

## **U.S. Natural Climate Solutions Accelerator**

**Round 2 Finalist:** Tierra Foundation

**Initiative:** Scaling Blue Carbon in Louisiana Phase II

**NCS Pathway:** Wetlands restoration and coastal resiliency

**Location:** Louisiana and the Gulf Coast, with an emphasis on the Mississippi River Delta

Wetland ecosystems sequester significant amounts of carbon compared to other ecosystems, while the loss of wetlands can release vast quantities of previously stored carbon into the atmosphere. “Scaling Blue Carbon in Louisiana Phase II” Project aims to prove that wetland restoration on both private and public lands is a financially viable climate mitigation tool with significant offset potential. Co-benefits include flood control, wildlife habitat restoration, improved water quality, climate resilience and adaptation. The Project will demonstrate that there is legitimate potential for widespread development of wetland carbon offset projects, and hence prove the ability to aggregate wetland projects to achieve financial economies of scale. The team plans to develop a blue carbon aggregation model, clear aggregation guidance, a public-private carbon finance model, guidance on financial regulations and restrictions for leveraging federal and state wetland restoration funding sources, and an implementation strategy in alignment with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) requirements. By leveraging lessons learned from developing the first wetland restoration carbon project and sharing recommendations and next steps, the team aims to address the most critical global barriers to large-scale aggregated wetland carbon projects.

**How it works:** This Project will build off of the Phase I study “Carbon Market Opportunities for Louisiana’s Coastal Wetlands” and the Luling Wetland Carbon and Nutrient Pilot Project (LWCNPP). The LWCNPP is a first-of-its-kind wetland restoration carbon and nutrient pilot project based in Louisiana and listed with the American Carbon Registry (ACR), which is anticipated to transact carbon and water quality credits in 2020. CORSA commits the international aviation industry to offsetting GHG growth from 2020, likely needing to mitigate ~2.5 billion tonnes of CO<sub>2</sub> between 2021 and 2035 (estimated to potentially generate ~\$40 Billion in revenue). To date, no wetlands projects have successfully transacted despite being an approved project type. LWCNPP aims to be the first wetland restoration project to transact carbon offsets globally. This transaction will demonstrate that there is legitimate potential for widespread development of wetland carbon offset projects and opens the door to significant demand for wetland carbon credits to help fund restoration and resiliency projects.

**Innovative Feature:** New public-private paradigms that leverage carbon finance with government restoration dollars, can help to offset the high cost of wetland restoration. A significant potential funding source for this initiative is aimed to be British Petroleum’s settlement among the five Gulf states where BP agreed to pay up to \$8.8 Billion for natural resource damages (\$5 Billion to Louisiana). Some portion of these funds, and other government restoration dollars, are believed to be eligible to leverage carbon finance towards wetlands restoration.

**Scaling/Replication:** The Project will enable scaling wetland carbon projects on private and public lands in the Mississippi River Delta and the Gulf Coast. Creating a wetlands aggregation model for eligible restoration techniques can help to fund wetland restoration globally by proving that wetlands are a viable climate mitigation sector and should be considered eligible in CORSA. Given the global scope of CORSA, the comprehensive guidance will incentivize the adoption of eligible wetland projects nationally and internationally. The guidance and next steps will likely have broader applicability to other project sectors, such as avoided conversion, grasslands, peatlands, and others. The initiative will provide guidance regarding what can be applied to other project types dependent on aggregation, and if there is enough shared that a common aggregation strategy for wetland and other project types can be developed.

**Carbon Sequestration:** The project plans to directly impact 4 million acres that show potential for improved wetland management within the greater 6 million acres of the Mississippi River Delta. The team estimates that 24 million acres could be impacted in the conterminous U.S., generating 300 million offsets over 30 years, potentially generating \$300 Million to almost \$1 Billion in gross revenue.