

# Retaining Canada's Grasslands Using Carbon Offset Markets

## Pilot Project FAQ

Although Canadian grasslands are well known as large carbon sinks, ranchers and forage producers who manage grasslands are not normally rewarded for sequestering carbon. In many cases landowners are challenged to conserve these rangelands when farming commodities or development are more economical and less risky than raising livestock.

The Canada Grassland Projects carbon offset protocol enables the generation of carbon credits for carbon stored by conserved grasslands in Canada. A similar program is gaining significant uptake in the US. We are now seeking landowners to help with testing the protocol and its implementation in Canada.

To be eligible to sell carbon credits at the end of the pilot project, landowners must put in place a qualifying land conservation agreement that prevents the conversion of existing grassland (for example, easement, covenant, agreement or servitude to be placed on title, or a carbon-specific agreement which we will investigate during the pilot). The criteria for the agreement will be negotiated during the pilot project as a learning exercise for all parties, but ultimately it will be the landowner's decision and there is no obligation to sign.

The term-length of this agreement will be negotiated with the purchaser; agreements of 130 years or longer will generate the full amount of credits available; shorter terms will generate proportionately fewer. The agreement can be put on any parcel(s) of land meeting the eligibility criteria outlined below; agreements do not need to cover entire operations or continuous parcels.

The sale price of credits will be subject to market dynamics, government policy, land-based suitability, and negotiation with private-sector buyers. Depending on the type of market in which credits are generated, the expected range could fall between \$4 to \$25/tonne of carbon sequestered, which equates to approximately \$4 to \$25 per hectare per year. Unfortunately, we cannot provide specific numbers until credits have been developed. Regardless of the initial prices, many expect the sale price of carbon offsets to increase in the coming years.

The protocol will initially be tested with several landowners for a period of two years to assess options for its implementation and ensure it is practical and viable for landowners to participate. Participants will be encouraged to work closely with the team to explore whether and how carbon offsets could be generated for grassland conservation on their land. Participating landowners will learn about the opportunity alongside the rest of the project partners and will be encouraged to provide input into future development. There is no obligation to proceed with the carbon project.

Here are the responses to some commonly asked questions:

### What is the opportunity for landowners?

- Carbon offset protocols exist already in some jurisdictions to recognize the climate benefits associated with avoiding soil tillage or changing livestock feed to reduce GHG emissions produced through digestion.
- This is a new protocol that recognizes the significant contributions made by the agricultural community when they choose to retain grasslands at risk of conversion to other land uses that significantly disturb the soil.
- Farmers and ranchers care deeply about stewardship of the land and have an opportunity to support conservation aims and climate solutions through their involvement in this initiative.

### What is the project value?

- Grasslands are the most endangered ecosystem in Canada and remain under pressure from development and conversion to other land uses. Although it's early days, the initiative could play an important role in protecting grasslands at scale across Canada by compensating landowners for continued responsible management as opposed to conversion of the land.
- Grasslands act as a "carbon sink" by sequestering CO<sub>2</sub> in soil organic matter.
- Grasslands and grazing lands help us manage water by acting as a "sink" to help mitigate flooding and drought, and by providing natural filtration that improves water quality.
- Grasslands are part of the mosaic of associated ecosystems on the landscape, including wetlands, riparian and forested areas, supporting biodiversity and providing critical habitat for prairie species.

### What do you hope to learn?

- The project partners will test and help to refine the Canadian Grasslands Projects Protocol, and inform government regulators on how they could develop a similar protocol for compliance carbon markets.
- The pilot project will help identify eligibility requirements, value propositions and land conservation agreement models for land owners.
- Lower cost remote sensing tools will be tested to streamline various monitoring requirements which can complement third-party verification of carbon projects.

### What are the critical requirements?

- The aim of the pilot is to ensure these requirements are practical and feasible for landowners to meet with minimal effort.
- Land has remained grassland for at least 10 years.
- Land must be physically and legally suitable crop cultivation, and at risk of conversion. A land appraisal to estimate real market value of the land as grassland and cropland is required to prove financial pressure for conversion. Full or partial costs of this appraisal will be covered by the pilot.
- Less than 10% of the land is forested. Forested areas over the 10% threshold can be removed.
- If grazing occurs, livestock cannot be managed in a confined feeding area, though intensive rotational grazing is acceptable if plant/soil health is maintained.
- Grassland should be maintained to a reasonable rangeland health as far as possible.

### Will I be restricted on how I manage the land?

- Land can be used for grazing and haying but must not be intentionally overgrazed. Impacts from wildlife and drought are not considered 'overgrazing'.
- If grazing occurs there must be no cultivation that incurs breaking ground or significant eradication of vegetation. Minimal tillage for weed control or reseeding/pasture rejuvenation will be considered on an individual basis.
- Land can consist of multiple discrete parcels, with areas set aside for future development or cultivation as required.

### If you participate, we'll work with you to:

- Discover any barriers to participation and work to resolve them.
- Estimate the carbon credit generation rate for your project, and potential financial benefit.
- Develop a plan to implement the carbon project efficiently with appropriate partners so you can start generating carbon credits from your conserved grassland.

### Questions?

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## Pilot Project Partners

