

Credit Pricing in a Habitat Bank: A First Look

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Abstract

Cost savings associated with emissions trading schemes has led to an interest in investigating whether trading principles can be applied to obtain biodiversity and habitat conservation benefits. Sale and purchase of credits and offsets under habitat banking is a means to achieve this goal. This study presents the structure of a habitat bank generating credits for conservation activities. It then provides an expression for the reservation price of the credits and identifies factors which impact the price. In the next step, ecological relationships are identified which allow us to link conservation outcomes of the bank to total credits produced and the reservation price.