

PHASING IN CREDIT PURCHASING FOR DEBIT PROJECTS

Finding

The CCS Manual currently says in Section 2.5.3 “Pursuant to Nevada Administrative Code, debit projects permitted through federal and state agencies will use the CCS to purchase credits that fulfill their compensatory mitigation obligations prior to development of the debit project.” However, Regulation LCB File No. R024-19 allows for the development of a mitigation plan which may include phasing credits over time under certain conditions.

Improvement Recommendation

Specific Improvement Recommendation

The SETT recommends allowing the possibility of credit phasing for debit projects, but there will be a credit phasing factor of 1.05 applied to any balance remaining following the initial offset to the credit obligation. Prior to breaking ground, one-third of the total term debits (rounded up) and all of the permanent debits are required to be purchased or transferred (Phase 1), which follows the same guidelines as credit phasing for uplift projects. No more than two additional phases of credit acquisition will be allowed (Phase 2 and Phase 3), and all credits acquired must cover the entire term of the project, regardless of when they become effective. The remaining amount of credits must be acquired within 10 years of the first transaction. For project terms under 30 years (e.g., exploration) the remaining credits must be acquired by 1/3 of the term length. The project proponents will be required to comply with a Phased Credit Purchasing Agreement. The intent of this improvement is to allow flexibility for compliance with the new regulations. The SEC may revise this phasing methodology periodically, but it is anticipated to be discontinued in 2029.

Table 1. Example of Credit Phasing for a project term length of greater than 30 years.

Hot Stuff Geothermal Plant	
Debit Project Length	45 years
Debit Amount	900 term debits/12 permanent debits
Final Debit Amount with Credit Phasing Factor	930 term debits/12 permanent debits
Phase 1 (purchased before breaking ground, covers 15 years of a debit project)	300 debits/12 permanent debits /45 year term
Phase 2 (purchased 5 years post-start)	315 debits/45 year term
Phase 3 ¹ (purchased 10 years post-start)	315 debits/45 year term

¹ Optional

Table 2. Example of Credit Phasing for a project term length of less than 30 years.

Peek-a-Boo Exploration	
Debit Project Length	10 years
Debit Amount	15 term debits/0 permanent debits
Final Debit Amount with Credit Phasing Factor²	16 term debits/0 permanent debits
Phase 1 (purchased before breaking ground, covers 3.33 years of a debit project)	5 debits/10 year term
Phase 2 (purchased 1 years post-start)	5 debits/10 year term
Phase 3³ (purchased 3 years post-start)	6 debits/10 year term

Manual Updates

The manual will be updated in the following sections:

- 2.5.3 Mitigation Hierarchy and Permit Requirements
- 2.2.2 Mitigation and Proximity Ratios
- Where else is necessary should the public lands improvement be adopted

² Partial credits always rounded up

³ Optional