

# Guide to the Eighth Auction

**This short guide is only applicable to the eighth Woodland Carbon Guarantee (WCaG) auction to be held on 23<sup>rd</sup> to 29<sup>th</sup> September 2024.**

## Overview

Your application must be submitted to [wcaag@forestrycommission.gov.uk](mailto:wcaag@forestrycommission.gov.uk) by 23:59 on Friday 6th September 2024. Once your WCaG application has been accepted by the Forestry Commission (FC), you will be invited to participate in the online auction, which is used to agree the price at which your Woodland Carbon Units (WCUs) can be sold to the government.

The auction will operate on a simple single-shot, sealed bid process. You will therefore be asked to provide your best offer of the price that you require that will make your woodland creation project viable and worthwhile. Bids are in Pounds Sterling per Woodland Carbon Unit (£/tCO<sub>2</sub>).

- **Auction Categories:** A new category 'projects without grant support' has been created for the eighth auction, this is available for project developers who choose not to receive any grant funding from government to plant and maintain their new woodland. These projects will have a higher, but undisclosed, reserve price at auction compared to projects that will receive grant support.
- **Auction Budget:** The budget for the auction is £20 million split between the two auction categories with £18m allocated to projects without grant support and £2m allocated to projects that will receive government grant funding for planting, establishment, and maintenance (such as the England Woodland Creation Offer). If budget targets are not reached, the remaining budget is allocated to the next eligible bid in the remaining selection (below the reserve price and in either bid category) until the maximum of £20 million is reached.
- **Reserve Price:** In advance of the auction the FC will set a reserve price which is the maximum that it is willing to pay for each WCU. Each project category will have a separate reserve price. The reserve price for projects that receive grant support will be £30. The reserve price for projects without grant support is undisclosed.
- **Maximum WCUs:** In addition, the number of WCUs that the Forestry Commission is willing to buy will be limited to 90% of the total number that are entered into the auction at or below the reserve price. Removal of a maximum of the top 10% of WCUs by price will be applied separately to each category, projects without grant support and projects with grant support. A maximum of 10% of WCUs will be removed, allowing projects that straddle the 10% threshold to remain eligible in their entirety.

Prices may go up or down at successive auctions. The average successful bid price for WCUs to date is shown in table 1.

**Table 1 Summary of results**

	<b>Auction 1 (Feb 20)</b>	<b>Auction 2 (Jun 20)</b>	<b>Auction 3 (Oct 20)</b>	<b>Auction 4 (Aug 21)</b>	<b>Auction 5 (May 22)</b>	<b>Auction 6 (Nov 22)</b>	<b>Auction 7 (May 23)</b>
Total no. of bids	31	77	46	23	16	9	2
Total no. of successful bids	18	27	31	19	15	9	2
Average successful bid weighted by WCUs	£24.11	£19.71	£17.31	£18.62	£23.70	£22.61	£19.76

However, the data in table 1 should not be taken as a firm indicator of acceptable bids and it should be born in mind that the auction is a competitive process.

Once the auction closes, the bids will be accepted based on price (below the reserve) until the available budget has been committed and the limit of 90% WCUs is reached.

For successful bids, the price agreed at auction will be index-linked on an annual basis based on the Consumer Price Index 12-month rate in April of each year, as published by the [Office of National Statistics](#). Index-linking begins from the Woodland Carbon Code project start date, which is the last date that trees are planted for the project and runs until the agreed verification date for each vintage of carbon.

If your bid is successful a conditional offer for a Woodland Carbon Guarantee contract will be made, the offer will be conditional on:

1. an EIA opinion or assessment having been sought from the Forestry Commission **within 18 months of the date of the offer letter**; and
2. the woodland being established and validated under the Woodland Carbon Code (WCC) **within three years of the project’s registration under the Woodland Carbon Code**

The EIA opinion or assessment can be via either a grant application to the Forestry Commission for woodland creation that includes EIA data requirements, or completion

and submission of an EIA enquiry form. This timeline may be extended in extenuating circumstances at the discretion of the Forestry Commission.

Please note that the Woodland Carbon Code look up tables are being reviewed and revised. To find out more about how this may impact modelling carbon projections please visit the future developments section of the [Woodland Carbon Code website](#).

## How the auction works

### Reverse auctions

Typically, auctions are held to sell items to the highest bidder, so bidding starts at a low price and increases until the auction closes or only one bidder remains. However, in WCaG, where the Government is looking to buy items (in this case sequestered carbon) rather than sell them, it is the lower bids rather than the higher ones that will be successful. This is known as a reverse auction.

### Reserve price

To ensure that the Government does not over-pay for the WCUs that it buys, it will set a reserve price for the auction, which is the maximum price that it is willing to pay.

A new category 'projects without grant support' has been created for the eighth auction, this is available for project developers who choose not to receive any grant funding from government to plant and maintain their new woodland. These projects will have a higher, but undisclosed, reserve price at auction compared to projects that will receive grant support. The higher reserve price reflects that the upfront costs of planting are borne by the project developer and are not recovered through grants such as the England Woodland Creation Offer. Projects can still receive Woodland Creation Planning Grant to support the design process and remain eligible for this new category.

Alongside the category for projects without grant support, the eighth auction will continue to accept applications for projects that intend to use government grant schemes. This needs to be declared on the application form, these projects will be subject to the lower reserve price of £30/WCU.

Participants must only bid for money that they require to make their projects financially viable.

### Ensuring competition

To be effective an auction must generate competition between the participants. This is usually achieved by limiting the supply of the item(s) that are in the auction; so, for example there might only be one item for sale and all the participants are competing to buy it.

For the eighth WCaG auction the Forestry Commission will be limiting both the total money that is available (the budget) as well as capping its purchase of WCUs below the total quantity of WCU bids. This will ensure that there is genuine competition between participants whilst still allowing for different types of woodland project to bid for support that they require. The budget for the auction is £20 million split between the two auction categories with £18m allocated to projects without grant support and £2m allocated to projects that will receive government grant funding for planting, establishment, and maintenance (such as the England Woodland Creation Offer). The number of WCUs that the Government is willing to buy is limited to 90% of the total number that are entered into the auction below the reserve price.

## Eighth auction design

The eighth WCaG auction will split applications based on whether the project will receive government grant funding for the planting, establishment, and maintenance of the new woodland. There will be two individual project categories.

1. projects without grant support and
2. projects with grant support.

A separate budget, reserve price and limit on maximum WCUs (removal of top 10% of WCUs by price) will be applied to each category.

### Projects without grant support

Projects without grant support can access a much higher reserve price at auction, these projects must not receive government grant funding for planting, establishment, and maintenance. The below list is an example of sources of government grant funding that would make a project ineligible for the 'projects without grant support' category. This list is indicative and not exhaustive if you are unsure whether your project is eligible, please contact [wcag@forestrycommission.gov.uk](mailto:wcag@forestrycommission.gov.uk).

- England Woodland Creation Offer
- Local Authority Treescapes Fund
- Trees for Climate
- Queens Green Canopy
- Trees Call to Action Fund
- Forestry England Woodland Partnership
- Regional Grants from England's Community Forests

Projects can still receive the Woodland Creation Planning Grant to support the design process and would remain eligible for this new WCaG category.

### Biodiversity Net Gain (BNG)

In England, woodland creation projects established to provide biodiversity credits under Biodiversity Net Gain, or nutrient credits under the Solent Nutrient Market or Somerset Catchment Market are unlikely to be eligible for the Woodland Carbon Code/voluntary carbon credits as their legal agreements are likely to specify that woodland creation is required.

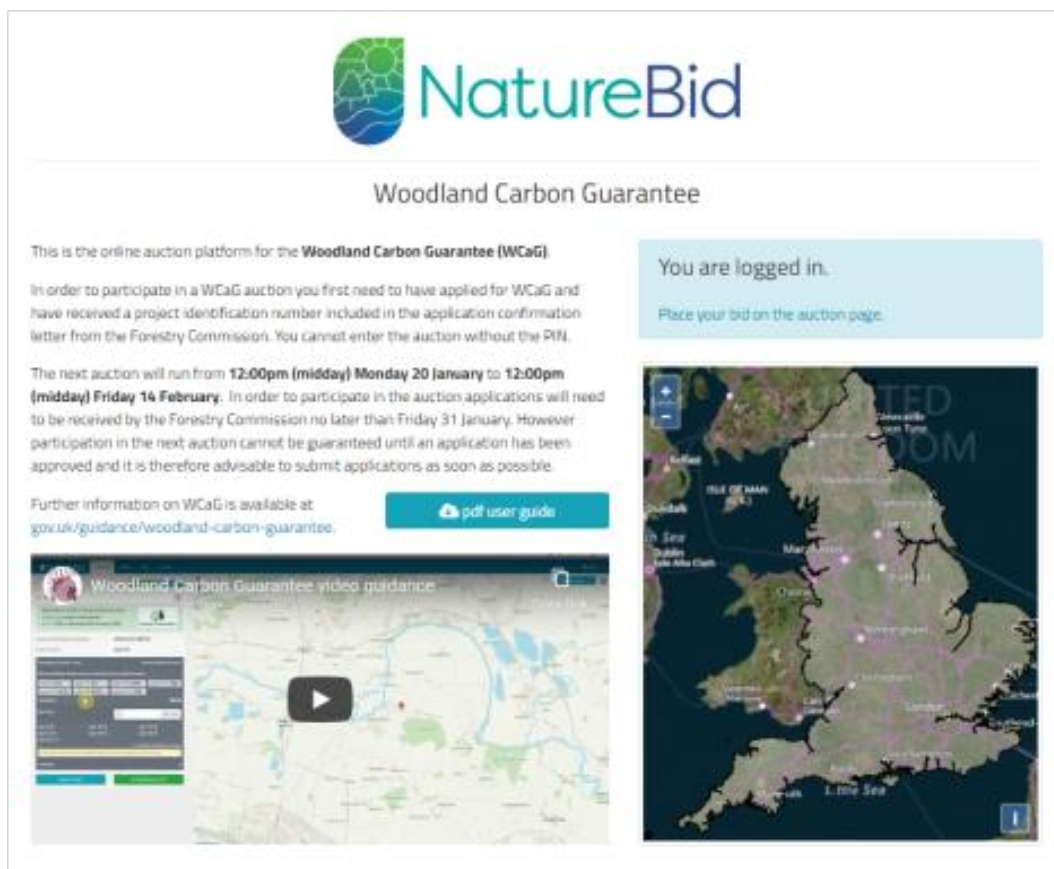
## Species

See appendix 1 for a list of eligible species that can be included within your application to the Woodland Carbon Guarantee. We may accept applications where the planting mix has up to 15% of species whose performance when grown in England is currently not proven (species not listed in appendix 1). The use of such species will be at the discretion of the FC.

## Determining successful bids

The diagram overleaf indicates how the reserve price, budget, and the maximum number of WCUs are combined to determine which bids are successful.

## How to bid in the auction

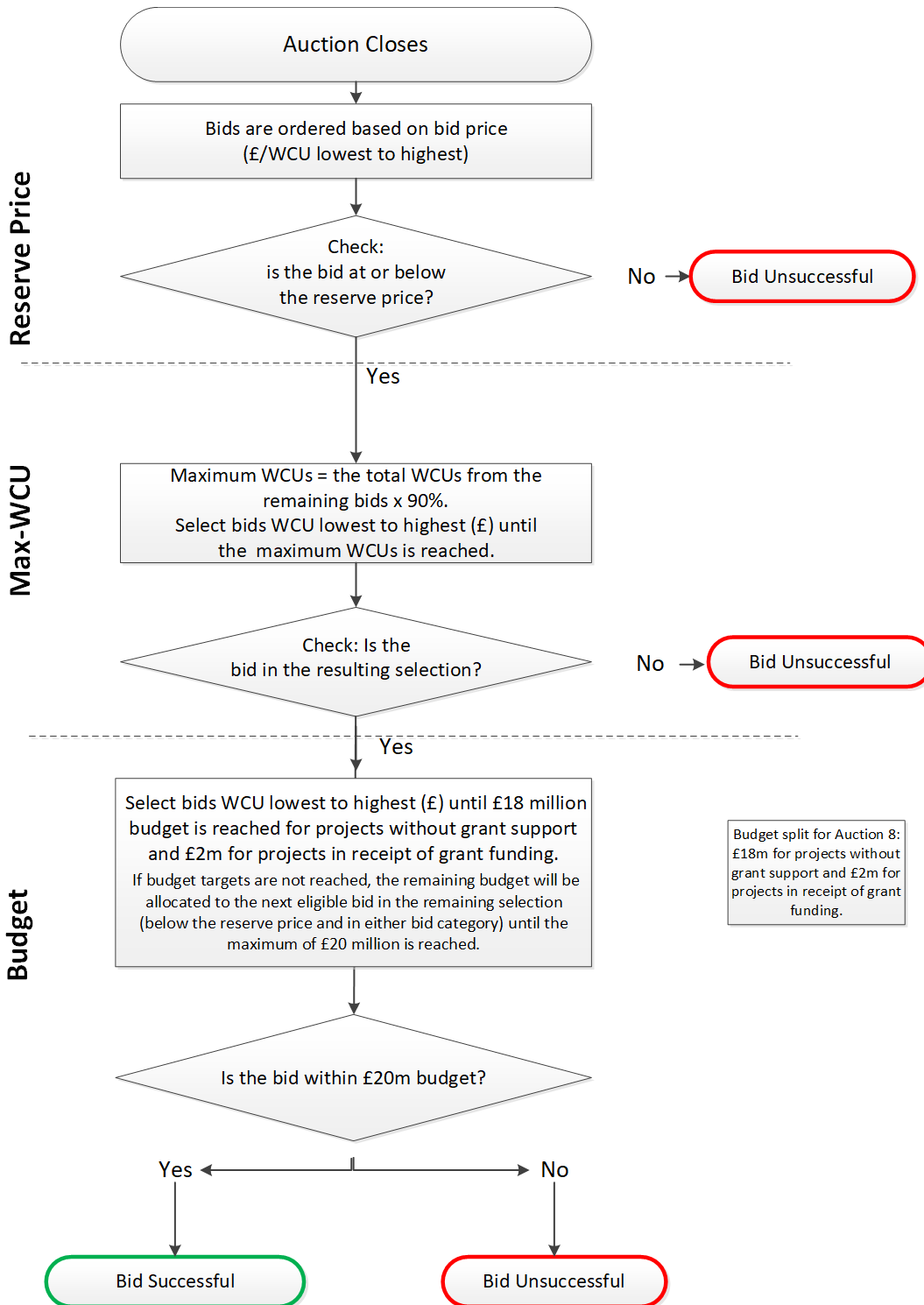


The screenshot shows the NatureBid website interface for the Woodland Carbon Guarantee. At the top, there is the NatureBid logo and the title 'Woodland Carbon Guarantee'. Below this, there is a section titled 'This is the online auction platform for the Woodland Carbon Guarantee (WCaG)'. It provides instructions on how to participate, including the need for a project identification number and a PIN. It also states the next auction will run from 12:00pm (midday) Monday 20 January to 12:00pm (midday) Friday 14 February. A 'pdf user guide' button is visible. On the right, there is a 'You are logged in.' notification and a link to 'Place your bid on the auction page.'. Below the text, there are two images: a video player titled 'Woodland Carbon Guarantee video guidance' and a map of the United Kingdom showing various locations.

Detailed information on how to place a bid in the auction, including a printable guide and an online video, are available from the auction site at:

<https://wcaq.naturebid.org.uk/>.

# Determining Successful Bids



\*If there is a final tie between bids, then the tied bids will be selected in order to maximise the number of WCUs that are successful in the auction.

Eighth Auction

## Appendix 1 - Native, Principal and Secondary species

The species in tables 1, 2 and 3 can be used without restriction for a WCaG application, subject to the usual site-specific factors, plant health issues and UKFS requirements.

**Table 1 - Native species**

\*Denotes plant health issue

WS – woody shrub

<b>Common name</b>	<b>Latin name</b>
Field maple	<i>Acer campestre</i>
Common alder	<i>Alnus glutinosa</i>
Silver birch	<i>Betula pendula</i>
Downy birch	<i>Betula pubescens</i>
Box (ws)	<i>Buxus sempervirens</i>
Hornbeam	<i>Carpinus betulus</i>
Dogwood (ws)	<i>Cornus spp.</i>
Hazel	<i>Corylus avellana</i>
Midland hawthorn	<i>Crataegus laevigata</i>
Hawthorn	<i>Crataegus monogyna</i>
Spurge laurel (ws)	<i>Daphne laureola</i>
<i>Spindle (ws)</i>	<i>Euonymus europaeus</i>
Beech	<i>Fagus sylvatica</i>
Common ash*	<i>Fraxinus excelsior*</i>
Holly	<i>Ilex aquifolium</i>
Common juniper	<i>Juniperus communis</i>
Wild privet (ws)	<i>Ligustrum vulgare</i>
Crab apple	<i>Malus sylvestris</i>
Black poplar	<i>Populus nigra subsp. betulifolia</i>
Grey poplar	<i>Populus x canescens</i>
Aspen	<i>Populus tremula</i>
Wild cherry	<i>Prunus avium</i>
Bird cherry	<i>Prunus padus</i>
Blackthorn	<i>Prunus spinosa</i>
Sessile oak	<i>Quercus petraea</i>
Pedunculate oak	<i>Quercus robur</i>
Purging buckthorn	<i>Rhamnus cathartica</i>
Eared willow (ws)	<i>Salix aurita</i>
White willow	<i>Salix alba</i>
Goat willow	<i>Salix caprea</i>
Grey willow	<i>Salix cinerea</i>

Crack willow	<i>Salix fragilis</i>
Bay willow	<i>Salix pentandra</i>
Purple willow (ws)	<i>Salix purpurea</i>
Almond willow (ws)	<i>Salix triandra</i>
Osier (ws)	<i>Salix viminalis</i>
Elder	<i>Sambucus nigra</i>
Common whitebeam	<i>Sorbus aria</i>
Rowan	<i>Sorbus aucuparia</i>
Wild service-tree	<i>Sorbus torminalis</i>
Yew	<i>Taxus baccata</i>
Small-leaved lime	<i>Tilia cordata</i>
Large-leaved lime	<i>Tilia platyphyllos</i>
Wych elm*	<i>Ulmus glabra*</i>
Small leaved elm	<i>Ulmus minor</i>
English elm	<i>Ulmus procera</i>
Wayfaring tree (ws)	<i>Viburnum lantana</i>
Guelder rose (ws)	<i>Viburnum opulus</i>

**Table 2 – Principal species**

Species - Common name	Species - Latin name
Grand fir	<i>Abies grandis</i>
Noble fir	<i>Abies procera</i>
Sycamore	<i>Acer pseudoplatanus</i>
Sweet chestnut	<i>Castanea sativa</i>
Hybrid larch*	<i>Larix × marschlinsii*</i>
European larch*	<i>Larix decidua*</i>
Japanese larch*	<i>Larix kaempferi*</i>
Norway spruce	<i>Picea abies</i>
Sitka spruce	<i>Picea sitchensis</i>
Lodgepole pine	<i>Pinus contorta var. latifolia</i>
Corsican pine*	<i>Pinus nigra subsp. Laricio*</i>
Scots pine	<i>Pinus sylvestris</i>
Poplar spp. and hybrids*	<i>Populus spp. and hybrids*</i>
Douglas-fir	<i>Pseudotsuga menziesii</i>
Western red cedar	<i>Thuja plicata</i>
Western hemlock	<i>Tsuga heterophylla</i>

**Table 3 – Secondary species**

Species - Common name	Species - Latin name
European silver fir	<i>Abies alba</i>
Pacific silver fir	<i>Abies amabilis</i>



Norway maple	<i>Acer platanoides</i>
Italian alder	<i>Alnus cordata</i>
Grey alder	<i>Alnus incana</i>
Lawson cypress*	<i>Chamaecyparis lawsoniana*</i>
Japanese red cedar	<i>Cryptomeria japonica</i>
Leyland cypress	<i>Cupressus × leylandii</i>
Tingiringi gum†	<i>Eucalyptus glaucescens†</i>
Cider gum†	<i>Eucalyptus gunnii†</i>
Shining gum†	<i>Eucalyptus nitens†</i>
Jounama snow gum†	<i>Eucalyptus pauciflora subsp. debeuzevillei†</i>
Alpine snow gum†	<i>Eucalyptus pauciflora subsp. niphophila†</i>
Snow gum†	<i>Eucalyptus pauciflora subsp. pauciflora†</i>
Common walnut	<i>Juglans nigra</i>
Black walnut	<i>Juglans regia</i>
Raoul*	<i>Nothofagus alpina*</i>
Roble beech*	<i>Nothofagus obliqua*</i>
Serbian spruce	<i>Picea omorika</i>
Maritime pine	<i>Pinus pinaster</i>
Radiata pine*	<i>Pinus radiata</i>
Red oak	<i>Quercus rubra</i>
Coast redwood	<i>Sequoia sempervirens</i>
Giant redwood	<i>Sequoiadendron giganteum</i>

†At the time of publishing, these species are still under consideration and their use should be referred to the Woodland Carbon Guarantee mailbox ([wca@forestrycommission.gov.uk](mailto:wca@forestrycommission.gov.uk)) for review by the appropriate FC Resilience Officer.