

Payments for Ecosystems practitioners group

Friday 11 th February 2015 at 10:00am	Welsh Government Office - Aberystwyth
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1. Welcome – Ann Humble

Ann welcomed everyone for attending the second group meeting, and gave a brief introduction about why the meeting had been called.

2. Attendees

As listed at Annex A

3. Sustainable Management Scheme (SMS) – Gareth Davies(Welsh Government)

- A new scheme under the RDP 2014-2020 under measure 16 (Environment & climate change).
- A joined up approach managing natural resources in a sustainable way.
- SMS applicants need to think broadly & consider priorities.
- Phasing is possible for projects.
- Eligible activities-can fund the cost of bringing groups together-see presentation for full details.
- PES schemes are often taken on due to corporate responsibility to decrease greenhouse gas emissions & low carbon economy.
- Ineligible activities- see presentation for details.
- Application selection process -2 stage process expression of interest & then full application. See presentation for details.
- Score is weighted-see presentation.
- Applications should be as broad as possible.
- Applicants should avoid working in “silos”.
- Work at right scale on landscape or catchment basis.
- Monitoring & evaluation to determine the best location for project.

Questions from the PES practitioners group

Paul Sinnadurai: Expression of interest competitive process. Referred to RDP website. SMS budget is £5M and questioned the number of projects this will fund ?

Ann Humble: 30 projects is an indication only. An outline of the proposed project may be adequate.

Simon Evans: No mention of soils ?

Gareth Davies: Yes, in priorities refer to Woodland Code and Peatland Code.

Arfon Williams (RSPB)- SMS overlap with other projects-how would this be dealt with ?

Ann Humble: WG will manage this. Overlaps will not be the responsibility of partnerships.

Gareth Davies- Welsh Government would look for opportunities for groups to work together collaboratively.

Clifton Bain: Can SMS be matched with other EU funding?

Match funding with LIFE + would be acceptable however not with former scheme LIFE. Welsh Government are not keen on EU match funding with existing EU match funded projects.

Sarah Green : X-checking & overlaps with Glastir?

Ann Humble : Yes, overlapping with Glastir is possible .SMS are not allowed to make direct payments to farmers but there is still a risk of dual funding. Cross checking process is being looked at.

Paul Sinnadurai: Possible dual funding issues on common land & who can apply ?

Ann Humble: Grazing association is counted as 3rd party –therefore not considered to be paying farmers directly-therefore they can apply.

Silas Jones: Can SMS pay for materials/capital items?

Gareth Davies: Yes. Project cost is different to labour cost-classed as “in kind”

See Presentation from Gareth Davies

4.Paul Smith -Programme Manager Local Energy, Energy Saving Trust.Presentation on the Welsh Government Local Energy Service.

Energy Saving Trust work with local, national & government businesses to save energy.

Ynni'r Fro- 8 schemes with 1.2 MW capacity generating –see presentation for detail.

All change:

- Feed in tariff changed
- Tax relief on share offers withdrawn (November 2015)
- Lower financial returns
- More difficult funding environment.

Local energy service- helps social enterprise & SMEs develop their own renewable schemes. See presentation for further detail.

Website- Partnership portal is about to go live. Interested parties can get in contact through this & register an expression of interest through the portal. See presentation for further detail.

Renewable energy sector is in flux currently.

Example: Abergwaun community turbine Half of funding came from community loans. Grid capacity issue ?

Access to funds for commercial investors will become more difficult in the future.

See Presentation from Paul Smith

Questions from the PES practitioners group

Steven Bradley: Grid connection/planning barriers. How do you tackle this?

Paul Smith: Managing expectations. Lots of work going on behind the scenes to remove barriers. Local planning officers are being trained.

Fran Moore: What's the difference between England and Wales?

Paul Smith: Scheme is only available in Wales.

5. Mike Image (Consultant –Environment, Policy & Economics -ADAS)-PES and agri environment schemes: can they be integrated and deliver better value for money ?

Agri environment schemes are PES schemes.

PES & agri environment –more integrated in the future-see presentation for further detail.

Reverse auctions v. fixed-see presentation for detail.

- Reverse auctions-bidders are selling the service-similar to public sector tendering.
- Bidder are more honest ? Closer to scheme costs .
- Farms modelling in simulation for benefit outcome.
- 1 model-sealed bid from farmers

- Fixed price method-based on medium cost of farms in simulation.
- Fixed price = fixed & sealed bid model pays what the farmers bid.
See presentation for further detail.
- More funding available under reverse auction than fixed price method ?
- Reverse auction-need to be sure of costs before proceeding.
- Feedback important for reverse auctions (for landowners/farmers).
- Guide price useful in 1st year

Reverse auction farmer workshop

- Encourages farmers to go for more difficult options
- Wait until farmers fully understand the scheme-prices, opportunities to “bundle”, long term income stream.

PES intergration:

- Saving costs-efficiencies
- More choice for public & private funders
- Co-ordinated but separate public/private schemes
- Joint admin ?
- Joint public /private purchasing?

See presentation for further details

Barriers

What applies to public sector does not necessarily apply to private sector-therefore this rules out joint purchasing.

See presentation for further detail.

Co-ordinated approach –separate public & private schemes is the way forward.

Integration of public & private schemes is too difficult.

See Presentation from Mike Image

Action point-Nia J-J to resend report from DEFRA website to the PES practitioners group

Questions from the PES practitioners group

Arfon Williams: Stumbling blocks on legislation-need income forgone.

Ann Humble: Model in Pembrokeshire. Funding for farmers is private but they like that government was involved but not directly funding.

Bill Macdonald –We should not be over compensating people? Income forgone not built into SMS.

Ann Humble-Point of PES is to compensate farmers?

Paul Sinnadurai- PES payments by results?

Mike Image- Not entirely but nearly there. Not payment by result-bids are scored for funding.

Rachel Lewis: Its all about bringing people together.

Paul Sinnadurai : Cost efficiency out of the scheme. Collaboration is more about the 2 parties talking together.

Rob McCall: Re modelling-what about the neighbour next door ?

Paul Sinnadurai: Modelling does not take neighbours into consideration

6.Clifton Bain-Peatland Code

Support is given by the Peatland code for sustainable management.

Peat bogs absorb 1 ton/ha of Co2 per year.-see presentation for further detail.

Paying to not damage peatland will have a huge benefit in preventing carbon release.

Peatland as a direct offset is in early stages.

There would be a direct cost to business if we do not deal with climate change issues now.

Value of peatlands- 10 million tonnes of Co2 has been lost from the past 10 years damage to peatlands.

Avoiding cost to society by carbon/peatland management

Peat bog damage causes carbon release.

Cost of not taking action ? Effect on species & water,

Early action prevents bigger costs later on.

7 tonnes of CO2 per ha per year on average saved by peat bogs.-See presentation for further details.

£1000-£3000 per ha on average to repair peat bogs.

Market price £4- £5 per ton currently.

Carbon offset for peatland currently unavailable-not officially credited yet.

Projects need to be ready to go & tested against the code.-see presentation for further detail.

The Peatland code has a better funding guarantee than agri environment schemes such as Glastir advanced. The Peatland code has an ongoing income.

Jillian Hoy is the technical advisor for the Peatland code-see presentation for contact details.

See Presentation from Clifton Bain

Questions & discussions from the PES practitioners group

Dr Steven Marsh Smith: Funding for PES from WG & water companies rather than carbon ?

Clifton Bain: Agri-environment is one way but has lots of rules. In Scotland agri-envi grant is successful. Invest in society to protect.

Ann Humble: Capital works- If government have already invested, then why should I ?

Clifton Bain: Some private sectors will pay for capital works.

Kate Snow: 20m invested already. Peatland restoration is there a cost benefit? Restoration works for SSSIs, biodiversity, but no cost benefit for water companies ?

Clifton Bain: Yorkshire Water interested, it's in their financial interest.

Mike Image: Is there a minimum scale for Peatland restoration ?

Clifton Bain: Must try & lump projects together for blocking ditches. Could restore peatland bit by bit 100ha at a time & put them together.

Steven Prior: Peatland restoration needs to be long term ? Need assurance that restoration will not be reversed in the long term future. Woodland creation, by law landowners must sign a contract to grow & create woodland.

Clifton Bain: 30 year agreement. Must prove it won't reverse the damage after 30/100/300 years. Can be attractive for a regular income. Legal commitment is on the land not with the owner. Damaged bog -clear incentive to repair. Existing good quality bogs not much incentive to maintain in good condition.

Arfon Williams: What about blanket bogs already restored ?

Clifton Bain : Not if it has been restored since 1990.

Key message: Do not start restoration until you have a buyer. Take what's available now if money is available.

Paul Sinnadurai: Is a phased approach an option ?

Clifton Bain: Yes- depending on area & additional work impact/ ongoing activity.

May not be money available in future for restoration work.?

Not paid for additional savings as a result of grip blocking ?

There is a need for good quality advisory bodies for restoration work on Peatlands Brokers are emerging. Advisors e.g. Savilles are building up their expertise. Training & support given to partnership bodies.

Simon Evans: What about afforested deep peat ? Is there an incentive to re-afforest ?

Clifton Bain: Restocking (tree planting) on peatland would not be prevented. Peatland code could be an incentive? Forestry policy will not replant on peat but will provide a restocking grant. What is the carbon benefit from removing trees from peat ?

Bill Macdonald: No active woodland schemes currently in Wales to replant other than for areas affected by Phyramorum (except past agreements). New Minister may change this. There are no incentives to change land use.

Ann Humble : Date of next PES practitioners meeting ? Call a meeting when have points of discussion.

Best practice workshop once PES projects are up & running ?

Round table of attendees & why they are here.

Clifton Bain: INCN conference is in Shrewsbury in November, check website for details.

End of meeting.

Annex A - Attendees	
Bill Macdonald	Welsh Government
Paul Renfro	Pembrokeshire Coastal Forum
Simon Neale	NRW
Alun Davies	NRW
Elizabeth Felton	NRW
Tristan Rutherford	Welsh Government
Keri Davies	Farmer
Fran Moore	Black & Vetch
Alistair Sibley	Welsh Government
Paul Smith	Energy Saving Trust
Kate Snow	UU plc water company
Dai Harris	Welsh Government
Phillipa Person	DC/WW
Angus Middleton	Landmark
Becky Jones	ADAS
Nia Jackson-Jones	Welsh Government
Ann Humble	Welsh Government
Gareth Davies	Coed Cymru
Lili Peachy	AECOM
Lynfa Davies	Farming Connect
Rob McCall	NRW
Bleddyn Jones	Welsh Government
Bethan Webber	Welsh Government
Sarah Green	National Trust
Arfon Williams	RSPB
Paul Sinnadurai	Brecon Beacons National Park
Gareth Davies	Welsh Government
Stephen Marsh-Smith	Wye Usk Foundation
Ieuan Joyce	CMF
Stephen Prior	Forest Carbon
Simon Evans	Wye Usk Foundation
Silas Jones	Cadwyn Clwyd
Mike Image	Consultant- Environment, Policy & Economics
Chris Sherrington	Eunomia
Clifton Bain	IUCN
Steven Bradley	Planed
Gwyn Rowlands	Cadwyn Clwyd
Ged Davies	NRW
Leon Baruah	Landmark
Rachel Lewis Davies	NFU