



# State of Nevada Conservation Credit System

## 2021 PERFORMANCE REPORT

December 2021

## STATE OF NEVADA CONSERVATION CREDIT SYSTEM

The *Performance Report* is an annual product of the Nevada Conservation Credit System (CCS). The Sagebrush Ecosystem Technical Team (SETT) produces the report for the Sagebrush Ecosystem Program (SEP), and the SETT and Sagebrush Ecosystem Council (SEC) use the report to inform future improvements to the Credit System.

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# FROM THE SAGEBRUSH ECOSYSTEM TECHNICAL TEAM

This is the 6th annual CCS Performance Report, which provides a summary of the program's mitigation achievements over the past year. In addition to informing the SEC and all stakeholders on the achievements of the SEP relevant to mitigation and the CCS, the report highlights the continued commitment of the Sagebrush Ecosystem Program (SEP) to function transparently and implement mitigation uniformly.

In 2019, the Sagebrush Ecosystem Council (SEC) adopted a permanent mitigation regulation that was subsequently passed by the Legislative Commission. This regulation requires compensatory mitigation for greater sage-grouse using the Nevada Conservation Credit System (CCS). Mitigation is required for certain man-made disturbances on public lands as defined within the Nevada Greater Sage Grouse Conservation Plan. The CCS was intended to ensure consistent and durable mitigation in Nevada.

Due to the regulation, the Sagebrush Ecosystem Program (SEP) has seen a significant increase in the number of Debit Projects entering the CCS. Thirty debit projects entered the system in 2021, primarily exploration projects, bringing the total number of debit projects in the CCS to 53. An additional ten mitigation transactions occurred in 2021. These transactions achieved net conservation gain encompassing 1,661 acres of greater sage-grouse habitat in Nevada, bringing the total number of acres conserved to just under 22,000.

Three new credit projects were entered into the CCS this year, accounting for nearly 3,000 new credits. This brings the total of credit projects in the CCS to 25, and the total number of credits to nearly 59,000. The Sagebrush Ecosystem Technical Team (SETT) also conducted the first 5-year qualitative assessments on four credit projects. This allowed the SETT to meet with the Project Proponents on a more personal level, discuss the challenges of the projects, and answer any questions that they have. These meetings also provide an avenue for entire families to provide input into management, maintenance, and additional conservation opportunities. The SETT also scheduled on-site meetings with prospective credit project proponents to address questions and opportunities in consideration of their private land entry into the CCS.

Policy changes were implemented in 2021 that create new anthropogenic disturbance categories for less common impacts (e.g., railroads, gravel pits, etc.). Additionally, an appeals process conducted through the SEC was adopted to provide project proponents an opportunity to dispute decisions made by the SETT administrator.

We express our sincere gratitude and appreciation for the many partners that provide assistance, guidance, and support of the implementation of the CCS and the conservation of Nevada's sagebrush ecosystem.

Additional achievements not specifically related to conservation mitigation are highlighted in the SEP Semi-Annual Reports.

**Kelly McGowan**

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Sagebrush Ecosystem Program

# INTRODUCTION • PERFORMANCE REPORT & CREDIT SYSTEM OVERVIEW

## 2021 PERFORMANCE REPORT

The CCS's 2021 *Performance Report* provides a summary of the program's achievements over the past year and includes key outcomes from credit and debit projects as well as the program in general.

## CREDIT SYSTEM OVERVIEW & GOVERNANCE

The CCS is a market-based compensatory mitigation program that aligns the objectives of landowners, industry, and the State of Nevada. The CCS ensures that negative impacts to greater sage-grouse habitat from anthropogenic disturbances (*debits*) are fully offset by long-term habitat enhancement and protection (*credits*) that results in a net benefit for Greater Sage-grouse in the State of Nevada.

The CCS preserves the state's ecological, cultural and economic integrity by providing important contributions to the conservation of the sagebrush ecosystem. The CCS also provides regulatory certainty to industry and provides an opportunity for landowners to fund additional stewardship of their land and diversify their incomes. The program is designed to accommodate many regulatory mechanisms. The figure below illustrates the use of the CCS by key participants – resource managers, mitigation buyers and credit developers.

The CCS uses a governance structure, which includes

- **Oversight Committee** – Sagebrush Ecosystem Council
- **Administrator** – Sagebrush Ecosystem Technical Team
- **Science Committee** – Scientists and experts with critical knowledge of the sagebrush ecosystem in the State of Nevada

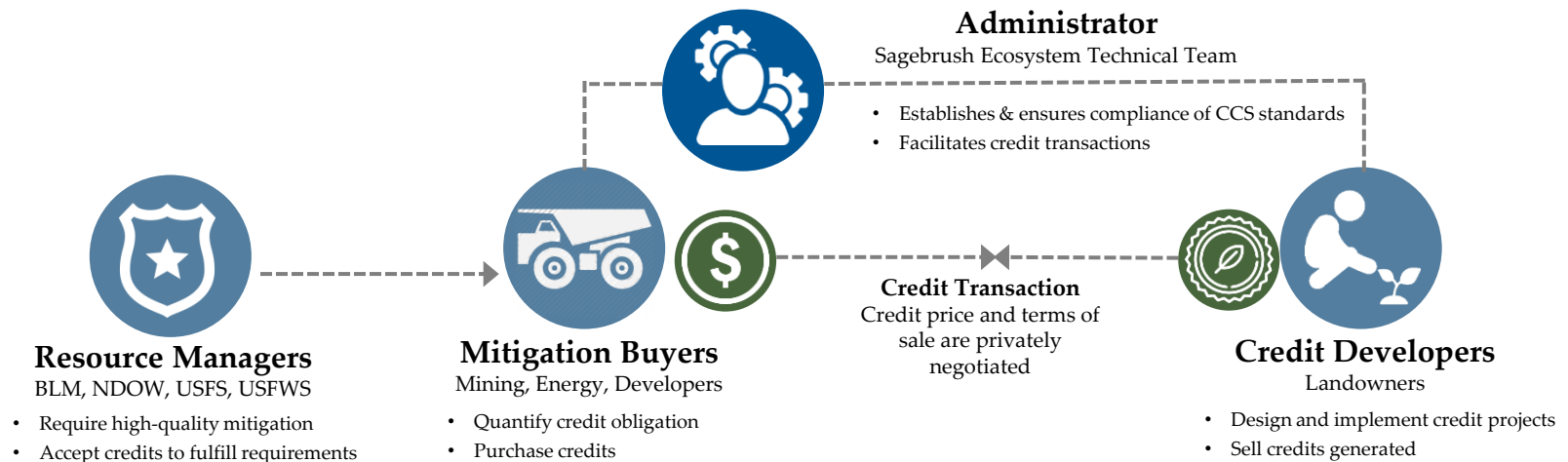


FIGURE 1: Credit System Operations

# INTRODUCTION • CREDIT SYSTEM OVERVIEW CONT.

## HABITAT ASSESSMENT & DURABILITY STANDARDS

The Credit System defines standards to ensure mitigation achieves net conservation gain, provides business certainty to industry and landowners, and streamlines administrative operations. The standards include consistent ways to measure habitat loss and gain, as well as clearly defined provisions to ensure durability of credits through time. Figure 2 depicts the primary elements of a credit.

For additional background and details on the CCS, please see the latest version of the [CCS Manual](#) and [HQT Methods Document](#) on the [CCS website](#).



FIGURE 2: Composition of a CCS Credit

## CONTINUAL IMPROVEMENT

Making continual improvements to the CCS is crucial to ensure the Credit System fulfills participant needs and achieves program objectives over time. The CCS uses a transparent, structured continual improvement approach to identify important opportunities for program improvement and implement approved improvements every year.



FIGURE 3: CCS Continual Improvement Process

## 2021 PROGRAM RESULTS • NET BENEFIT GENERATED

The goal of the CCS is to offset impacts from certain anthropogenic (man-made) disturbances with habitat enhancements and protections resulting in a net benefit for Greater Sage-grouse habitats in the State of Nevada.

The CCS ensures net benefit to Greater Sage-grouse habitat in multiple ways. The CCS uses a scientifically rigorous habitat quantification tool (HQT) to assess both debit (degradation of habitat) and credit (conservation of habitat) projects. Mitigation ratios applied to the three habitat management zones (Priority, General, and Other) and a five percent factor added to debit projects occurring within any management zone ensures more functional-acres are gained than lost, and standards are used to ensure habitat quality remains for the planned life of credit projects.

In addition, the to the Mitigation Ratio, the Proximity Ratio is multiplied to the final debit score to account for how far the offsetting credit project is located from the disturbance. The Proximity Ratio can increase the credit obligation (debits) from 0% to 15%. The purpose of the Proximity Ratio is to encourage mitigation to occur near to where habitat is being displaced or impacted.

The combination of Mitigation and Proximity Ratios results in a net benefit for sage-grouse habitat in Nevada.

### Standards that Ensure Net Benefit

- ✓ **Consistent metrics** are used to measure both credits and debits
- ✓ **A mitigation ratio** ensures that functional-acres gained are greater than functional-acres lost
- ✓ **A reserve account** contribution of 5-14% of credits in excess of the amount needed to offset any disturbance is required at the time of sale/transfer within the CCS. Reserve account credits are maintained to ensure that credits lost (e.g. acts of nature) can be replaced as necessary, and provide durability as well as continued net benefits
- ✓ **Advanced mitigation** is required to replace habitat before impacts occur
- ✓ **Additionality provisions** that ensure credits are based on habitat enhancement and protection that were not funded by public sector investments

# 2021 PROGRAM RESULTS • CREDIT DEVELOPMENT

## STATE OF NEVADA SEED FUNDING OF CREDIT PROJECTS

The SEP has facilitated successful solicitations for credit project development in 2016, 2017, and 2019 that attracted nearly 40 applications and resulted in seed funding to thirteen credit project proponents totaling approximately \$2M. The funding was or will be used to quantify habitat quality, develop management plans, and implement on-the-ground habitat improvements.

The SEP utilized a Pay for Performance procurement strategy to solicit and provide seed funding to credit projects in 2016, 2017, and 2019. The seed funding contracts defined payments associated with key milestones, rather than reimbursement of costs as typically seen in traditional grants. Reimbursement of state funds by landowners using the funds follows each sale of credits per their funding agreement. The procurement strategy illustrated below incentivized credit developers to maximize credit generation at the lowest cost, allowed the SEP to fund the projects expected to generate the greatest number of credits per dollar of state funds awarded, and minimized financial risk and uncertainty for the state. This procurement strategy also allows for a revolving fund which will continue to fund new projects.

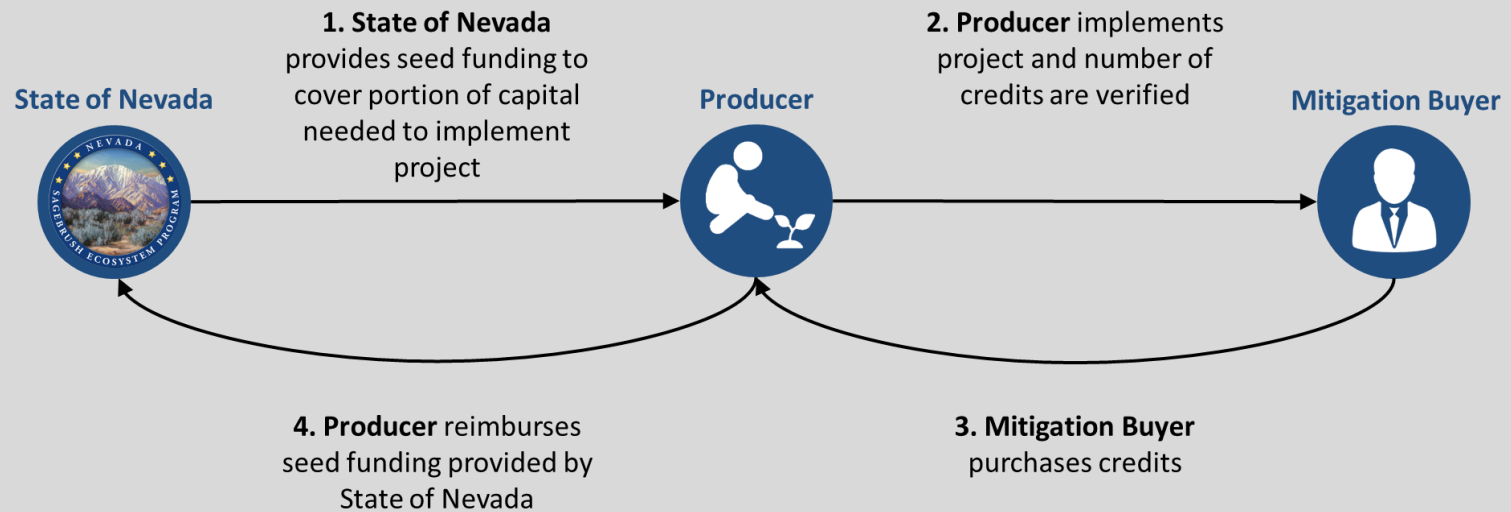


FIGURE 4: Illustration of the Pay for Performance procurement strategy utilized by the State of Nevada



# 2021 PROGRAM RESULTS • TRANSACTIONS



TABLE 1: Description of all transactions through the CCS as of December 2021

- Reserve account contributions associated with transfers are excluded from this table. Proximity factors associated with the transactions are included.
- \*\* "Acres Included in other Transaction" refers to acres already accounted for in a previous transaction, as all credits within a Credit Project map unit are required to be managed in their entirety, regardless of the number of credits transferred within.

DEBIT PROJECT	CREDITS TRANSFERRED OR SOLD	CREDIT PROJECT	ACRES CONSERVED**	WAFWA MGMT. ZONE
<b>Transactions*</b>				
<b>Bald Mountain Mine</b>	2,514	Tumbling JR Ranch	9,717	III
<b>Greater Phoenix Mine</b>	243	West IL Ranch	6,279	IV
<b>Greater Phoenix Mine - Philadelphia Canyon</b>	5	West IL Ranch	Acres Included in other Transaction	IV
<b>Coeur Rochester Mine</b>	467	Crawford Cattle - Sonoma	1,498	III
<b>Coeur Rochester Mine</b>	186	Crawford Cattle - Snowstorms	1,313	IV
<b>Baltazor Geothermal</b>	292	Crawford Cattle - Snowstorms	1,033	IV
<b>Midas Exploration</b>	22	Estill Ranch	11	V
<b>Avocado Exploration</b>	44	Crawford Cattle - Snowstorms	254	IV
<b>Newcrest Exploration Phase I</b>	3	Cottonwood Ranch	6	IV
<b>Fish Springs Solar</b>	59	Heguy Ranch	26	IV
<b>Western Oil Exploration</b>	5	Crawford Cattle - Snowstorms	Acres Included in other Transaction	IV
<b>Jerritt Canyon Exploration</b>	45	Cottonwood Ranch	103	IV
<b>Snow Canyon Mine Closure</b>	2	Cottonwood Ranch	Acres Included in other Transaction	IV
<b>Twin Creeks Mine - Sage Tailings</b>	35	West IL Ranch	Acres Included in other Transaction	IV
<b>Tungsten Mountain Solar</b>	5	Crawford Cattle - Snowstorms	1,332	IV
<b>Dixie Meadows Geothermal</b>	109	Crawford Cattle - Snowstorms	Acres Included in other Transaction	IV
<b>South Railroad Exploration</b>	9	Heguy Ranch	Acres Included in other Transaction	IV
<b>Peterson Mountains Mine</b>	1	Heguy Ranch	Acres Included in other Transaction	IV
<b>White Pine Hydropower Pump Exploration</b>	9	Secret Pass Ranch	226	III, IV
<b>Cherry Creek Tower</b>	3	Secret Pass Ranch	Acres Included in other Transaction	III, IV
<b>Round Springs Tower</b>	3	Secret Pass Ranch	Acres Included in other Transaction	III, IV
<b>TOTAL</b>	<b>4,061</b>			

# 2021 PROGRAM RESULTS • CREDIT SUMMARY

## BACKGROUND

Credit development involves quantification of habitat values (credits), enhancement or restoration of habitat, development of a management plan, securement of financial assurances and signing a participant contract. After available credits are determined, the sale price of credits is based on market value and determined through a private negotiation between landowners with credits available and debit project proponents needing credits to offset a disturbance. When credits are sold, the purchaser fulfills a mitigation obligation, and the credit seller commits to maintaining performance standards for the term of the contract. Landowners can continue agricultural and livestock operations compatible with Greater Sage-grouse habitat needs throughout the contract term.

## CREDIT TYPES

### TRANSFERRED CREDITS

Transferred credits refers to those credits that have been sold or transferred to a debit producer to satisfy their mitigation obligation.

### AVAILABLE CREDITS

Available credits are based on verified habitat quantifications and have an approved management plan. These credits are “available” for transaction.

### ANTICIPATED CREDITS

Anticipated credits are those credit projects in the initial stages of development that have not finalized a management plan. These credits are not “available” for transaction, yet.

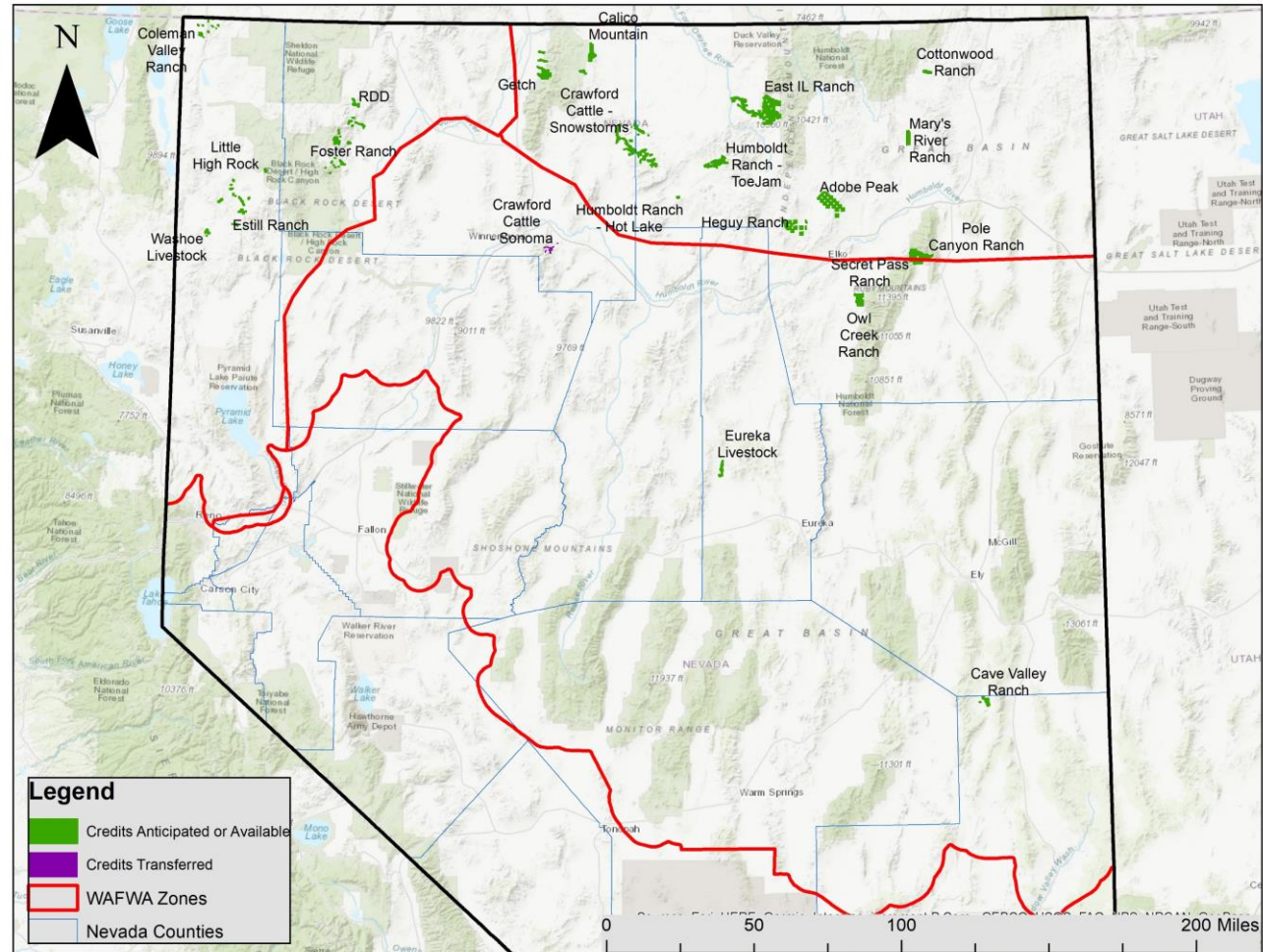


FIGURE 5: Map of all credit projects. Credits Transferred refers to Credit Projects that have completely transferred all available credits.

# 2021 PROGRAM RESULTS • CREDITS AVAILABLE

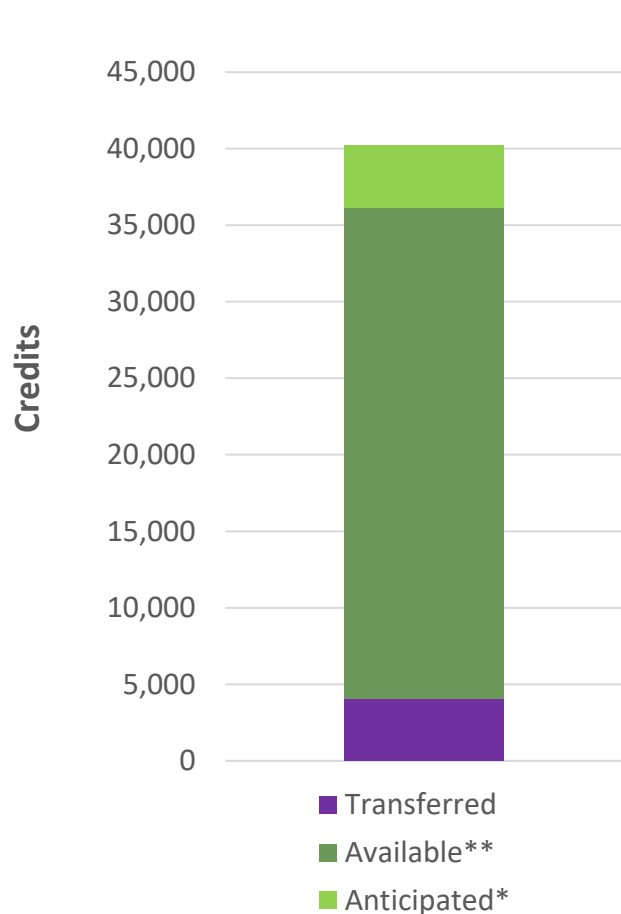


FIGURE 6: Credits by development phase

TABLE 2: Description of credit projects with available credits in the CCS as of December 2021

PROJECT NAME	CREDITS	COUNTY	ACRES	WAFWA MGMT. ZONE	STATE SEED FUNDED***
<b>AVAILABLE CREDITS</b>					
Tumbling JR Ranch	1,663	Elko, White Pine	All Acres Conserved	III	State Seed Funded
Coleman Valley Ranch	341	Washoe	1,137	V	State Seed Funded
Cottonwood Ranch	779	Elko	998	IV	State Seed Funded
Johns Ranch	164	Elko	1,073	IV	State Seed Funded
West IL Ranch	2,614	Elko	All Acres Conserved	IV	Privately Funded
Heguy Ranch	697	Elko	6,464	IV	State Seed Funded
Crawford Cattle - Snowstorms	1,234	Humboldt, Elko	6,598	IV	State Seed Funded
Estill Ranch	618	Washoe	3,041	V	Privately Funded
RDD	740	Humboldt	1,094	V	State Seed Funded
Eureka Livestock	1,718	Eureka	1,623	III	State Seed Funded
Adobe Peak	3,618	Elko	10,901	IV	Privately Funded
Humboldt Ranch - Hot Lake	694	Elko	198	IV	Privately Funded
East IL Ranch	8,873	Elko	23,721	IV	Privately Funded
Secret Pass Ranch	3,627	Elko	10,043	III, IV	State Seed Funded
Owl Creek Ranch	2,929	Elko	5,363	III	State Seed Funded
Mary's River Ranch	1,751	Elko	2,930	IV	Privately Funded
<b>TOTAL</b>	<b>32,060</b>				

\* Anticipated credits are estimated, but not finalized or eligible for transfer/sale.

\*\* Available Credits are finalized and eligible for transfer/sale to mitigate for anthropogenic disturbances.

\*\*\* Projects receiving state seed funding also included varying amounts of matching funds from the landowners.

# 2021 PROGRAM RESULTS • CREDITS ANTICIPATED



TABLE 3: Description of credit projects that have yet to finalize credits in the CCS as of December 2021

PROJECT NAME	CREDITS	COUNTY	ACRES	WAFWA MGMT. ZONE	STATE SEED FUNDED
<b>ANTICIPATED CREDITS</b>					
Coleman Valley Ranch	TBD	Washoe	1,137	V	State Seed Funded
Eureka Livestock	TBD	Eureka	1,623	III	State Seed Funded
Cave Valley Ranch	TBD	Lincoln	1,769	III	Other
Adobe Peak	TBD	Elko	10,901	IV	Privately Funded
Washoe Livestock	TBD	Washoe	799	V	Privately Funded
Humboldt Ranch - Toejam	TBD	Elko	5,330	IV	Privately Funded
East IL Ranch	TBD	Elko	23,721	IV	Privately Funded
Calico Mountain	TBD	Humboldt	5,120	IV	State Seed Funded
Foster Ranch	TBD	Humboldt	6,170	V	State Seed Funded
Getch	TBD	Humboldt	6,229	IV	Privately Funded
Little High Rock	TBD	Washoe	322	V	Privately Funded
Pole Canyon Ranch	TBD	Elko	2,068	IV	Privately Funded
<b>TOTAL</b>	<b>~22,000</b>				

# 2021 PROGRAM RESULTS • CREDIT SPOTLIGHT

## FEATURED PROJECT – SECRET PASS RANCH

Secret Pass Ranch is a working sheep and cow ranch in Elko County between the Ruby and the East Humboldt Mountains. Jared and Selena have been implementing Holistic Management principles since 2003, when Jared attended the Ranching for Profit School. Over the past nearly two decades, as their knowledge and skills have developed, they have increased stock density by implementing mob grazing in the irrigated meadows during the growing season and implementing a rotation with the upland pastures that ensures the season of use for grazing is alternated and total rest is incorporated periodically.

The ranch is managed according to organic standards. Although the ranch is not currently certified organic, it is important to the Sorensen Family to raise their children in a chemical-free environment and to promote the life in the soil by not harming it through toxins. With goals to improve the existing meadow condition and maintaining greater sage-grouse early and late brood-rearing habitat along with adjacent nesting habitat, the Sorensen's saw an opportunity to enroll in the Credit System in 2019 through the initial round of State sponsored funding. By the end 2020, the Sorensen's locked in 3,643 credits for sale. The purpose of the Project is multifaceted and holistic and includes generating greater sage-grouse habitat mitigation credits as compensation to unavoidable impacts from projects disturbing Federal or State lands. The management will provide improvements to rangelands for enhancing wildlife and livestock grazing, improve hydrology, keeping intact community and family-owned holistic working ranch in operation, and properly manage greater sage-grouse habitat for the benefit of multiple species.



### SITE DESCRIPTION

- Working livestock ranch
- High-quality meadow and late brood-rearing habitat over the entirety of the project area
- Adjacent to 2 active leks and public lands between the Ruby Mountains and East Humboldt Range
- Project area of over 10,000 acres within all three Habitat Management Area types



### MANAGEMENT ACTIONS

- Implementation of a holistic grazing plan
- Installing stock water pipeline and troughs to improve dispersion
- Remove PJ on site
- Implementation of weed and invasive grass treatments
- Maintenance of fencing and irrigation infrastructure



# 2021 PROGRAM RESULTS • DEBIT SUMMARY

The CCS is a mitigation tool used to offset impacts to Greater Sage-grouse from certain anthropogenic (man-made) disturbances, such as mines, geothermal facilities, energy development, transmission lines, and other temporary or permanent infrastructures which directly or indirectly impact Greater Sage-grouse habitat. Ranching and farming activities are not considered impacts and can contribute to conservation objectives.

## MITIGATION HIERARCHY

The CCS uses a mitigation hierarchy (Avoid, Minimize, Mitigate) within or near sage-grouse habitat management areas. Impacts from proposed anthropogenic disturbances are analyzed for potential avoidance first, if avoidance is not possible, then opportunities are examined to aid in minimizing impacts, and finally any residual unavoidable impacts (*debits*) are mitigated using the CCS. The CCS also applies financial incentives that support avoidance and minimization.

## FEDERAL AGENCY COLLABORATION

The State of Nevada, BLM, and USFS have signed a memorandum of understanding detailing the collaborative implementation of the CCS. Project proponents seek authority to conduct business on federal lands, and once approved they use the CCS to fulfill their mitigation obligation, if applicable. Project proponents can use the CCS to verify mitigation (*credits*) that they generate themselves or they can acquire credits from other credit developers in Nevada.

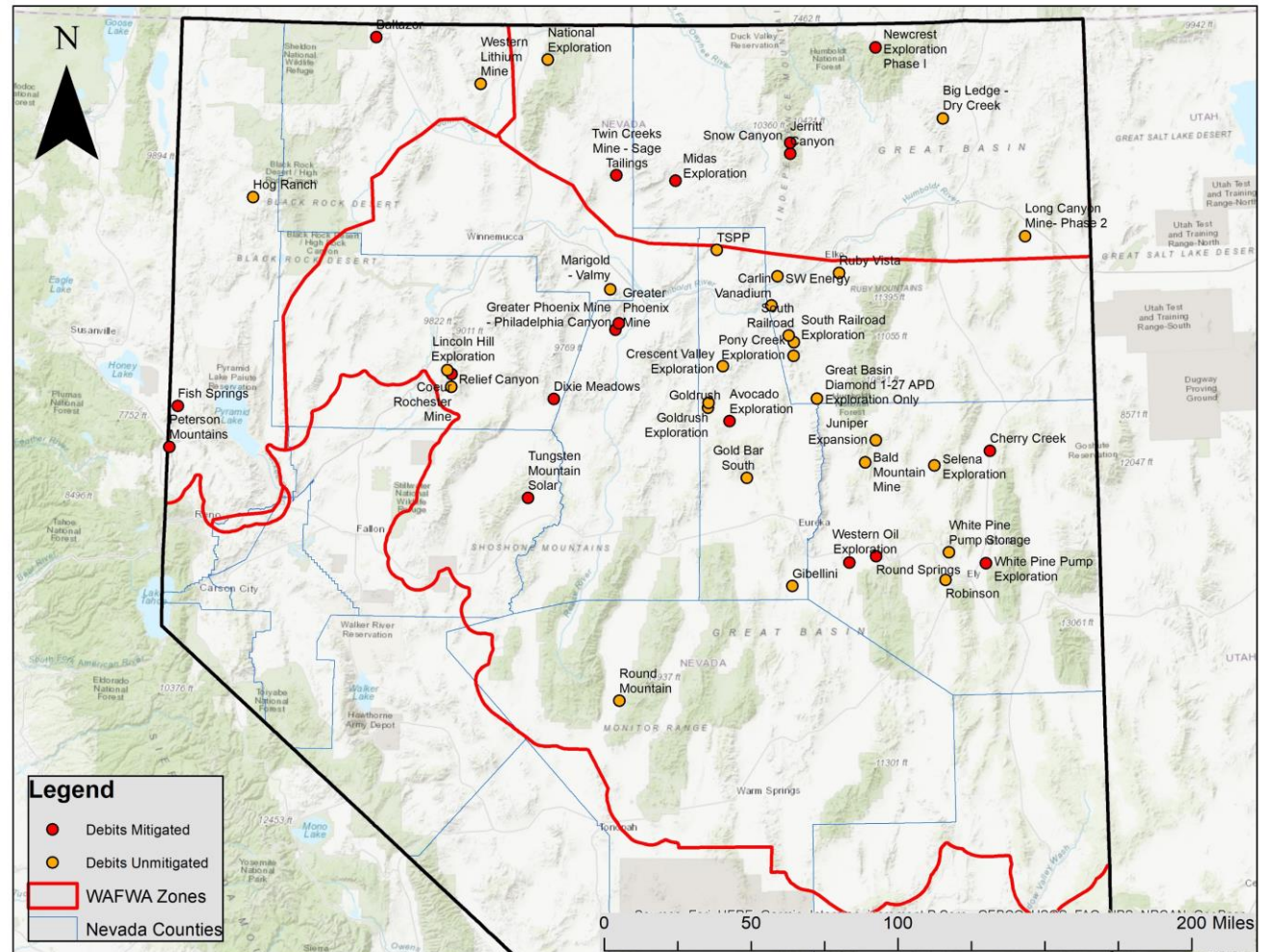


FIGURE 7: Map of debit projects having offset disturbance through the CCS mitigation or anticipated to be offset in the future.

# 2021 PROGRAM RESULTS • DEBITS ANTICIPATED/OUTSTANDING

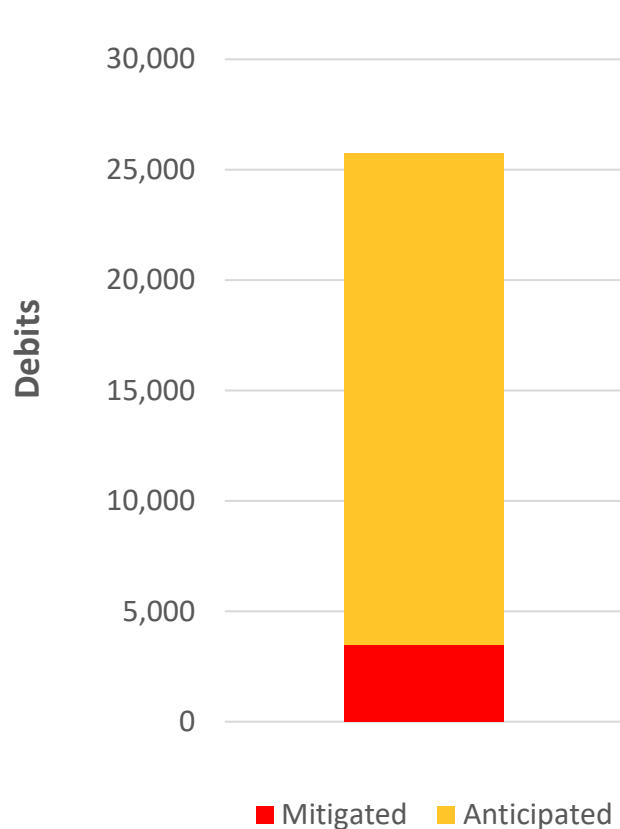


FIGURE 8: Debits mitigated or anticipated through the CCS. Debits represent functional acres lost.

TABLE 4: Description of debit projects participating in the CCS as of December 2021

- Direct impact refers to the disturbance footprint associated with a project. It does not account for the indirect impacts to Greater Sage-grouse habitats.
- \*\* Anticipated debits only reflect projects that are in an advanced state of project planning.

PROJECT NAME	DEBITS	COUNTY	ACRES OF DIRECT IMPACT*	WAFWA MGMT. ZONE
<b>ANTICIPATED DEBITS**</b>				
Bald Mountain Mine	2,737	White Pine	5,734	III
Western Lithium Mine	1,375	Humboldt	5,169	V
Long Canyon Mine- Phase 2	1,676	Elko	815	III, IV
Lone Tree Mine - Buffalo Mountain	675	Humboldt	284	III
Gibellini Mine	1,932	Eureka, Nye, White Pine	328	III
Goldrush Mine	2,197	Eureka, Lander	1,341	III
Pony Creek Exploration	131	Elko	150	III
Robinson Mine	183	White Pine	51	III
Round Mountain Mine	41	Nye	264	III
Relief Canyon Mine	33	Pershing	0	III
Carlin Vanadium Exploration	71	Elko	85	III
National Exploration	28	Humboldt	40	IV
TSPP Pipeline	4	Elko, Eureka	1	IV
Jerritt Canyon Exploration	39	Elko	384	IV
Ruby Vista Road	1	Elko	2	III
Big Ledge - Dry Creek Mine Closure	310	Elko	59	IV
South Railroad Exploration	82	Elko	122	III
Prospect Mine	152	Eureka	28	III
Rossi Mine	410	Elko	1,094	IV
Gold Bar South Mine	2,058	Eureka	210	III
Juniper Mine Expansion	863	Elko, White Pine	2,300	III
Marigold - Valmy Mine	339	Humboldt, Lander	542	III
White Pine Hydropower Pump Storage	295	White Pine	860	III
Selena Exploration	39	White Pine	100	III
Hog Ranch Mine	6,050	Washoe	456	V
Lincoln Hill Exploration	15	Pershing	187	III
Great Basin Diamond 1-27 APD Exploration Only	16	Elko	25	III
SW Energy Road	12	Elko	4	III
Goldrush Exploration	27	Eureka, Lander	210	III
Crescent Valley Exploration	13	Eureka	28	III
<b>TOTAL</b>	<b>21,739</b>			

# 2021 PROGRAM RESULTS • DEBIT SPOTLIGHT

## FEATURED PROJECTS – PETERSON MOUNTAINS

Peterson Mountain spans the California-Nevada border and is situated approximately 40 miles northwest of Reno, Nevada. The location is famous for large amethyst and quartz scepter crystals. The mountain is covered by a number of claims, some of which are open to collectors on a fee basis or by permission granted for club-sponsored field trips. This mine is primarily operated by volunteers who enjoy digging for and finding intact crystalline forms, like the famous quartz scepter “Mongo”. The proponents for this active claim reached out to the SETT regarding a minor mine expansion. Due to the small acreage (<12-acre expansion), the mine only needed a small number of transects completed, and the debit amount was one 30-year debit. They finalized a credit purchase with the Heguy Ranch earlier in the year. They also made a voluntary donation to the Program to enhance continued conservation.



### MINE SITE DESCRIPTION

- Surrounding area had been burned (1-2 years old) and the vegetation was in early successional with non-native seeded bunchgrasses, native forbs, burned and young shrubs, and invasive grasses and forbs.
- Located primarily in General Habitat Management Area (GHMA).



### PROJECT DESCRIPTION

- New expansion of existing mining activities projects consisting of 11.9 acres of disturbance that generated 1 term debit.
- Project term of 30 years.





# 2021 PROGRAM OPERATIONS • RESERVE ACCOUNT

A primary responsibility of the SETT is to manage the reserve account. The reserve account serves as an insurance mechanism for CCS transactions and ensures there are always more credits than debits in the CCS in the event of credit project failure due to intentional or unintentional reversals.

A percentage of credits generated by each credit project are transferred into the reserve account at the time that credits are transferred to a Credit Buyer's account. Credits in the reserve account may be used by the SETT to temporarily offset invalidated credits until they can be replaced through corrective actions or using credit developer financial assurance funds to purchase replacement credits for the remaining term. Credits can be invalidated either intentionally or unintentionally, such as a willful destruction or acts of nature. The process of generating and using reserve credits is described in Figure 9.

Table 3 represents the deposits, withdrawals and balance of the reserve account as of December 2021. A positive balance (column 4) confirms there are more credits than debits in the CCS. As of December 2021, no credits have been withdrawn from the reserve account.

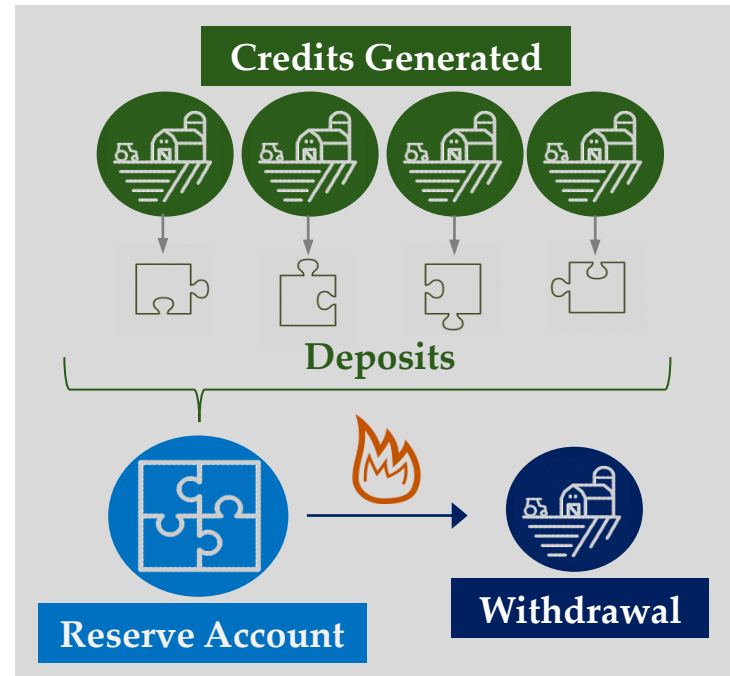


FIGURE 9: Reserve Account generation and use

CREDIT PROJECT NAME	RESERVE ACCOUNT DEPOSIT	RESERVE ACCOUNT WITHDRAWAL	RESERVE ACCOUNT BALANCE	REASON FOR INVALIDATED CREDITS (WITHDRAWALS ONLY)	INVALIDATED CREDITS REMEDIAL ACTION PLAN (WITHDRAWALS ONLY)
<b>Tumbling JR Ranch</b>	343	N/A	343	N/A	N/A
<b>West IL Ranch</b>	31	N/A	358	N/A	N/A
<b>Crawford Cattle – Sonomas</b>	58	N/A	58	N/A	N/A
<b>Crawford Cattle - Snowstorms</b>	65	N/A	79	N/A	N/A
<b>Estill Ranch</b>	3	N/A	3	N/A	N/A
<b>Heguy Ranch</b>	7	N/A	8	N/A	N/A
<b>Secret Pass</b>	2	N/A	2	N/A	N/A
<b>TOTAL</b>	851	N/A	851	N/A	N/A

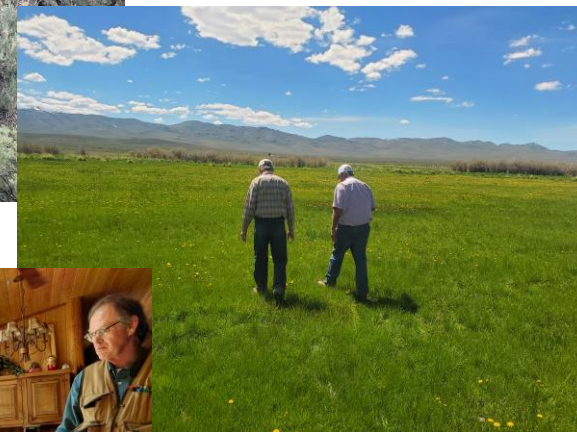
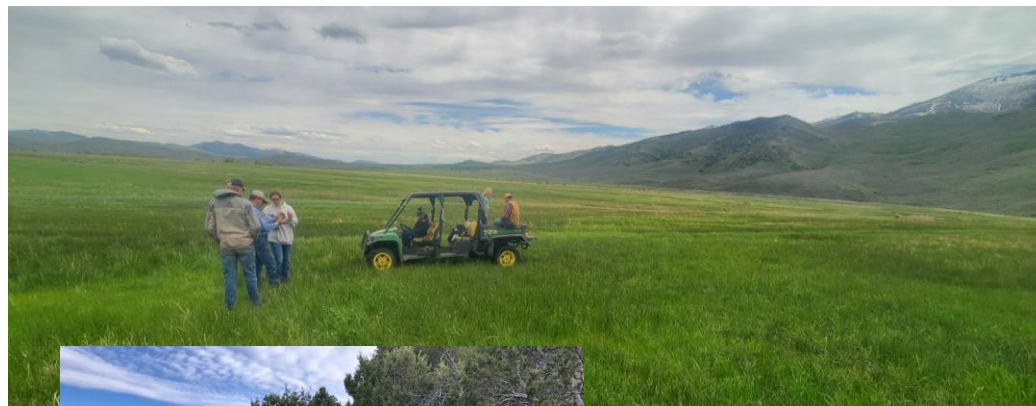
TABLE 5: Reserve Account Ledger

# 2021 PROGRAM OPERATIONS • 5-YEAR REVIEW

2021 marked the first 5-Year Credit Project Qualitative Assessments for four projects. This is an interactive review where the SETT conducts a detailed desktop review using the latest imagery and vegetation composition analysis provided through the Rangeland Analysis Platform. This gives the SETT a general idea of how the project has performed over the last five years without the need for on-the-ground measurements. The SETT then visits the Project Proponent and sits down with them at the project site, usually in their own homes. During this face-to-face meeting, the SETT can review the desktop results, discuss how things are going on the project area, answer any programmatic questions, make a “next steps” plan, and get feedback regarding the Program. Many times, the meeting consists of not only the project proponent, but the entire family, including the next generation who will take the project over in the coming years. After the meetup, the SETT was able to tour the projects with the Proponent, to assist with annual monitoring and to give the Proponent a chance to show uplift areas or areas of concern. It was a great time to build relationships, have candid discussions regarding the projects, and to answer any questions or concerns about the Program itself.

During these visits, the SETT was also able to meet with other project proponents who needed assistance with the next steps in their projects and meet with a potential project proponent who expressed interest in entering land into the Program. These assessments are important to maintaining relationships, gaining knowledge and perspectives of the land, people, management goals, and achieving mutually beneficial outcomes. Six projects are slated for 5-year Qualitative Assessments next year.

Photos from top to bottom: Teaching how to conduct annual monitoring on Secret Pass with three generations of Sorensen's; Assisting with annual monitoring on Eureka Livestock; Sherm Swanson discussing how to improve riparian function with Jim Etcheverry on Eureka Livestock; Katie Andrlle and Gerry Miller discussing annual monitoring and next steps for Cottonwood Ranch.



# 2021 PROGRAM OPERATIONS • ADMINISTRATION OVERVIEW

As the administrator of the CCS, the SETT is responsible for day-to-day operations of the CCS, as well as the many other responsibilities and initiatives of the Sagebrush Ecosystem Program. Key SETT responsibilities related to the CCS include the following.

## PROGRAM ADMINISTRATION & COMPLIANCE

- Continue to provide information to the SEC as requested, and to serve as staff to assist them in fulfilling the statutory and regulatory obligations
- Ensure consistent and accurate application of CCS policies and tools
- Award credits, verify debits, and track credit transfers between credit and debit accounts
- Ensure long-term stewardship and periodic verification of credit projects
- Enforce contract compliance, work with credit developers to implement corrective actions as necessary, and manage the reserve account
- Maintain agreements and coordinate with implementing partners

## CONTINUAL IMPROVEMENT & REPORTING

- Identify opportunities to improve the CCS based on new science findings, operational experience and changing policy context
- Develop improvement recommendations through analyzing alternatives and engaging science community
- Publish improvement recommendations with supporting rationale, and facilitate review and approval by the Sagebrush Ecosystem Council
- Publish program results in the Annual Performance Report

## PARTICIPANT SUPPORT & OUTREACH

- Support Credit Buyers and Credit Developers through credit generation and debit verification
- Educate stakeholders, and encourage Credit Buyer and Credit Developer participation
- Train Verifiers
- Continued participation in collaborative, multi-jurisdictional meetings statewide



# 2021 PROGRAM OPERATIONS • CONTINUAL IMPROVEMENT

Implementing annual improvements to the CCS is a primary responsibility of the SETT and necessary to ensure that the program achieves its goals. The SETT actively engages program participants and verifiers throughout the year to understand how the program is working and where it could be improved. Once a year the SETT synthesizes findings related to CCS operations, achievements, challenges, and new, relevant science. The SETT develops improvement recommendations based on the findings, vets them with the science community and then they are considered for adoption by the Sagebrush Ecosystem Council (SEC). Improvements initiated by the SETT and adopted by the SEC in 2021 are summarized below.



## ANTHROPOGENIC DISTURBANCE CATEGORIES

The CCS anthropogenic disturbance categories do not capture every type of proposed anthropogenic disturbance. This improvement aimed to create new disturbance categories as “Other” to classify disturbances that do not fit within existing categories and are expected to be relatively uncommon or unconventional. A recommendation for the creation of a new railway category was also adopted.



## COMPETING LAND USE CONFLICTS

Guidance for when a debit project is considered “valid” was not covered within CCS policy. However, the CCS provided guidance on when a credit project is considered “valid”. This created confusion when two separate projects (credit and debit) entered the system at or near the same time and in or near the same place. The SEC adopted a protocol to establish the point of validity for projects and a proposed solution to avoid potential issues with the reserve account in these circumstances.



## APPEALS PROCESS

An appeals process did not exist within the CCS Manual to address disputes on matters related to the implementation of policy or regulatory decisions. Clarification was needed regarding Project Failures, specifically a guideline for determining project failure and intentional reversal, and protections due to trespass or unlawful entries that may negatively impact the functional habitat value of a credit site. The SEC adopted an appeals process for project proponents that dispute the administrator’s decision.



## EXTENDING THE TERM FOR ACTIVITIES PERMITTED PRIOR TO DECEMBER 07, 2018

Clarification was needed on how the Program should address disturbances that were authorized prior to December 7, 2018 but whose authorized terms have expired and require a renewal action by the authorizing agency (e.g., rights of ways, easements, etc.). The SEC determined that certain projects/activities that require a permit renewal and were authorized prior to December 7, 2018, but do not alter the boundary or authorize new or additional disturbance, will not be required to mitigate if the renewal is exclusive to an extension of the term.

# 2021 PROGRAM OPERATIONS • IMPLEMENTING PARTNERS

The Sagebrush Ecosystem Program is grateful for the agency partnerships and support that is critical for program implementation and long-term success of the CCS.

