

## Questions and Answers

### Topic: Tender Process

#### **Why is the tender being run "first in, first served" and not a reverse auction?**

The tender process is being run as a reverse auction. It is a competitive process with the Biodiversity Conservation Trust (BCT) accepting the lowest price bid for credits.

The open Fixed Price Offers (FPO) process runs on a first in, first served basis. This is because credits are purchased for a fixed price and since there is no closing date, there is no basis on which the BCT can evaluate one application against another.

There are four delivery mechanisms used by the BCT to buy credits; 1) open fixed price offer, 2) credit tenders, 3) targeted fixed price offers, and 4) revolving fund. The BCT aims to use low effort mechanisms first, and then only apply the resource intensive mechanisms when they are required. The open FPO aims to provide a broad entry level mechanism, and it's likely to be the first point of call if a landowner wants to sell credits to the BCT.

Tenders are expected to be held approximately every nine months. This tender process is likely to capture participants who don't accept the BCT's offer price under the FPO. In this process participants submit competitive bids. The BCT will accept prices that are either above or below the open FPO price.

The open FPO applications runs continuously, so landowners can also submit applications under the FPO at the same time that a tender process is running. The BCT has discretion to consider both the FPO applications and the bids at the same time, and then will select the offers that provide the best value for money.

Targeted FPO are resource intensive, so they are used as a last resort if the BCT can't get the credits via other mechanisms.

#### **What needs to happen before Step 1 of the open FPO process? How do landholders start the process?**

The BCT's website contains [information on landholders wanting to participate in the biodiversity credit open fixed price offer](#). It provides some simple information to allow landholders to begin the process by identifying what Interim Biogeographic Regionalisation for Australia (IBRA) sub-region their property is located in. Next, the BCT recommends that landowners talk to an [Accredited Assessor](#) to get an understanding of the Plant Community Types (PCTs) that may be on their property. The assessor can use regional vegetation maps to provide an estimate and then this can be confirmed with onsite validation. Once a landholder has the IBRA sub-region and some likely PCTs, they can look at the wanted credit list to determine if there are any relevant credits within the landowner's IBRA sub-region that the BCT may be interested in buying. The final step is to engage an assessor to undertake a feasibility assessment and then the landowner is ready to apply for the open FPO process.

#### **How long will BCT take to consider submitted offers?**

The BCT aims to consider all applications within five working days. However, the BCT is currently experiencing a very high volume of applications. Please be patient if it does take longer to receive a response. The BCT will then respond with either an offer or with a request for additional information. The applicant then has five working days to consider the offer and respond to the BCT.

Applications for equivalence statements take a minimum of two weeks to process. However, the volume of these applications is also on the increase, so please be patient.

### Topic: Credits wanted for purchase by BCT

#### What credits are the BCT looking to purchase?

The [wanted credits list](#) has the credits the BCT are looking to purchase. The BCT is currently wanting to purchase about 4,500 ecosystem credits and 6,000 species credits. If you need further guidance in querying the wanted credits list there is a [user guide video](#) that steps you through the process on the [wanted credits list webpage](#).

#### What are the opportunities for Biodiversity Stewardship Agreements (BSAs) for landholders? Are any credits being sought in the far north coast of NSW?

Landholders are welcome to participate in the FPO and can secure the BCT as a committed purchaser of their credits before the credits have been created. The BCT are looking for wanted credits from a variety of Interim Biogeographic Regionalisation for Australia (IBRA) sub-regions within both NSW North Coast and South-East Queensland bio-regions. Interested parties are encouraged to look at the [wanted credits list](#) for their particular credit classes.

#### How does the BCT search for properties to purchase? (revolving fund)

There is a team within the BCT that is actively searching for properties to purchase. It searches for suitable properties that are being advertised or offered for sale. The properties the BCT are looking for are not just for the Biodiversity Offsets Scheme (BOS), but they are also looking for properties to purchase and covenant with conservation agreements, to then resell.

### Topic: Pricing

#### Can you purchase Cumberland Plain Woodland (CPW) credits at a fixed price?

The BCT are able to purchase CPW credits through the open FPO using the pricing approach described in the [presentation](#). There currently are not any CPW credits on the wanted credits list. While there are currently no listings for CPW credits on the wanted credits list, there are credit listings for PCT's 849 and 850 as non-Threatened Ecological Communities (non-TECs). These credits have been identified under the like-for-like rules from the obligation received for another non-TEC credit. The obligation is for a non-TEC in the same vegetation class, but for a PCT in a lower percent cleared class. Therefore, we would expect the price for credits of PCTs 849 and 850 to reflect the price of a non-TEC, (not CPW) and reflect the obligation payment received for a totally different PCT from a lower percent cleared class. It's important to be realistic about the price the BCT is able to offer. As in this example, there may be a number of reasons for the low price that might not necessarily be apparent.

#### What is the open fixed price that the BCT offers applicants for their credits based on? Is it based on the Spot Index price or on a case-by-case basis?

The open fixed prices are based on the developer payments that the BCT receives, which are set by the Biodiversity Offset Payment Calculator (BOP-C). It is not based on the spot price index, and it is offered on a case-by-case basis using a consistent pricing method. The

developer payment may not relate to the wanted credits class that you are interested in selling, but it may relate to a developer payment for a different credit class under the offset rules.

### **When will the price offered for other credits be publicly available?**

The wanted credits list does not publicly display prices. To obtain prices you need to apply to the BCT. The reason for this is that the price does vary according to the number of credits that you may be offering to sell, so the BCT cannot advertise a price. To receive a price offer you need to apply to the BCT.

### **Does offering more credits for sale increase or decrease the price offered per credit under the FPO?**

The number of credits offered can affect the credit price, although it is not as simple as more credits generating either a higher or lower price. Since the price of credits relates to the number of obligations that the BCT has received, the price will only vary in certain circumstances. For example, there may be an obligation for 100 credits for a particular credit class and, based on the price received on the obligation, the BCT will offer the same price for all 100 credits as it would for an applicant who offers to sell 20 credits or 40 credits. The price will only vary if the BCT needs to go to a broader pool of obligations to obtain the price. In that case the price offered may vary depending on the size of the obligations the BCT receives.

### **Will the prices from the FPO be published on the transactions register? Will they feed back into the BOPC?**

As is current practise, all transactions will be published on the public transactions register. Also as currently occurs, all registered transactions are available as inputs into the BOPC.

## **Topic: Wanted Credits list**

### **What percentage of the outstanding credit obligation is listed on the current credits wanted list?**

The [wanted credits list](#) contains all the BCT's outstanding credit obligations including all of the like-for-like credits associated with those obligations. The BCT has received about 10,500 credits as obligation related credits. Those 10,500 credits will be multiplied because the BCT are also seeking the like-for-like variations of those obligations across multiple sub-regions spread across different offset trading groups. Therefore, the number of credits listed on the wanted credit list will be far more than 10,500 credits.

### **Will we be notified when the Wanted Credits List is updated?**

The [wanted credits list](#) will be updated on the first Wednesday of every month beginning in February 2021. Watch this space for notification and more information when this takes place.

### **Can the BCT add a link to the SEED portal with IBRA sub-region layers loaded on the wanted credits list webpage?**

The BCT will consider including better mapping of Interim Biogeographic Regionalisation for Australia (IBRA) sub-regions in the future. In the meantime, the BCT have included a map where

landowners can identify the region that they are in and identify the IBRA subregion based on the location of the town centre in the IBRA subregion.

**The PowerBI tool goes straight to subregion, not bioregion. Can it have the bioregion added as a pre-filter?**

This will be considered in future updates of the [Wanted Credits List](#).

**Topic: Tender Selection**

**Will existing Stewardship Sites or landowners with current BSA applications be prioritised over those with a feasibility assessment?**

The BCT does not differentiate between existing credit owners or landholders proposing to create credits from a new site. All applicants are treated on an equal playing field.

The BCT acknowledges that in some cases they will be obtaining the credits almost instantaneously if they're existing credits, while for others we may be waiting up to a year to purchase the credits. However, the BCT want to be able to expand the supply of credits and want to have new landowners enter the scheme so they will be treating all landholders and existing credit owners on the same basis.

**Topic: Acceptance Process**

**During a sale, when is the credit price fixed between the seller and BCT? For example, what happens if the price changes after the first Wednesday in the month?**

The price is set at the time when the applicant accepts the price offered by the BCT. That is the point in time at which the price is set, and the BCT makes a commitment to purchase those credits at that price.

For proposed credits from new sites, the BCT will finalise the commitment to purchase once a business case is prepared to confirm that the credits will be created. The accepted offer price remains the sale price, irrespective of whether the price in the future goes up or down.

**Topic: Credit equivalence**

**Can Hollow-Bearing Trees (HBT)- Present credits be sold to satisfy obligation for HBT-Absent credits for the same PCT?**

Yes, the BCT will accept credits for Hollow-Bearing Tree- Present credits or Hollow-Bearing Tree -Absent credits to satisfy such credit requirements. However it is important to note is that the BCT have already factored that in to the [wanted credits list](#).

If the wanted credits list states that the BCT want to acquire 20 Hollow-Bearing Tree -Absent credits, it has already factored in that the BCT are prepared to accept Hollow-Bearing tree - Present credits to satisfy obligations for those absent credits. As is noted in the [participants guide](#), it is not possible to combine the two. If the BCT want 20 Hollow-Bearing tree -Present credits and 10 Hollow-Bearing tree -Absent credits, don't assume the BCT want 30 credits. It is related to the specific credit class of the credits that a landowner is offering.

**Topic: Species credits**

### **How are species credits for endangered populations dealt with? Is this covered by Table 2B?**

In terms of species credits, endangered populations are treated similarly to any other threatened species. Endangered populations are represented by the same species credit class. They will be displayed in either Table 2A under like-for-like offset rules or under Table 2B if variation rules have been applied to the obligation.

#### **Topic: Satisfying credit obligation**

### **In some instances, the BOPC price is below market price. If the BCT is unable to source credits with the money available, how will the credit obligation be satisfied?**

The BCT acknowledges that in some cases the funding available via the open FPO may be insufficient to purchase credits. In that case there are a number of options available to the BCT.

The BCT may continue to display the credits on the [Wanted Credits List](#) and wait until an offer is accepted. This could occur, for example, if prices change with the receipt of new obligations.

Another option is for the BCT to purchase credits through a tender. The BCT has additional discretion through the tender process. The decision to accept a bid price is made by the BCT board. The board can take into account a range of considerations including the BCT's financial situation and it may consider accepting a bid price greater than the price offered under the open FPO. This could occur, for example, if the BCT can release other obligations at a price below the price we sought the payment for.

If these options aren't suitable, the BCT can use the variation rules under the regulations. The BCT is required to undertake this process as a second priority after they have considered the like-for-like rules to acquit obligations. Under the variation rules the BCT can consider a broader range of credit classes to acquit obligations.

#### **Topic: Proposed BSA sites**

### **For landowners who have not established what credits they have. Must they sell all the credits that they have or can some be retained for their own liabilities**

There's no requirement for a landholder to sell all of their credits to the BCT. Both the BCT and the landowner will commit to a sale of credits up to an agreed maximum number. If the BSA site creates more credits than the agreed maximum sale number then the additional credits are retained by the landowner.

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