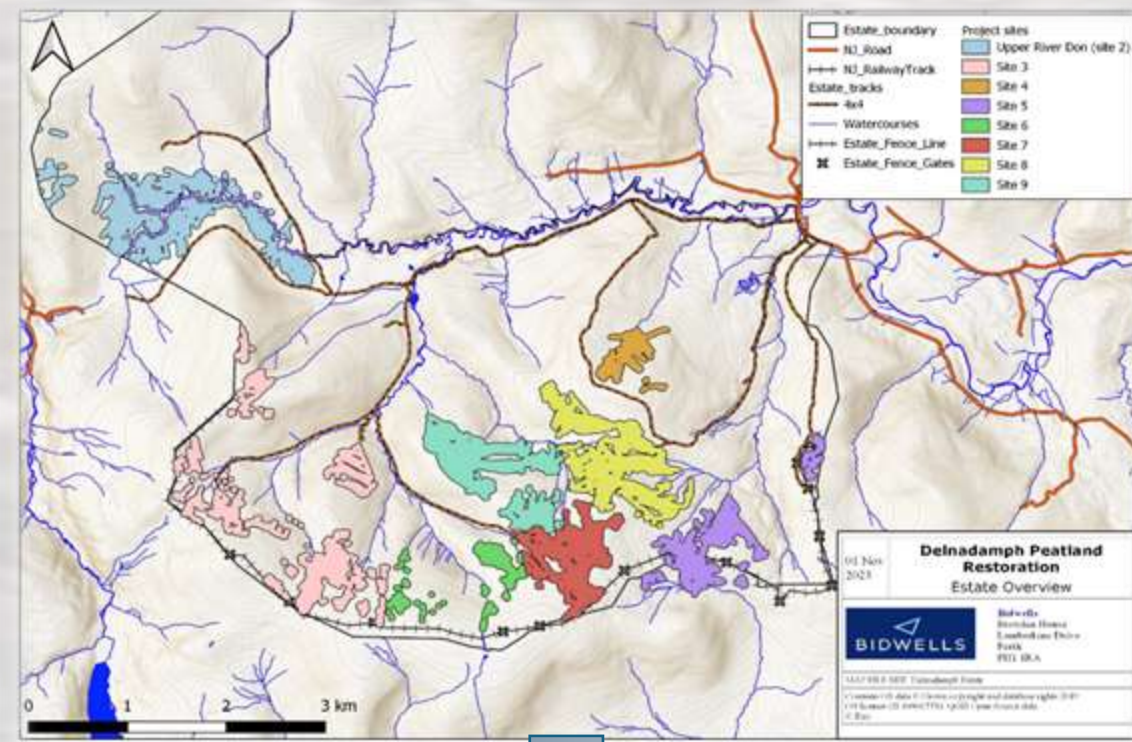


Delnadamph Estate – A Private Finance Pilot Study

The Restoration Plan

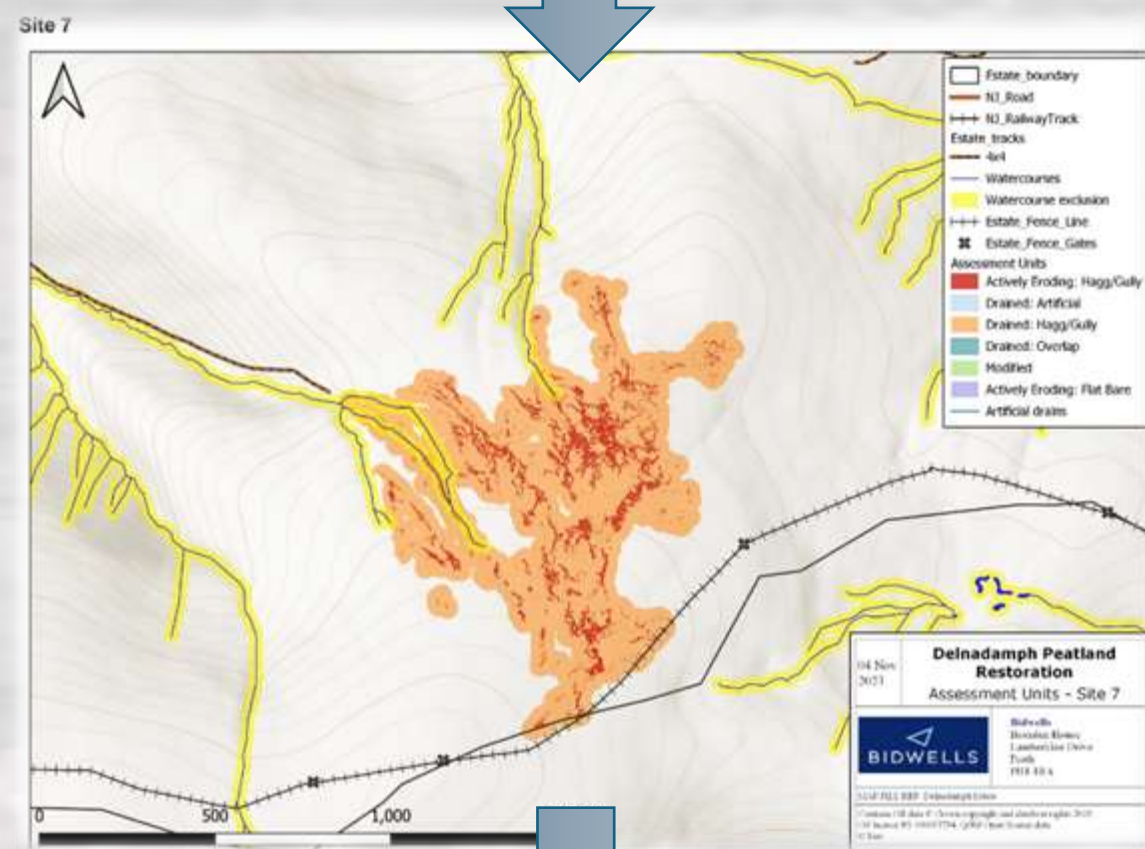


CNPA initiated work at Delnadamph and produced restoration designs for the first site.

Palladium approached CNPA to find out how they could use their **National Park Partnership Revere model** to bring **private finance** into peatland restoration in the Cairngorms.

A **green finance pilot** was agreed with Palladium working with CNPA and the grant applicant Canup to look at funding models for the full programme of restoration on Delnadamph Estate.

Palladium Revere agreed to **co-fund the work** and help **support development and delivery**, and it was agreed that the model provide **financial benefits to the local community**.



The **first site (192ha)**, fully supported by CNPA staff was largely completed by **late 2023**

The **second site (122ha)**, supported by a consultant was delivered in parallel. Sites 3 and 4 (**144ha**) are being delivered in 2024/25.

To minimise the demand on Park Authority staff the rest of the design work was contracted out, and project management of future delivery may also follow this route.

Design work for the next 6 sites is now complete.



Many of the site areas have **large complexes of severe erosion**, with **wide and deep gullies**, **anastomosing zones** with **inaccessible islands of peat** and **large bare expanses**.

An approach with **adaptability built-in** is required so that **designs can flex as ideas and techniques develop**.

Detailed/fixed designs for the next 3-4 years' work at this stage would probably be **obsolete** by the time they are implemented.

A final 'mop-up' phase is expected where difficult areas will be tackled using imported materials and knowledge gained in the lead up to this.

The **tender for Site 3 and 4** included the option for a **'plus one' award** to include Site 5 and Site 6 with appropriate caveats on performance.

Detailed design was provided for the **first year** and **outline design and a budget indication** provided for the **following phases**.

The contractor should be able to service the full range of techniques that may be called for and may need some highly skilled and bold operators.

All works should complete by 2027 if funding is available.



Biodiversity
Water quality

BALANCING

Land-use
Habitats
Natural Flood Management



The Funding Options

Palladium worked with CNPA and Canup to look at **funding models for the full programme of restoration** on Delnadamph Estate.

The financial costs and returns for restoring all the degraded peatland in the land-holding were explored in depth.

A **core conclusion** at this point was that **public funding precluded private finance** and if it didn't the **current credit returns are too low to allow investments to get the return they need**.

Palladium looked at **alternative funding models** that Peatland Restoration could transition to if seeking to change this.

The options brought forwards were: **Price Floor Guarantees**, **State guarantees for post 2050 credits**, and **Contract for Difference Models (CFD)** as used by Renewables in the UK after Feed in Tarrif values declined.

Palladium felt that **CFD** was the **most suitable option**

What is a Contract for Difference?

Private investment pays for the work, then **recovers the investment via the carbon credit returns**. A contract for difference is established, with a **government facility agreeing to pay the difference between the actual return and the return needed to recover the investment (strike-rate)**.

This difference payment only comes into play after an agreed period and if returns do not exceed an agreed rate.

The **initial projections suggest** that adopting a model like this could catalyse a **five-fold increase in private investment**, or in a bullish scenario as much as ten-fold.

This could more than double the total overall investment in peatland restoration through to 2030 and beyond.

The process means that **investors can securely recover their investment with suitable margins in an agreed time period**, after which the landowner will receive the ongoing carbon credit benefits.

If **carbon market values exceed the strike-rate** there will be **no cost to the government facility**.

