



Carbon Project Opportunity Proposal

Landholder: [REDACTED]

Property: [REDACTED]

Address: [REDACTED]

Date: [REDACTED]

EXAMPLE

About Greening Australia

Greening Australia is an environmental enterprise that thinks big to tackle the challenges facing Australia's unique and diverse landscapes in ways that work for communities, economies and nature. Greening Australia have been conserving and restoring Australia's landscapes since 1982. At Greening Australia, we work to solve bold and complex environmental problems through conservation on a massive scale, with programs and projects covering millions of hectares of land and protecting hundreds of native species.

About Canopy

Canopy, a wholly owned subsidiary company of Greening Australia, was established in 2016 to develop carbon credits from Greening Australia's reforestation programs and is now one of the largest producers of carbon credits in Australia under the Environmental Planting method. Canopy trades carbon credits to return value back to landholders for tree planting on their land.

Canopy operates under an Australian Financial Services Licence through a corporate authorised representative agreement (AR 001280752) with Balmedie Financial Pty Ltd (ABN 81 159 803 415; AFSL 434899).



Canopy is a signatory to the Carbon Market Institute's (CMI's) Carbon Industry Code of Conduct which means that we (and Greening Australia) are obligated under the code to work with landholders in an open, transparent manner and according to best practice.

Contact

Name: Bryan Devine

Number: 0456 724 171

Email: bdevine@greeningaustralia.org.au

Disclaimer

This document should not be taken in isolation. It is provided after an exchange of information between Canopy, Greening Australia and [REDACTED] and should be read in conjunction with other previously supplied information including the 'Frequently Asked Questions for Potential Carbon Forest Landholders' which provides information on some of the technical terminology used below.

This document is intended to provide indicative project information for an environmental planting carbon project and the associated assumptions underlying those outcomes. It is expected that some of these assumptions will be refined and will change in the process of further scoping the project and negotiating a contract between parties. It provides indicative information only and should not be used in substitute of appropriate legal or financial advice. We recommend you seek external advice before acting upon the content of this document.

This information is not intended to be an offer.

Proposed Environmental Planting Project

This proposal has been prepared by Canopy for the purposes of assisting [redacted] to assess the potential of an Emission Reduction Fund (ERF) Environmental planting carbon project across their landholding, [redacted]. **The information presented below is a proposal, Canopy and Greening Australia are open to discuss your financial and non-financial objectives to see if we can meet your expectations.**

This document is part of the process that Greening Australia and Canopy implement to determine if a project is eligible and viable on your property. To date, we have completed a desktop assessment and site visit:



Table 1. Project Economics

Total project costs	\$ [redacted]
Total project credits	27,585 ACCUs
Proposed share to you	65% - 17,930 ACCUs
Estimated return to you	\$ [redacted]
Credits to Canopy	9,655 - ACCUs

Proposed Credit Share

The proposed **65% credit share** allows Canopy and Greening Australia to move ahead with project implementation under current market conditions, providing upfront capital investment is secured. A schedule of different credit share scenarios is presented below. Higher shares than the proposed 65% may mean the project cannot be implemented in current market conditions and may only be registered at a future date. We are always open to negotiating a share which you believe reflects the return you need from the project.

Potential Project Contributions

All costs of the project are covered by Canopy and Greening Australia and no payments are required by you. Also, we are the only ones accountable to the Clean Energy Regulator so if the project fails you are not liable to hand back any credits or money you have received. That is a risk borne by Greening Australia and Canopy.

There are some maintenance activities which we typically request landholders to undertake when a carbon project operates on your land. These may include controlling weeds and pests as required by law, maintaining fire breaks, maintaining fences in stockproof condition, keeping an eye on the plantings and informing us of any threats to the planting. You may also want to be involved in other aspects of the project which landholders do not ordinarily undertake, such as planting, fencing or ripping.

Ultimately the activities you do is determined based on your willingness and capacity to do them. You can decline to do any activities. This may be a factor in the share of credits which can be offered for the project.

Assessment Approach

For a project to create carbon credits under the ERF, it must meet a series of eligibility criteria. This report sets out the findings of a desktop assessment and site visit of your property against the Environmental Planting method's key eligibility requirements¹. The major criteria this project was assessed against were:

- The likelihood to establish permanent native forests through planting of seedlings and/or seeds,
- The local native vegetation is a forest type vegetation (not naturally a grassland or shrubland),
- The potential planting area has not been covered by trees for at least 5 years,

The assessment also uses the carbon yield estimates derived from the Australian Government's Full Carbon Accounting Model (FullCAM) tool over a 25-year crediting period.

Further eligibility checks under the ERF legislation would be required as part of the next stage of assessment, in addition to more detailed planting design, which may change the outcomes of these preliminary findings.

Table 2. Site Assessment Outcomes

Plantable area		100 ha		
Target tree and shrub density		800 stems per ha		
Total trees and shrubs		80,000 stems		
Parameter	Block Planting	Linear Planting	Outcome	Comments
Average Carbon Yield	321 ACCUs per ha	441 ACCUs per ha	367,8 ACCUs per ha	ACCUs per ha over a 25-year crediting period
Estimated Plantable Area for Carbon	61 ha	39 ha	100 ha	Estimated as plantable for a carbon project. Baseline forest cover and remnant vegetation, where reasonably identified, have been excluded.
Discount percentage applied (25 yr permanence period)	25%	25%	25%	Discount applied for a 25-year permanence period
Total ACCUs (25 yr permanence period)	14,686 ACCUs	12,899 ACCUs	27,585 ACCUs	For a 25-year crediting period

¹ Department of the Environment and Energy, *Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings—FullCAM) Methodology Determination 2014*, <https://www.legislation.gov.au/Series/F2014L01212>



Assumptions and Risks

The ACCUs and financial information in this document is supplied in order to provide estimated returns only. These estimates are based on a number of key assumptions, which, if they vary, may alter the financial returns of the project. Key assumptions include:

- Project commencing in 2023
- Permanence Period of 25 years
- Planted area of **100 hectares**. A 10% discount has been applied to the eligible planting area to account for changes in the planting designs and additional areas which have existing trees or remnant vegetation and have not been excluded to date. The planting area can be affected by the amount of land that you choose to utilise for the project, the extent of fire breaks, tracks, other areas that cannot be planted, plus additional eligibility requirements that may arise.
- 100% revegetation success across the project site. Planting survival can vary depending on prevailing environmental conditions, but also be affected by a disturbance event, such as fire, flood, weeds and pests and the project's ability to successfully mitigate the impact of these events.
- No significant damage or decline in established vegetation during the life of the project,
- Carbon credit yield of approximately **367.8 ACCUs per hectare** (before permanence period discounting). Note a 25-year permanence period incurs a 25% discount. ACCUs can be affected by changes to where the planting is located, its design and the extent. It may also be affected by the Australian Government's FullCAM model which estimates the amount of carbon sequestered by the trees, which may increase, decrease or remain unchanged over time.
- Carbon credits sold on the open market. Note, that price is largely out of the control of Canopy and is subject to market forces. We will strive to achieve the highest prices possible. The price of credits can vary due to market supply/demand fluctuations. The **ACCU price today is \$35** according to Jarden Australia Pty Limited (ACN 608 611 687, Australian Financial Services Licence 485351) at www.accus.com.au.
- Table 3 presents the future value of your ACCUs produced at those prices for different credit share scenarios.

Table 3. Future value of project ACCUs produced at a \$35 credit share agreement and 60, 65, 70 percent shares

Year	Project ACCUs	60% Credit Share 16,551 ACCUs		65% Credit Share 17,930 ACCUs		70% Credit Share 19,310 ACCUs	
		Per Hectare	Total Area	Per Hectare	Total Area	Per Hectare	Total Area
2024	221	\$	\$	\$	\$	\$	\$
2025	692	\$	\$	\$	\$	\$	\$
2026	1359	\$	\$	\$	\$	\$	\$
2027	1728	\$	\$	\$	\$	\$	\$
2028	1845	\$	\$	\$	\$	\$	\$
2029	1856	\$	\$	\$	\$	\$	\$
2030	1791	\$	\$	\$	\$	\$	\$
2031	1662	\$	\$	\$	\$	\$	\$
2032	1597	\$	\$	\$	\$	\$	\$
2033	1476	\$	\$	\$	\$	\$	\$
2034	1360	\$	\$	\$	\$	\$	\$
2035	1313	\$	\$	\$	\$	\$	\$
2036	1206	\$	\$	\$	\$	\$	\$
2037	1104	\$	\$	\$	\$	\$	\$
2038	1069	\$	\$	\$	\$	\$	\$
2039	974	\$	\$	\$	\$	\$	\$
2040	882	\$	\$	\$	\$	\$	\$
2041	855	\$	\$	\$	\$	\$	\$
2042	768	\$	\$	\$	\$	\$	\$
2043	746	\$	\$	\$	\$	\$	\$
2044	726	\$	\$	\$	\$	\$	\$
2045	644	\$	\$	\$	\$	\$	\$
2046	627	\$	\$	\$	\$	\$	\$
2047	548	\$	\$	\$	\$	\$	\$
2048	534	\$	\$	\$	\$	\$	\$
TOTAL over 25 years		\$	\$	\$	\$	\$	\$
Average / annum over 25 years		\$	\$	\$	\$	\$	\$
Production Costs (\$/ACCU)		\$		\$		\$	

Proposed Roles and Responsibilities

Proposed planting year (year 1): 2023

Project Activity		Timeframe
Greening Australia will:		
PROJECT PLANNING	Detailed design and implementation planning	Prior to Year 1
	Procurement	Prior to Year 1
SITE PREPARATION	Spot spraying	Year 1
	Pre-ripping	Year 1
	Pre-scalping	Year 1
PLANTING	Direct seeding and/or seedling planting	Year 1
MAINTENANCE	Undertake monitoring	Year 1,2 and 3
	Pest control	Year 1,2 and 3
	Weed control	Year 1
	Undertake infill planting (if required)	Year 2 and Year 3
The Landholder will:		
MAINTENANCE	Maintain fire breaks	Year 1 onwards
	Maintain fences in stockproof condition	Year 1 onwards
	Control of declared plants	Year 4 onwards
	Control pests that threaten the planting	Year 4 onwards
	Inform Canopy of any threats to the planting (e.g. stock grazing, fire, pests, weeds, disease).	Year 1 onwards

Next Steps

Project Contracting

Canopy will present you a PDA (Project Development Agreement) with the agreed credit share for your review and execution. This agreement includes terms and conditions of the carbon project, and it is to be signed by the property owner(s) as indicated in the property land title. The PDA is set out as follows:

- Standard terms and conditions
- Schedule 1 – Project Area: map of area on the property that will be planted on
- Schedule 2 – Project Plan: high level revegetation plan including species list project activities and responsibilities, plus a map of the planting area, including firebreaks and access tracks.

The PDA essentially transfers the legal right of the project from yourself to Canopy so that we can act as the Project Proponent and manage the project over the course of the crediting period.

Eligible Interest Holder Consent Checks

Canopy will identify eligible interest holders (including you as the landholder) and seek consent from them by signing the required [Eligible Interest Holder Consent Form](#). The number and type of eligible interest-holders will vary depending on the property's land tenure and associated interests. Typical eligible interest-holders to a property of land are (but not limited to):

- Bank (mortgage)
- Native Title Determinants
- State Minister (for crown or leasehold land).

Project Registration

Canopy will register the project under the ERF once the aggregation is complete. This involves the submission of all related project documentation associated with your property, including (but not limited to): land title(s), PDA, development approval requirements (if any), project planting maps and ACCU forecast.

Project Implementation

Once the project is registered and capital investment secured, Greening Australia will commence the project activities on the site including Site preparation, Revegetation, Planting maintenance and Monitoring.

Carbon Project Monitoring and Reporting

Canopy will be required to monitor the carbon plantings at specific intervals (known as reporting periods) to ensure the planting has successfully established. Monitoring will be followed by the submission of an Offsets Report to the ERF in order for the resulting ACCUs to be issued. There will be specific times an audit will be required. Following the issuance of ACCUs, Canopy will provide you with a summary of the project performance at your property including the volume of ACCUs issued.

Glossary

Term or abbreviation	Definition
ACCU	An Australian Carbon Credit Unit (ACCU) is the unit of carbon credit issued under the Emission Reduction Fund. An ACCU is a financial product under Australia's the <i>Corporations Act 2001</i> .
Carbon credit	A carbon credit represents 1 tonne of carbon dioxide equivalent (tCO ₂ -e) that is either sequestered from the atmosphere (stored) or prevented from being released (avoided) into the atmosphere, as a result of the carbon project.
Crediting period	The maximum duration for which a carbon project is able to be issued carbon credits. The crediting period for Environmental Planting projects is 25 years.
Carbon yield	The amount of carbon that can be stored in the plantings across the identified planting area in terms of ACCUs per hectare (ACCU/ha). Estimates are provided as a max, min and average yield value and discounted for risk reversal buffer and permanence obligations.
Disturbance event	An event that occurs either due to natural disturbance or an act of misconduct that creates a reversal of the carbon stored in the planting area.
Environmental planting	Establishing and maintaining a permanent native forest through the planting of seedlings and/or seed.
Environmental Planting method	The ERF method that stipulates the requirements for implementing an Environmental Planting carbon project.
ERF	Emission Reduction Fund (ERF) is a voluntary scheme that aims to provide incentives for landholders to adopt new practices and technologies to reduce greenhouse gas (GHG) (or carbon) emissions and issues ACCUs within Australia.
Estimated Plantable Area for Carbon	The area identified on a property to be planted for a carbon project that has been identified as having non-forest cover for at least 5 years and can host a forest system.
Forest cover	Land is defined as having forest cover if the vegetation on the land includes: <ul style="list-style-type: none"> (a) trees that are 2 metres or more in height; and (b) trees that provide crown cover of at least 20% of the land.
Planting geometry	The geometry of the planting and spacing that is allowable under the method: <ul style="list-style-type: none"> i) block planting - a homogenous area of planting across the planting area ii) linear planting - planting rows up to 40 m wide across the planting area with inter-row spacing of at least 40 m between planting rows.
Permanence period & discount	The duration of time in which a project is obligated to maintain the carbon stocks of the plantings in the project area. This may be 100 years or 25 years. For 100-year projects there is no discount. For a 25 year project the discount is 20%.
Risk Reversal buffer & discount	This serves as a form of inbuilt insurance for the ERF scheme. A 5% discount (reduction) is applied to the carbon credit amount of projects, in addition to the Permanence Period discount above.