



# Wyoming Conservation Exchange

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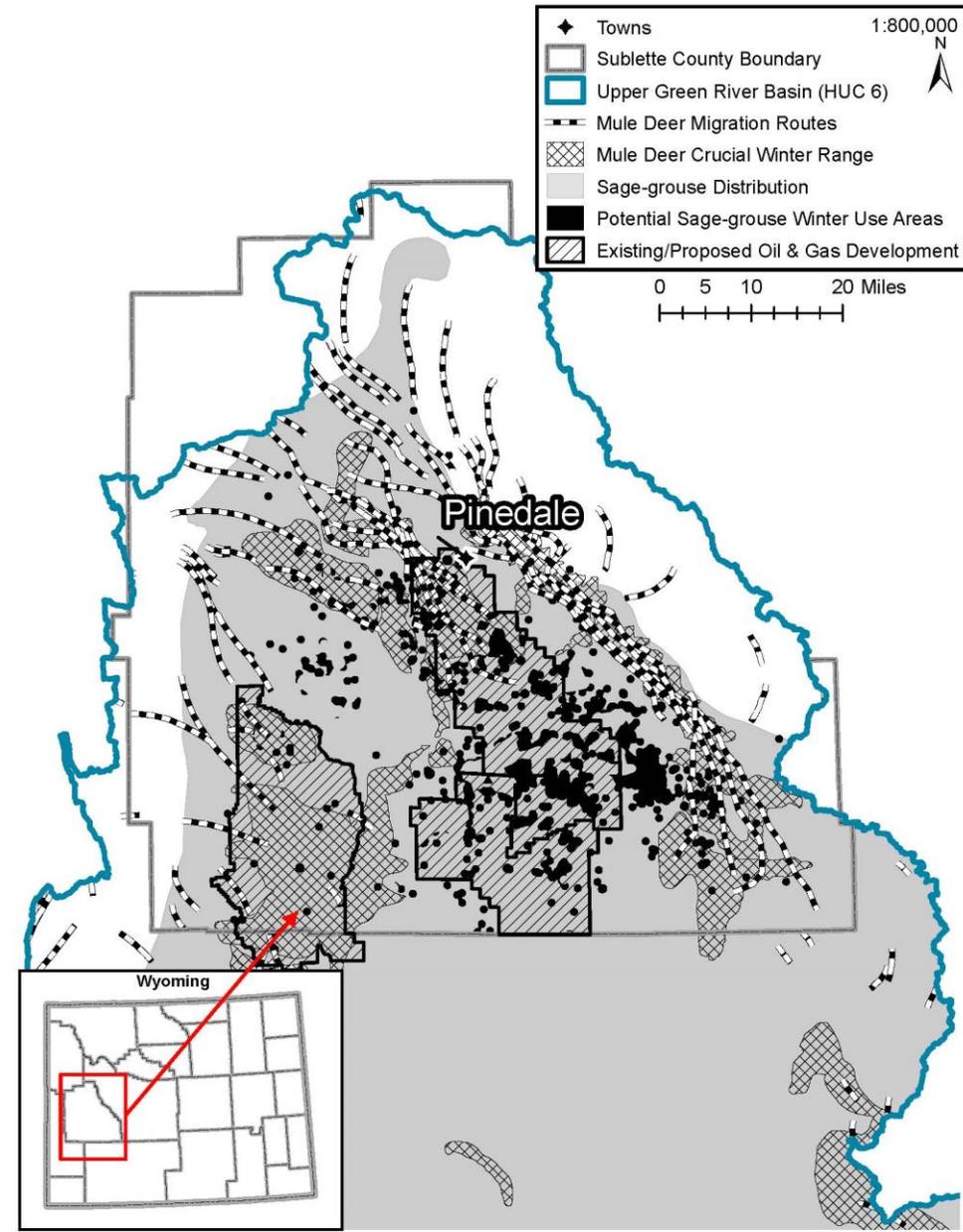
**Grassland Conservation Markets Symposium  
Calgary, Alberta- November 19-20, 2019**



College of Agriculture  
and Natural Resources  
Extension

# Wyoming Conservation Exchange

The WCE started in the Upper Green River Basin in southwestern Wyoming.



# Phase 1 (2010-2012): Assessing PES Feasibility

## Resources Worth Protecting

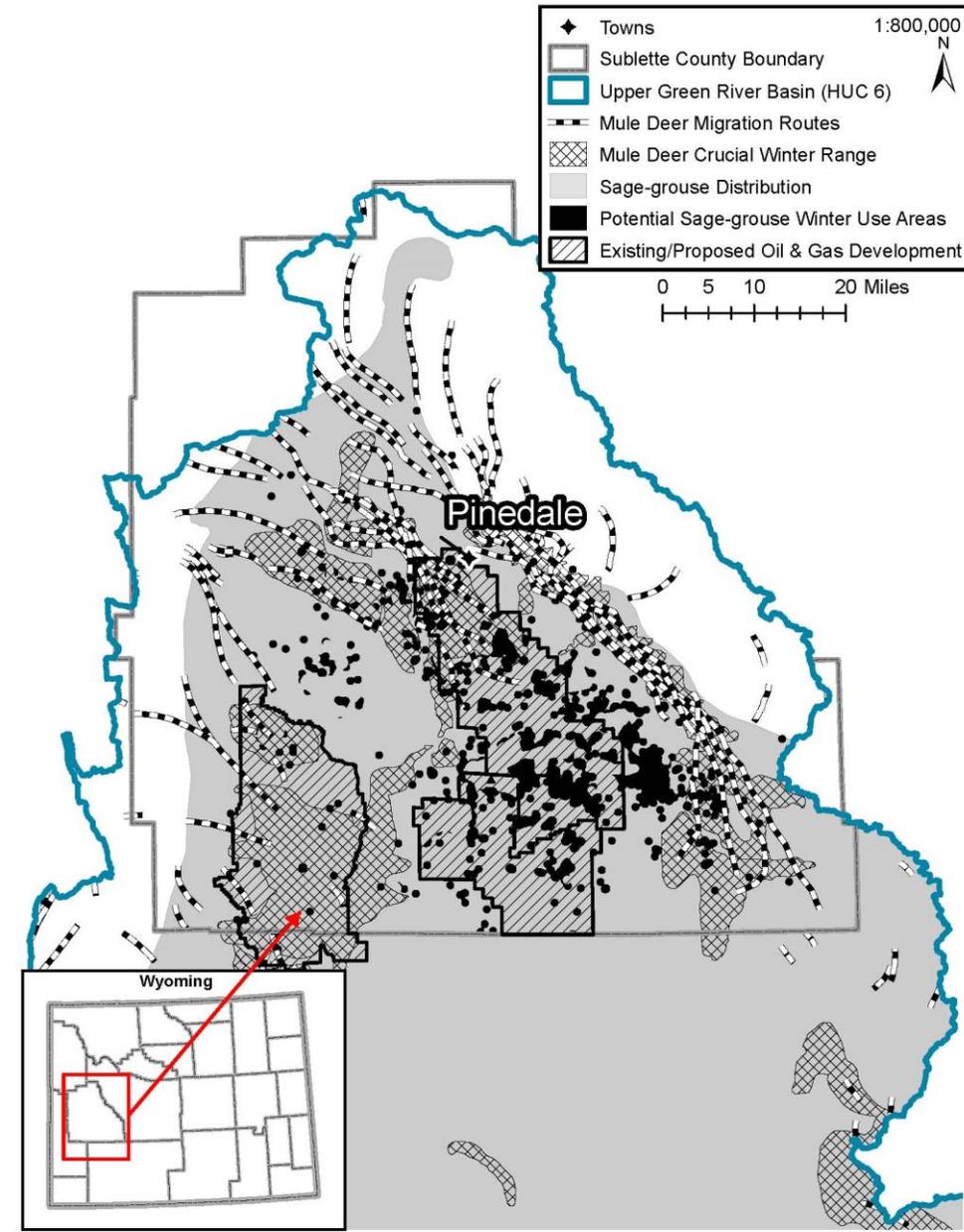
- World-class wildlife habitat/migration corridors (elk, mule deer, pronghorn antelope, sage grouse, etc.)
- Headwaters of the Colorado River System

## Existence of Potential Buyers

- The basin possesses extremely productive natural gas fields and many recreational users.

## Interest from Potential Sellers

- Grassroots support exists from landowners in the upper Green.



# Phase 1 (2010-2012): Assessing PES Feasibility

## Objectives

- To scope the feasibility of developing a payment for ecosystem services market in the Upper Green River Basin;
- To set up a market if the feasibility assessment indicates potential

**Initial Project Partners** University of Wyoming Extension, Sublette County Conservation District, Wyoming Chapter of The Nature Conservancy

**Grant Support** USDA-NRCS Conservation Innovation Grant (2011-2013); UW Agricultural Experiment Station (2011-2013);

# Phase 1 (2010-2012): Assessing PES Feasibility

## Points of General Agreement Among Stakeholders

### Two-Sided Market

- Funding should be from private sources.



### Term Lease Focus

- Contracts will be for set terms (e.g., 10-20 years).

### Focus on Metrics and Measurable Results

- Practices undertaken should have high “bang for the buck.”
- Transparency and accountability are important.

## Ecosystem Services

- Sage-grouse habitat
- Mule deer habitat
- Water-based ecosystem services (sedimentation removal, timing of flows)



# Phase 1 (2010-2012): Assessing PES Feasibility

## Diverse Stakeholder Perspectives

### U.S. Bureau of Land Management

- Term leases could help to meet off-site mitigation goals on a new proposed oil/gas field.
- BLM federal office sought a study area for ecosystem service metric development.

### Energy companies

- Industry needed **assurances** from regulatory agencies (i.e., a guarantee that once PES investment is made, development can proceed).

### Landowners

- Give credit for maintaining existing high ecosystem function. (Additivity should not be required.)
- Valuation and payment process must be simple and transparent.
- Concern that a bidding process would drive price down to the bare minimum.

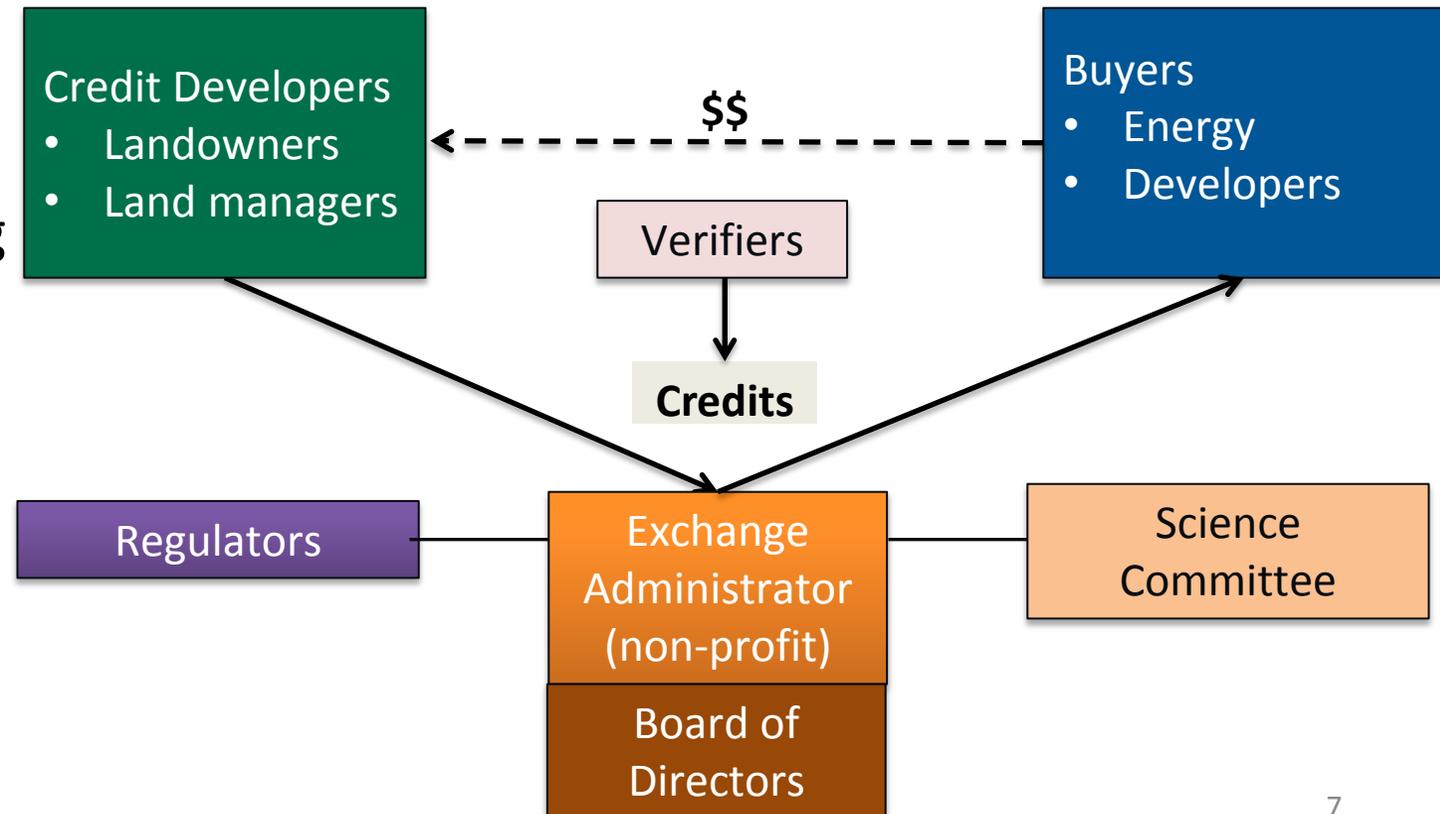
# Phase 1 (2010-2012): Assessing PES Feasibility

**Statement of Purpose** A mechanism for market-based, financial transactions for voluntary or mandatory compensatory mitigation whereby a quantified and verified unit of ecosystem service (called a credit) is purchased by an investor from a willing producer.

## Additional Partners

- Environmental Defense Fund
- Environmental Incentives (market development)
- Parametrix (quantification tool)

## Gaining Momentum: Upper Green River Conservation Exchange



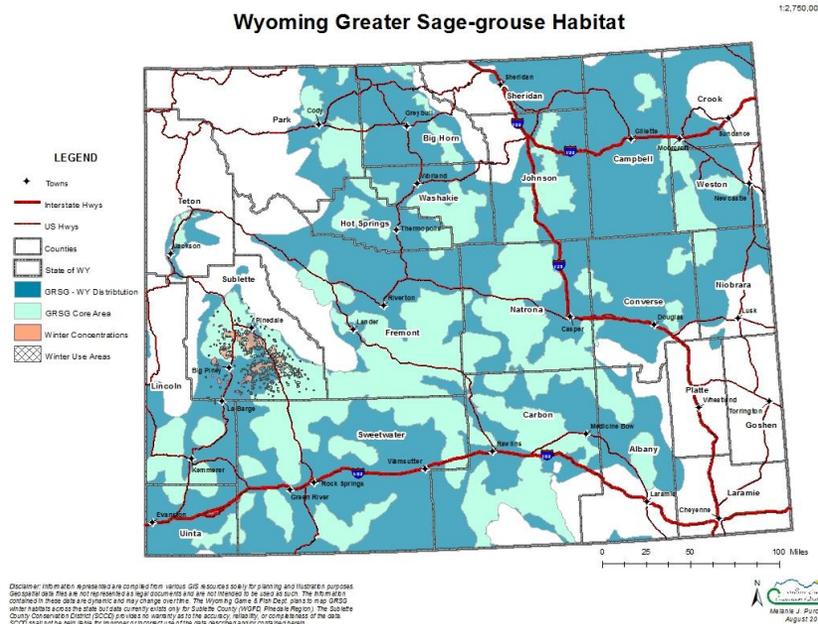
# Phase 2 (2012-2016): Transition to statewide bank

## Gaining Momentum: Wyoming Conservation Exchange

Geographic focus  
Statewide

Ecosystem service  
Greater sage-  
grouse habitat

Wyoming Greater Sage-grouse Habitat



# Phase 2 (2012-2016): Transition to statewide bank

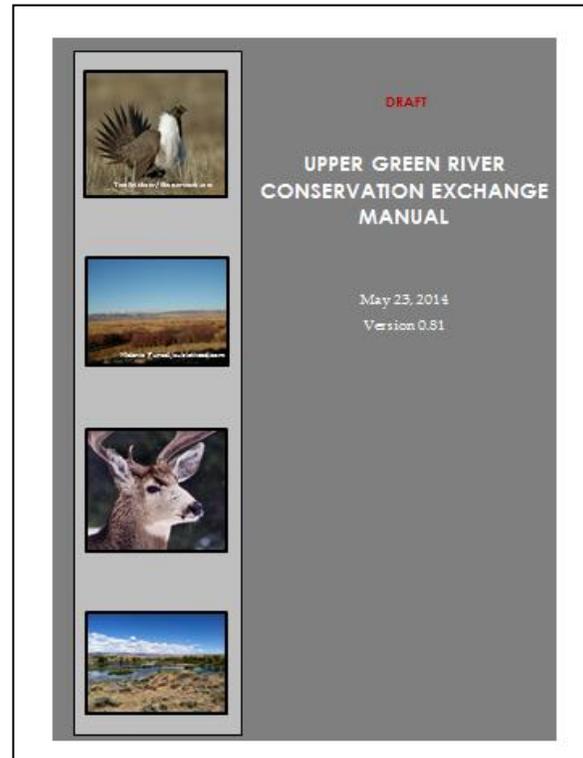
## Gaining Momentum: Wyoming Conservation Exchange

Geographic focus  
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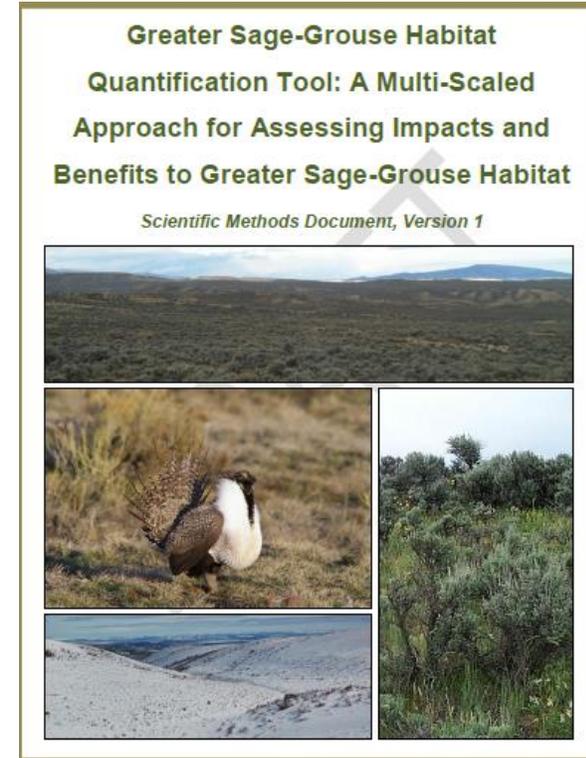
Ecosystem service  
Greater sage-  
grouse habitat

Efforts/activities:  

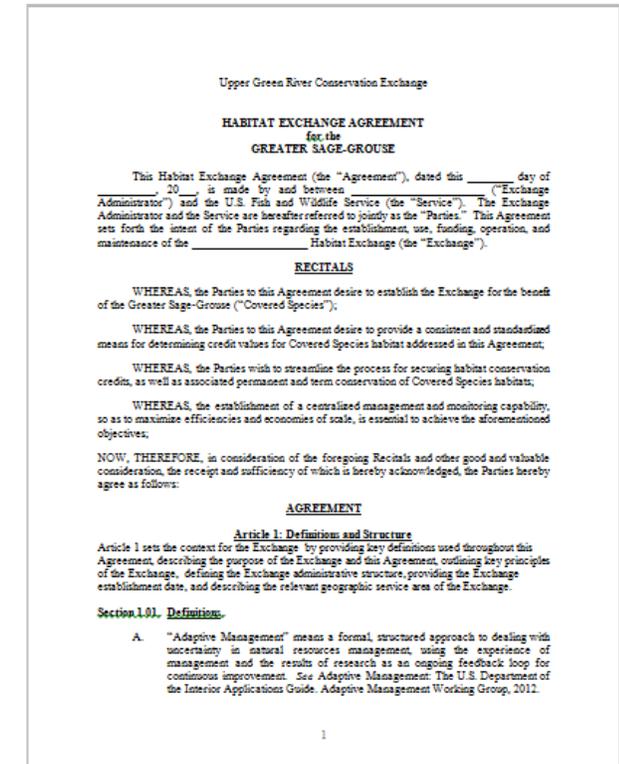

### Exchange Manual



### Habitat Quantification Tool



### Exchange Agreement



# Phase 2 (2012-2016): Transition to statewide bank

## Regulatory Backdrop

Order 3330 was signed by U.S. Secretary of the Interior Jewell in October 2013.

- Purpose: “To establish a Department-wide mitigation strategy to ensure consistency and efficiency in the review and permitting of infrastructure development projects and in conserving our Nation’s valuable natural and cultural resources”

### Key Features

- Landscape-scale approach
- Durability of mitigation measures
- Transparency of mitigation decisions



THE SECRETARY OF THE INTERIOR  
WASHINGTON

ORDER NO. 3330

Subject: Improving Mitigation Policies and Practices of the Department of the Interior

**Sec. 1 Purpose.** The Department of the Interior is entrusted with overseeing Federal lands for the benefit of current and future generations. This includes advancing safe and responsible development of our abundant energy resources which bolsters our energy security, and the conservation of our Federal lands and natural resources for generations to come. Mitigation and conservation are both essential to support a vibrant and sustainable economy. The purpose of this Order is to establish a Department-wide mitigation strategy that will ensure the efficient review and permitting of infrastructure development projects serving our Nation’s valuable natural and cultural resources.

The strategy will be (1) the use of a landscape-scale approach to identify and facilitate conservation priorities in (2) early integration of mitigation measures into project planning and design (3) transparency and consistency of mitigation measures that improve the resilience of our Nation’s infrastructure.

1. The Department of the Interior

Federal Register / Vol. 81, No. 224 / Monday, November 21, 2016 / Notices

**DEPARTMENT OF THE INTERIOR**  
Fish and Wildlife Service  
Docket No. FWS-HQ-2016-0126  
FWS(2016)0000-02-20003000

**U.S. Fish and Wildlife Service**  
Mitigation Policy

AGENCY: Fish and Wildlife Service.

ACTION: Notice of final policy.

**SUMMARY:** We, the U.S. Fish and Wildlife Service (Service), announce revisions to our Mitigation Policy, which has guided Service recommendations on mitigating the adverse impacts of land and water developments on fish, wildlife, plants, and their habitats since 1981. The revisions are motivated by changes in conservation challenges and scientific understanding of climate change impacts on conservation resources. The revised Policy provides a framework for applying a landscape-scale approach to the mitigation hierarchy, application of conservation outcomes, and a decision, on a case-by-case basis, on whether to apply the Policy to a project. The primary intent of the Policy is to apply mitigation in a strategic manner that ensures an effective linkage with conservation strategies at appropriate landscape scales.

**DATES:** This Policy is effective on November 21, 2016.

**ADDRESSES:** Comments and materials received, as well as supporting documentation used in the preparation of this Policy, including an environmental assessment, are available on the Internet at <http://www.regulations.gov> under Docket Number FWS-HQ-2016-0126.

**FOR FURTHER INFORMATION CONTACT:** FWS-HQ-2016-0126, telephone: 703-325-2442.

**SUPPLEMENTARY INFORMATION:** The revised Policy integrates all activities that the Service either revises or to require mitigation of impacts to Federal land and other resources identified in the Policy. It is intended to serve as a single umbrella policy that the Service may issue more detailed policies or guidance documents covering specific activities in the Policy for the many States and

mitigation approaches. This revision of the Service’s Mitigation Policy complies with a deliverable identified in the Strategy that seeks to implement the guiding principles and goals in the Secretary’s Order, the corresponding Secretary’s Order, and subcommittee findings, and subcommittee findings to the 1001 IM 6, the Department of the Interior established process to help improve permit processes and help achieve beneficial conservation and environmental outcomes. By implementing this Manual Chapter, the Department will: (a) Effectively mitigate impacts to Department-managed resources and their values, services, and functions; (b) provide project developers with timely predictability and efficient and timely environmental reviews; (c) improve the resilience of resources in the face of climate change; (d) encourage strategic investments in lands and other resources; increase transparency, accountability, and consistency; and (e) improve the efficiency and effectiveness of mitigation measures.

Form 1221-2 (Rev. 1997)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Release  
1-1783  
Date  
12/22/2016

MANUAL TRANSMITTAL SHEET

Subject: H-1794-1 Mitigation (P)

1. Explanation of Material Transmitted: This Handbook reiterates and expands upon the guidance in Manual Section 1794 for the Bureau of Land Management when considering mitigation in advance of anticipated public land uses and applying mitigation to address to resources from public land uses.

2. Reports Required: None

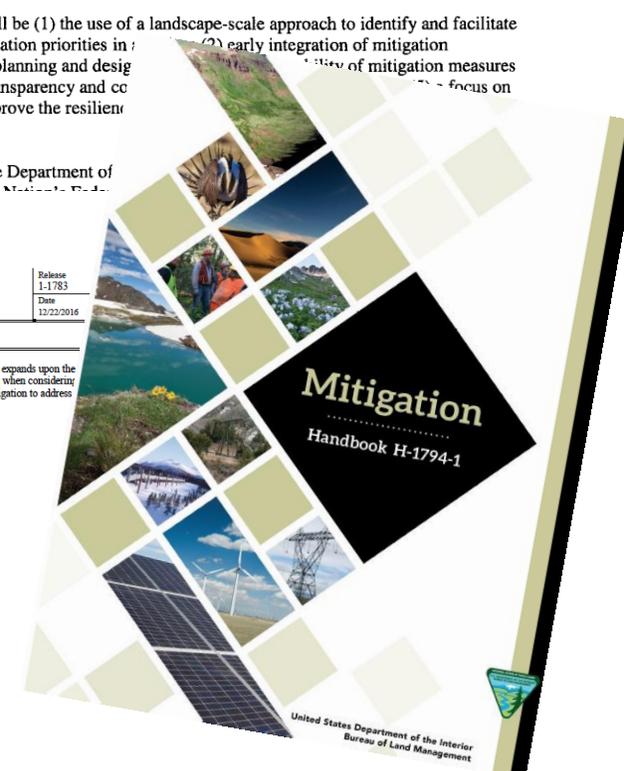
3. Material Superseded: None

4. Filing Instructions: File as directed below.

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All of H-1794-1  
(Total: 79 sheets)

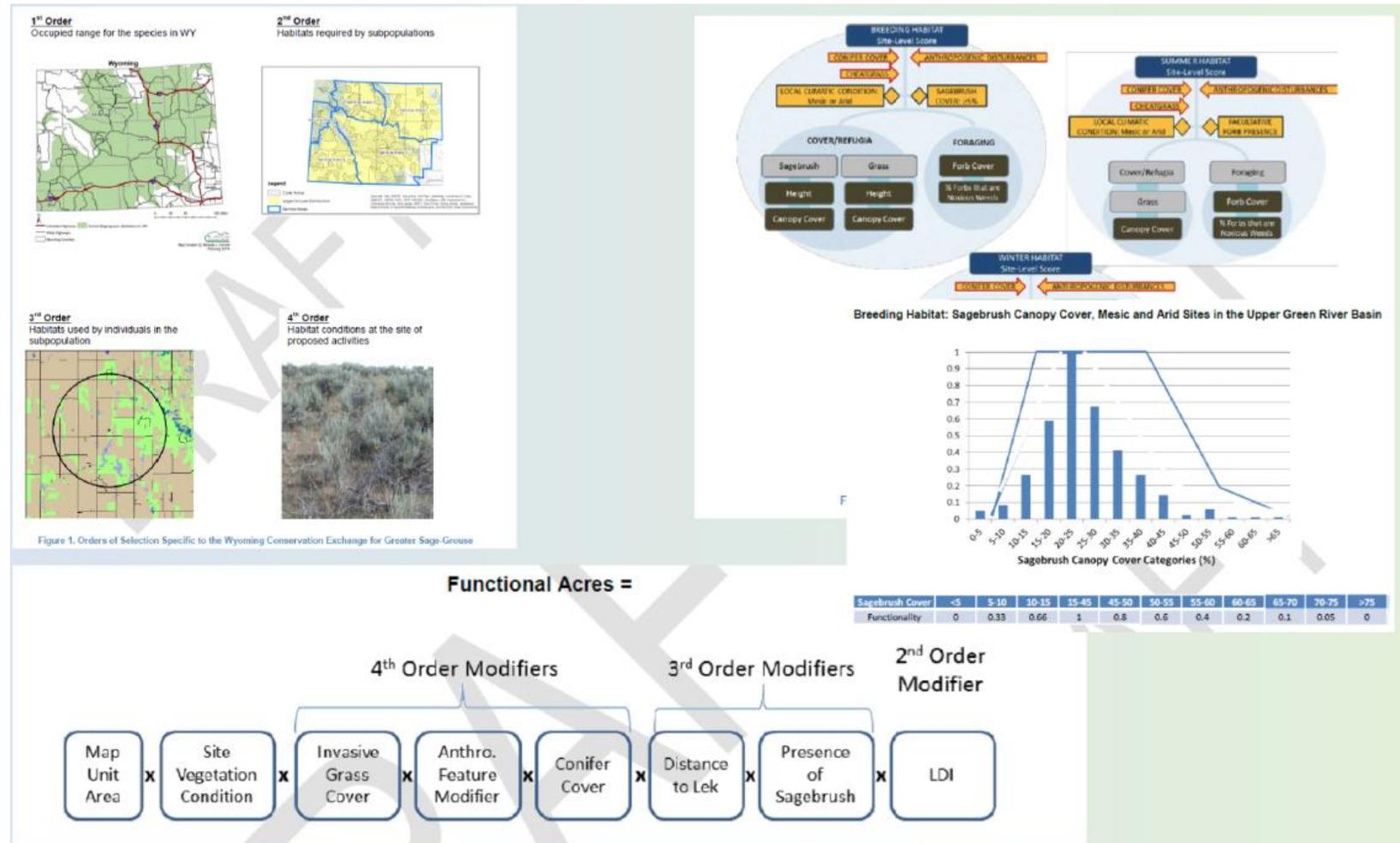
Kristin Ball  
Assistant Director  
Resources and Planning



# Phase 2 (2012-2016): Transition to statewide bank

## Ecological Assessment: Habitat Quantification Tool

- Developed by a team of scientists (Parametrix).
- Reflected the latest science available on sage-grouse habitat.
- The Exchange to use the HQT to quantify **credits**. On the **debit** side, regulatory agencies may decide to use the HQT.
- Range-wide tool, customized to Wyoming.



# Phase 2 (2012-2016): Transition to statewide bank

## **Challenge #1: Finding the right balance between precise (but costly) and coarse (but less costly) science.**

The HQT was viewed by the State of Wyoming and some agricultural/industrial representatives as being too costly to implement.

- The HQT is not used in Wyoming.

Current WY state tool:

- No incentive for enhancement (relative to preservation of existing high-quality habitat).
- No formal preference for credit proximity to debit site.
- Perpetual credits are the gold standard; term leases are discounted from them.

# Phase 2 (2012-2016): Transition to statewide bank

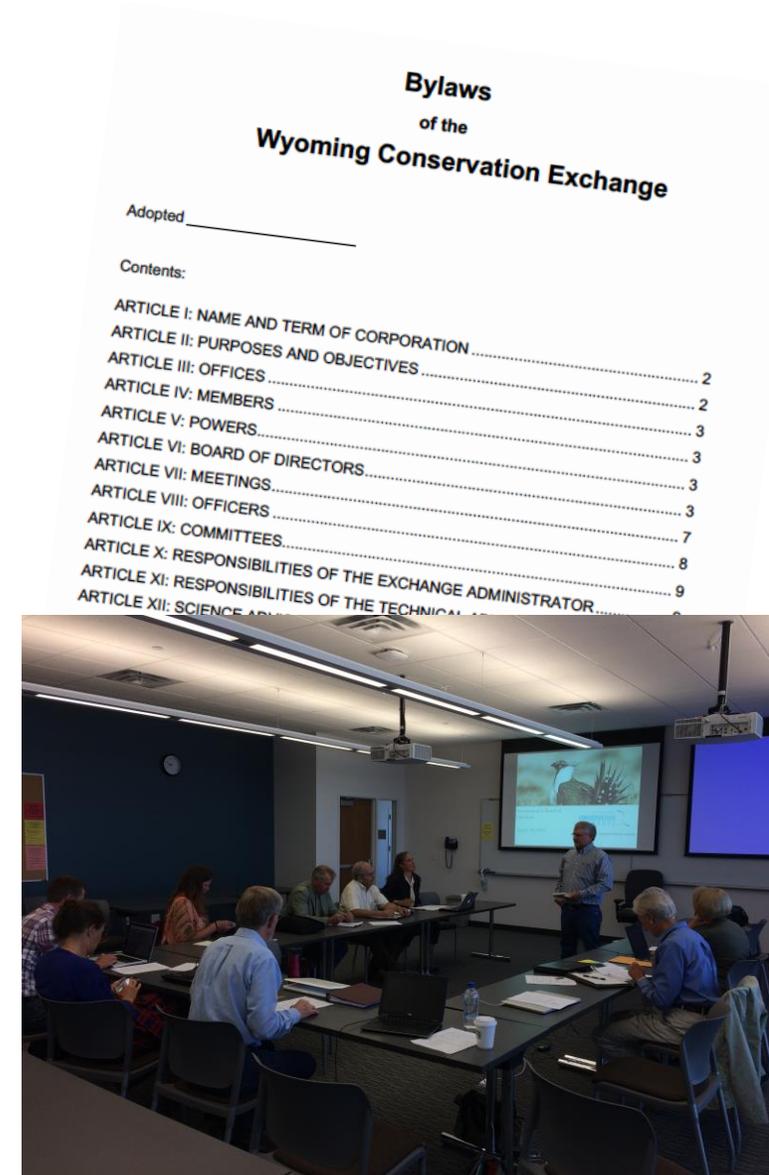
## Official Formation of Wyoming Conservation Exchange

### August 2016: WCE becomes a 501(c)3 Non-Profit

- WCE is governed by a stakeholder Board of Directors
- 7 seats (2 each from agricultural, conservation, and industry communities; and one at-large member)
- Board calls occur monthly

### Other Key Features

- Single employee retained on a consulting basis.
- Original founders are now the Technical Advisory Committee.
- Bylaws allow for other resources should the opportunity arise.



# Phase 3 (2016-2019): Market Development

## Sage-grouse Credit Development Efforts

### South Central Wyoming rancher project

- Term lease of 30-50 years for sage-grouse credits
- Energy company buyer
- An “Aggregator” acts as intermediary between the landowner and the Exchange

### Trona Company “voluntary” conservation

- Trona companies seek to purchase credits to demonstrate sage-grouse protections in advance of a listing.

### Short-term mineral extraction project

- Mineral extraction company seeks short-term sage-grouse credits. All sage-grouse credit activity in WY is halted until state legislation is considered in January.

# Phase 3 (2016-2019): Market Development

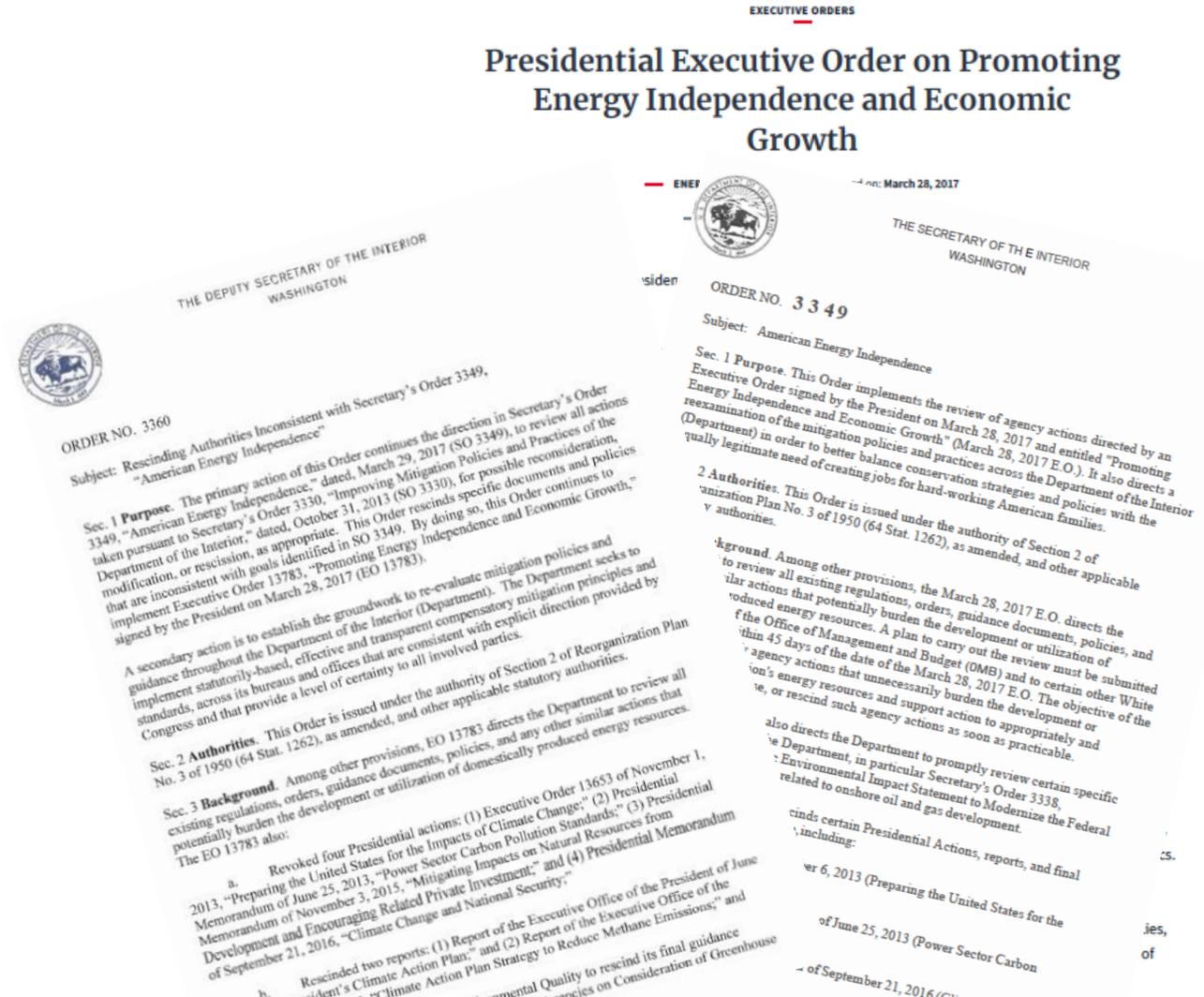
## Challenge #2: Regulatory Change

**Executive Order 13783** was signed by President Trump in March 2017.

- Order on “promoting energy independence and economic growth.”

### Key Features

- Requirement to review existing regulations.
- Suspend, revise, rescind regulations that unduly burden the development of domestic energy resources.
- Resulted in rescinding Obama-era mitigation policies.



# Phase 3 (2016-2019): Market Development

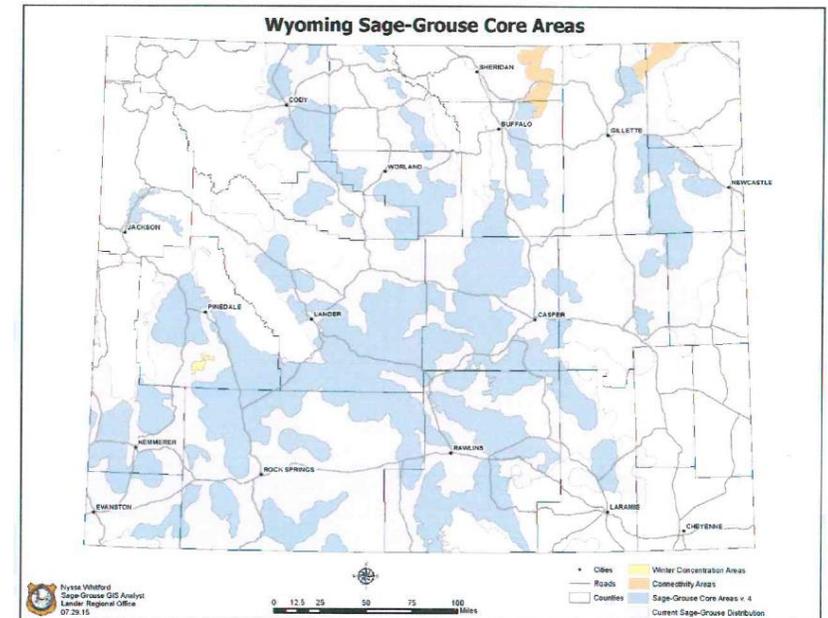
## Challenges #3: Market/Economic Forces

The Wyoming Core Area Strategy still provides a regulatory driver for demand in WY.

- Compensatory mitigation is required for exceedances above allowable limits on drilling/activity.

... but Sweetwater Conservation Bank has credits that have already been approved.

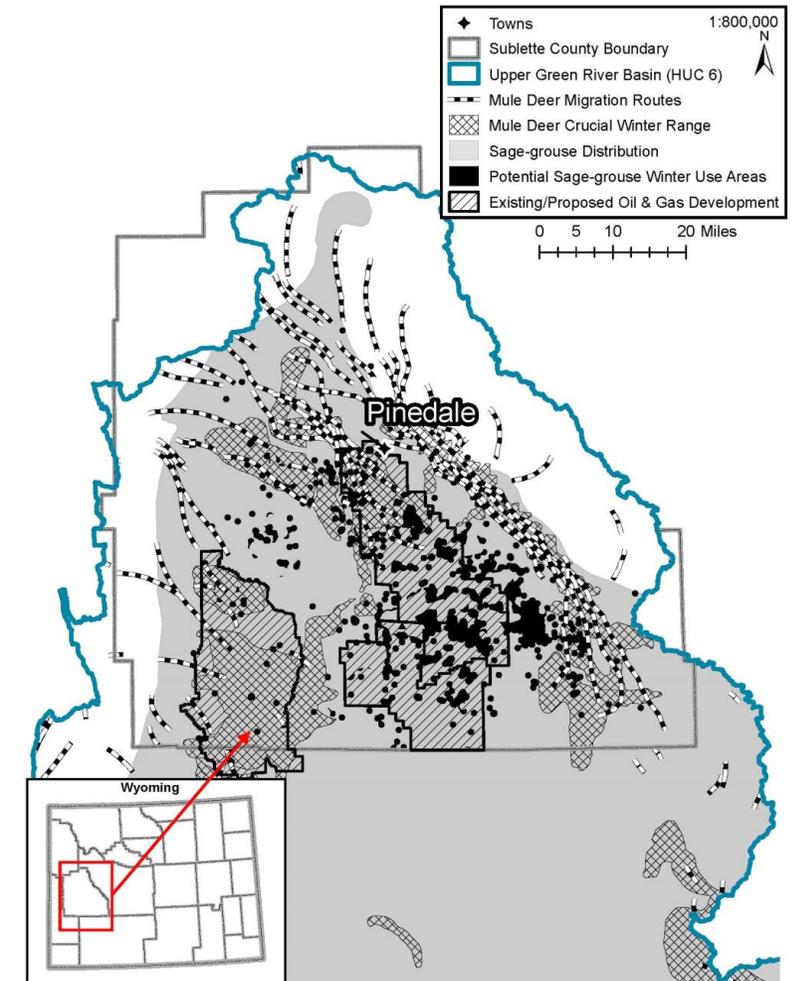
- Conservation Banks are USFWS-approved entities that protect habitat of threatened and endangered species (and sage grouse). Developers purchase credits to offset.
- Sweetwater is the only approved sage-grouse habitat CB in the U.S.
- Located in Central Wyoming, with over USFWS-approved 120,000 sage-grouse credits.



# Phase 4 (2017-present): Charting Future Possibilities

## What are the next steps for the WCE?

- Sage-grouse habitat credits are still a possibility.
- Carbon credits. The WCE Board has been approached to explore this idea.
- Mule deer (and other ungulate migratory species) and water are still natural resource challenges in the state.
- Value-added green marketing. Market conservation credits through value-added products (e.g., sage-grouse friendly beef).



# Phase 4 (2017-present): Charting Future Possibilities

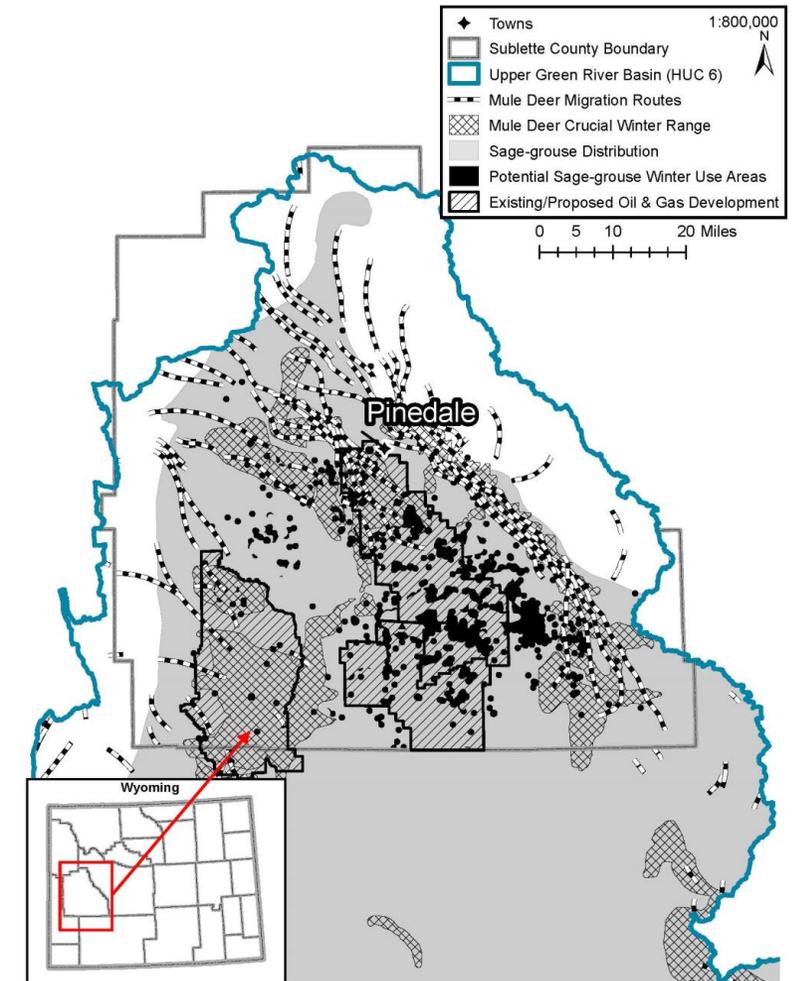
## What are the next steps for the WCE?

On the minus side:

- No trades. Challenged by regulatory change and market/economic forces.

On the plus side:

- Stakeholder Board representing ag, conservation, and industry with an impressive track record of collaboration.
- Testbed for new ideas.
- The creation of the WCE had an impact on the compensatory mitigation conversation in Wyoming, in small but important ways.





Seedskafee National Wildlife Refuge, Wyoming. *(Photo: U.S. Fish and Wildlife Service)*

# Thank You!