CCS: A Win - Win for Nevada & Nevadans

- Communities across Nevada rely on the sagebrush ecosystem. From ranching to mining to recreation opportunities, it is the heart of Nevada's rural economy and way-of-life. Species such as the greater sage- grouse also depend on the sagebrush ecosystem for habitat critical to their survival. Working together, public agencies, industry, and landowners are protecting Nevada's natural and human communities by participating in the Conservation Credit System.

- By participating in the CCS, landowners can generate a source of capital that can increase the level of stewardship on private lands as well as ensure that ranching and farming remain viable livelihoods for generations to come.

CCS Introduction for Private Lands Credit Producers

<u>**Enrolling credits in Nevada's Conservation Credit System (CCS) means:**</u>

- **Eligible lands assessed for greater sage-grouse habitat values & credits available for sale**
- **A management plan commits the applicant to management of the project area**
- **Credits sold to debit project proponents to mitigate habitat disturbance**
- **In exchange, commitments to manage the associated areas extended (generally 30 years or more) in addition to adhering to the other requirements of the CCS**
- **Durability mechanisms ensure the project is:**
  - **Managed as committed to & according to CCS requirements**
  - **Habitat continues to represent awarded credits**

Eligibility

- **Proof of land ownership for the planned project area(s)**
- **Location in greater sage-grouse habitat management areas as confirmed in site screening tool**
- **Habitat quality & quantity**
- **Willingness to:**
  - **Provide site information & access**
  - **Work with CCS Verifier to assess habitat & quantify credits, as well as develop a mgmt plan**
  - **Sell credits developed & commit to long-term project management, as defined in the CCS**

GRSG Habitat Management Category Map

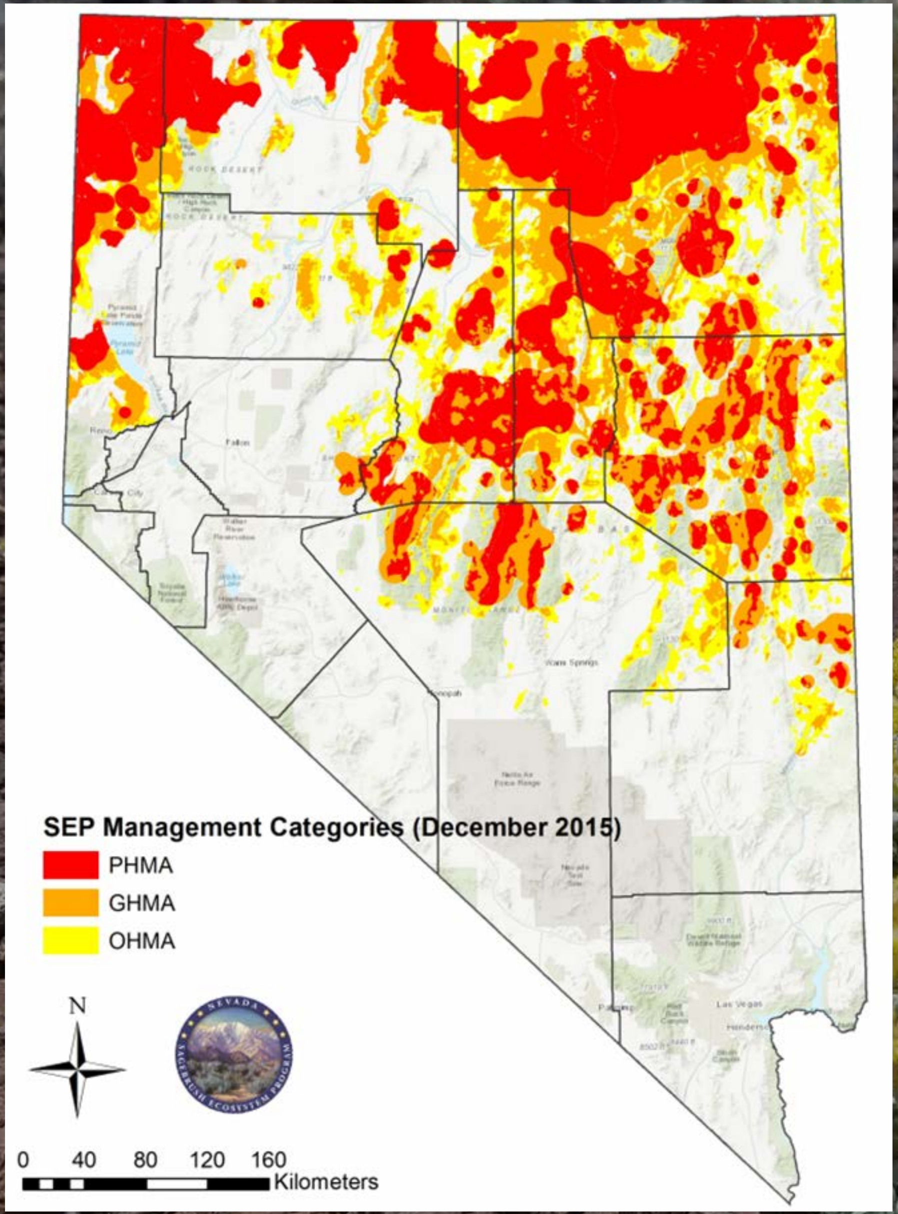

Figure 1. The map shows the greater sage-grouse habitat management category areas. Projects must be located in these locations to be eligible. Areas in PHMA are most valuable, followed by GHMA, and OHMA.

Quantifying Credits

<u>Quantifying available credits involves:</u>

- **Hiring a CCS Verifier to assess the project area with the Habitat Quantification Tool (HQT)**
- **Ensuring HQT is run in Spring when vegetation peaks with credit calculations confirmed by SETT**

<u>Of note:</u>

- **Meadows tend to yield the most credits due to an 8x multiplier**
- **Perennial grasses and forbs, and sagebrush cover & height also important**
- **Abundant cheatgrass, roads, powerlines, and other disturbances reduce credits**
- **Removal of encroaching pinyon-juniper on rangelands is required w/ uplift credits then awarded**

Committing to Management

<u>A CCS Management Plan then completed & agreed upon with SETT by the following Spring that:</u>

- **Provides background information & current management**
- **Describes goals, credit yields, attributes to be maintained, and reserve account contributions**
- **Outlines management commitments that will continue, new commitments, and a plan for grazing**
- **Provides potential uplift projects to work toward additional credits**
- **Outlines annual monitoring requirements & sites**
- **Forecasts various long-term needs & costs for planning & financial assurances**
- **Describes further terms & conditions of the CCS**

Durability Mechanisms

To maintain credits for sale or credits that have been sold for use in mitigation offsets:

- **Annual monitoring to be completed each Spring w/ report due on management and monitoring**
- **SETT visits every 5 years (except Verification years) to assess efforts & monitor w/ proponent**
- **Spot checks also possible**

Additional durability mechanisms after credits used in mitigation offsets:

- **Verification (again running the HQT) every 15 years ensures that habitat is maintained as committed to & may quantify uplift credits if relevant actions are taken**
- **Reserve Account contributions set aside with each sale ensure mitigation offsets are maintained even when wildfire/force majeure events or intentional reversals impact mitigation commitments**
- **Financial Assurances where some project costs are set aside to ensure long-term project success**

Selling Credits

- Credits are privately negotiated, but sunk costs (HQT, mgmt plan, or repayment if seed-funded) & long-term budget are important factors in setting price. SETT derived tools can be used to help quantify most upfront and long-term costs.
- Terms for debit projects can be 10 years for exploration or 30 years or more in 5 year increments. Credits can be prorated, as defined in the CCS Manual, which may allow terms for different transactions to better align.
- When only a portion of credits are sold, the landowner works with the SETT to determine the area that will be encumbered.
- When all forms associated with a sale are finalized, the liability for mitigation is transferred to the Credit Producer.

Fulfilling Commitments

- Maintaining actions and habitat as committed to in the management plan over the long run are necessary to maintain compliance & the main reason why credit developers are paid for credits
- 30 plus year commitments recommended to be made with family in mind as next generation may be taking over during the term
- Acts of nature could impact portions or the entirety of a credit project, but assuming credits have been sold and used in mitigation, the reserve account offers protection.
- If a portion or all of a project experiences intentional reversal and credits are lost, replacement of credits for the unfulfilled term is required.
- When commitments are over, credits can again be quantified using the latest HQT Version & sold.

<u>Please follow up with the Credit Project FAQs to gain a more thorough understanding.</u>