# Somerset Catchment Market

## Developer Webinar, 24 August 2021

### Summary of Questions and Answers posted in the chat function

#### The prices shown in the demonstration seemed high

The demonstration was a fictional market. None of the data or prices can be assumed to represent real prices.

The aim of the demonstration was to show how any surpluses in the prices offered for credits, relative to the prices asked for projects, would be shared back between credit buyers and projects suppliers.

#### How will VAT & SDLT apply to payments for credits?

The purchase is for a service (provision of credits), not for purchase of land. So, VAT would apply, but Stamp Duty Land Tax (SDLT) would not.

#### Would EnTrade act as a clearing house for surplus P credits from "own site mitigation" solutions, where NE & LPA approved?

Owners of mitigation projects that supply more credits than are needed can use the Market to sell these credits to other buyers. The design and accreditation of such projects, along with arrangements for ongoing monitoring, risk mitigation and delivery certainty, would have to meet the requirements of the Market Rules.

#### What do we do in the situation that we are ready to submit for planning but have been advised that EnTrade credits won't be made available in our catchment until Q1 2022?

The Catchment Market is only one solution to securing mitigation. Until EnTrade is ready to move into the wider catchment (forecast to occur early in 2022) then other solutions will have to be used.

#### What proportion of Phosphate entering the Levels is released by agriculture? Is it fair that farmers are being paid to remove this?

Natural England produced the following slide to show how the proportion of loads entering the Levels from water companies, agriculture and other sources will change between 2009 and 2024.



Agriculture is a major source of Phosphate. However, the Market will only be buying levels of phosphorus reduction from farmers that are over and above the reductions that they are legally required to make. The Market is not funding the removal of illegal pollution.

#### We have a current planning application in with Somerset West and Taunton but they advised some time ago that they may not accept Entrade credits as a solution and may require us to sign up to their own strategic solution. Has this now been resolved?

We are working closely with the local authorities so that they can be assured that the Market is a valid Nutrient Credit Scheme, as they originally envisaged in their [Nutrient Information Request Sheet](https://www.somersetwestandtaunton.gov.uk/media/2588/somerset-nutrient-information-request-sheet.pdf), from February 2021.

EnTrade has worked closely with Natural England and the Environment Agency to gain their confirmation that credits supplied through the Market would meet the requirements for Habitats Regulations compliance. But ultimately, the local authorities are the competent authority for deciding if the credits are compliant.

If a local authority decides not to accept credits secured through the Market, then they would make clear to you why this was the case on an individual basis, as we are not aware of any blanket refusal. An Environmental Credit Supply Agreement affected by such a decision would not come into effect (Conditions Precedent within the contract allow for this situation), and EnTrade would refund any payments made by the Credit Buyer.

#### When will it be confirmed for certain which developers can take place in the first catchment market, our Case Officer has indicated that we need to be nominated by our respective council?

The market is a voluntary, open mechanism for securing offsite mitigation credits. Approval to enter the market is determined by the Market’s Steering Committee in line with its Market Rules – the local authority does not control who can enter the market.

To support local authorities in their ability to resolve planning applications, the Market Steering Committee has specified that Credit Buyers for the first Market Round can only register to buy credits for developments that are currently delayed in the planning system for full applications or resolution of reserved matters.

#### Do Natural England have to have signed off on the phosphate calculations first?

The relevant local authority, supported by the Somerset Ecology Service, will need to sign-off your phosphorus calculations. We understand that this will be aided if you have used their approved phosphate calculator tool with valid information.

#### What is the timescale for Round 1 please?

We hope to open the process for formal registration as a Credit Buyer in mid-September, with bidding to open at the end of September.

#### For those of us with Outline applications which are held up, how do we move forward if the LPA say they will not issue the outline until mitigation or credits for mitigation have been secured

As previously noted, the Catchment Market is only one solution to securing mitigation. Until EnTrade can secure wider supply, the Market Steering Committee is likely to keep the focus on allowing buyers to resolve the backlog of applications that are closer to completion.

#### Is there a two-stage process to secure short and long-term credits?

No. The total credit needs for a development will be bid for at the same time. Bids will only settle if both short and long-term needs can be met. Therefore, the Environmental Credit Supply Agreement (ECSA) would commit to supply both types of credit, hence you would have a proceedable development.

We may have caused confusion by talking about the separate prices for short and long-term credits, then exacerbated this by the talking about the two-stages of payments under the ECSA.

To clarify on payments. We brought in the two-stage payment process to spread the cost of credits in line with your likely cashflows. The first stage of the payment is to enable us to fund the establishment of all the projects required to provide **both** short- and long-term credits. This also allows you to establish with the Local Planning Authority that you have made a true commitment to securing credits, prior to them allowing you to commence development. The second stage payment becomes due once EnTrade can verify that sufficient credits have been created and allows you to make your final payment under the ECSA in line with when you will start to receive revenues from house sales.

### EnTrade

### 25th August 2021