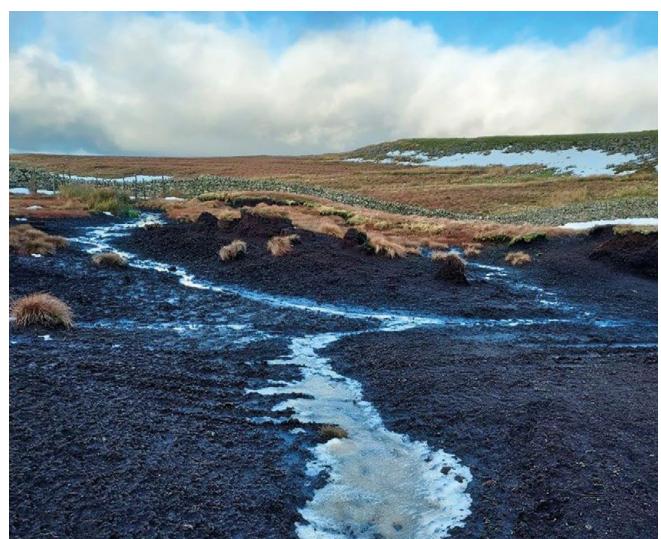
The Peatland Code provides a mechanism to support private finance for the restoration and long-term maintenance of damaged peatlands. The Peatland Code provides a standard for quantifying and verifying climate benefits from reductions in greenhouse gas emissions brought about by peatland restoration. Carbon markets can only provide funding for activity that demonstrates climate change benefits over and above business as usual.

"Each tonne of carbon dioxide equivalent emissions (CO₂e) reduced through peatland restoration is equal to one carbon unit"

The Peatland Code is the only UK Government-backed standard way to measure, validate and verify peatland carbon units in the UK.

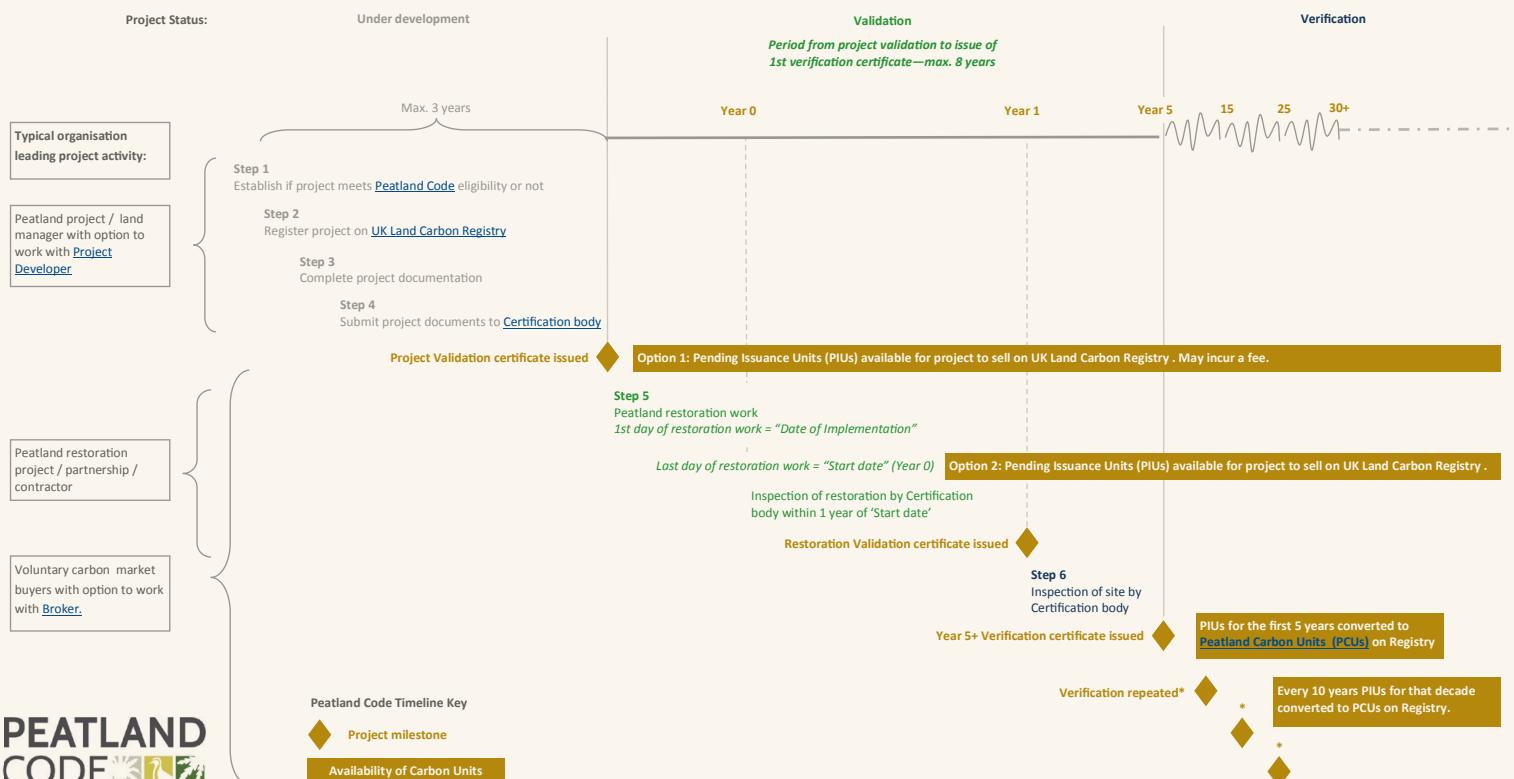
By using the Peatland Code, a landowner can receive private financial investment through the sale of carbon units (carbon finance). Money from the sale of carbon units does not replace existing finance mechanisms including public funding, philanthropic giving, or corporate social responsibility payments. Under the Peatland Code a project can be entirely funded through carbon finance or blended with public funding sources, including agriculture support. The amount of carbon finance needed will vary depending on the level of alternative funding available, the condition of the peatland, the type of restoration needed, and the long-term management requirements of the site.

A landowner can unlock carbon finance when needed throughout the project (payment schedules are not set by the Peatland Code). Options for landowners vary from selling units up-front as Pending Issuance Units (PIUs), to receive a lump sum once the project has been validated, to receiving periodic payments throughout the project as verified Peatland Carbon Units (PCUs). Finance products exist to help landowners who want to invest their own carbon finance in their projects, to retain the rights to the PCUs, and it may be possible to set up a benefit sharing contract where any profits realised on conversion from PIU to PCU are shared between brokers and landowners. PCUs typically attract a higher price than PIUs. PIUs are converted to PCUs after each verification and landowners can sell one type of carbon unit or a mix of both types at any point through the project.



Eroding peat can be re-vegetated to reduce carbon loss (© North Pennines AONB)

Timeline



Landowners can either sell these units directly to businesses or via an intermediary – usually a carbon broker. The landowner does not have to sell their carbon units and can choose to retain some or all for their own carbon balance accounting. Units can also be retained for selling later, for example when the carbon market price is most attractive.

Peatland Carbon Units can only be sold in the UK on the voluntary carbon market as opposed to the compliance market. This means that buyers are the category of businesses that are not obligated to reduce emissions.

The Peatland Code does not actively engage in sales. A project can sell carbon units directly to a business. Project developers (if employed) may help identify buyers or the project may wish to employ a broker to find a buyer. When selling Pending Issuance Units, a legal contract should be agreed between the seller and buyer, including, for example, any prescriptions on land management activities and what happens should unit verification fail. Project developers and brokers can be found here: <https://www.iucn-uk-peatlandprogramme.org/peatland-code/useful-contacts> please note this list may not be exhaustive.

Unit prices on the voluntary market are typically lower than those on the compliance market and fluctuate to reflect the willingness of buyers to pay for projects, with different projects attracting different buyers based on their scale, location, co-benefits (e.g., water quality, biodiversity, or specific species protection measures), and local community engagement opportunities. Indicative prices of Peatland Code carbon units are available on the FAQ section of the Peatland Code website.

The Peatland Code does not prescribe specific peatland restoration techniques or land management practices. However, projects need to demonstrate that the restoration works have been effective, that they have been maintained and the peatland is managed in a ‘restored’ condition for the duration of the contract. The minimum project duration is 30 years. This is assessed by independent auditors throughout the lifetime of a project and assures buyers of carbon units that their purchase will result in a climate benefit that is permanent (i.e., the greenhouse gas emissions reduction has happened), additional (i.e., the funded activity that resulted in a change to greenhouse gas emissions wouldn’t have happened without this finance and verifiable (i.e. it can be proven to have happened).

Eligibility Criteria

For carbon units to be sold as expected (PIUs) or actual (PCUs) greenhouse gas emission reductions because of peatland restoration, the peatland site and associated restoration project must meet eligibility criteria stated in full in the Peatland Code:

- Restoration of the site must not be legally or contractually required e.g. planning permission conditions requiring restoration.
- Restoration activities must not conflict with any other land management agreements.
- The Project must be additional i.e. the funded activity would not have taken place without carbon finance.

How to become a Peatland Code certified project

For a project to comply with the Peatland Code, it needs to go through the following steps before restoration starts on the ground:

1. Survey and map the peatland before restoration works start. Record peatland condition and peat depth across the site (see Peatland Code Field Protocol)
2. Calculate the potential carbon benefit of restoration using the Peatland Code Emissions Calculator
3. Establish a restoration and management plan detailing restoration techniques, long-term management plans, and stakeholder engagement (see Peatland Code for guidance)
4. Complete a Peatland Code Project Design Document (PDD) outlining how the project meets Peatland Code requirements
5. Complete the Peatland Code additionality calculator and risk assessment
6. Submit these documents to a Peatland Code approved independent Validation / Verification body for assessment (see Peatland Code website). This assessment will take a minimum of three months.
7. Once approved by an independent Validation/Verification body the ‘Peatland Code Project Validation’ is awarded. At this stage Pending Issuance Units (PIUs) can be issued based on the estimated emissions reductions that the restoration is expected to achieve. These can be sold to release capital funding or be retained by the project.
8. Within one year of finishing the restoration activities detailed in the Project Design Document an independent Validation / Verification body validates the restoration work on site. This validation of the restoration activity will check if the project has delivered the planned works to a good standard and adjust the expected emission reductions if necessary. A ‘Restoration Validation’ certificate is awarded stating the amount of expected emission reductions and the corresponding number of Pending Issuance Units (PIUs). If Pending Issuance Units were issued before restoration commenced these can be adjusted according to the Restoration Validation certificate.

- A site must be an eligible peatland type (see Peatland Code for all eligible peatland types).

9. After restoration works periodic verification is required by the Validation / Verification body to ensure that the emission reductions have occurred and that the site condition is maintained. At each periodic review an appropriate proportion of PIUs are verified to Peatland Carbon Units (PCU) indicating that these emission reductions have taken place. If the condition of the site has changed such that it moves to the next peatland condition category within the lifetime of the Peatland Code project more carbon units can be issued and verified.
10. Pending Issuance Units and Peatland Carbon Units are listed on the UK Land Carbon Registry and can be sold at any point.

The Peatland Code has a risk buffer, in which every project allocates 15% of their PIUs at the start of the project. This provides a buffer to be drawn up on if restoration activities are unable to deliver the expected climate benefit due to no fault of land manager, e.g. a wildfire. In this eventuality projects must take all reasonable steps to ensure the project continues on track and the shortfall in carbon units are compensated for.



Associated costs

There are costs associated with each validation and verification in years 0, 1, 5 and every 10 years thereafter for the duration of the project. Validation and verification costs may be a set price or dependant on area. Costs are defined by the independent bodies.

In addition, project developers and carbon brokers will generally charge a fee or commission but may balance this by offering help with administration or validation fees in return. Fees for consultants, consents, surveys, or checks are eligible for inclusion in the project costs, provided they are essential for the project to proceed.

Related publications:

Unlocking private finance for peatland restoration – the Peatland Code
Buying carbon units from peatland restoration

PEATLAND CODE



www.iucn-uk-peatlandprogramme.org

The Peatland Code is issued by the IUCN UK National Committee and is managed on its behalf by an Executive Board facilitated by IUCN UK Peatland Programme staff.

The IUCN UK Peatland Programme exists to promote peatland restoration in the UK and advocates the multiple benefits of peatlands through partnerships, strong science, sound policy and effective practice.

This publication has been developed by the IUCN UK Peatland Programme in collaboration with, and funded by, the partners in the Pennine PeatLIFE project, in support of the Peatland Code - helping to unlock private finance to scale-up peatland conservation in the UK.

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Pennine PeatLIFE

Pennine PeatLIFE delivery partners



Pennine PeatLIFE is funded by

