



State of Nevada Sagebrush Ecosystem Program

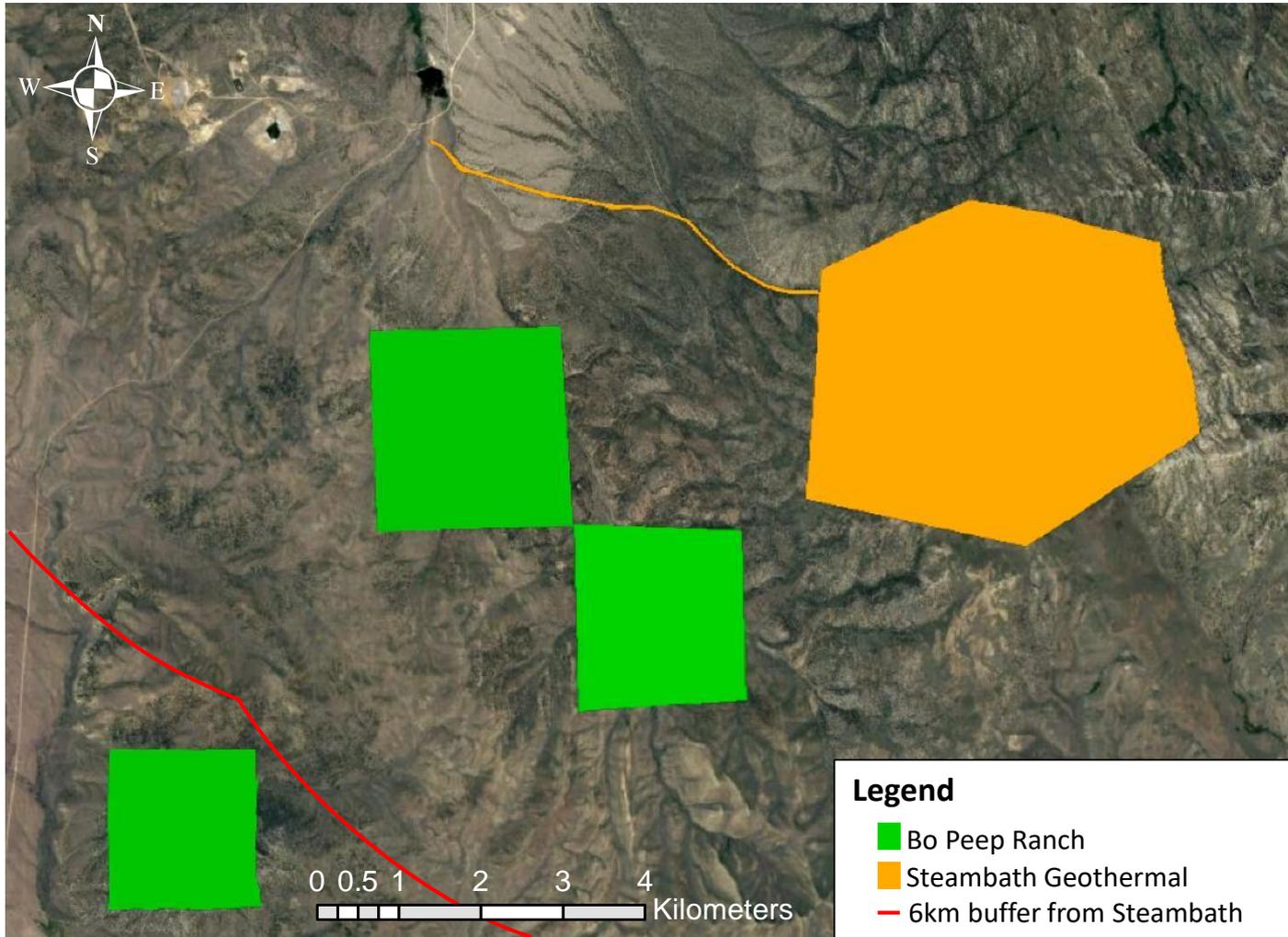
COMPETING LAND USES

May 2021

HYPOTHETICAL EXAMPLE

- Example: Debit Project Proponent has contacted the SETT to begin the mitigation process for a large Debit Project – “Steambath Geothermal” - in an area. Around the same time, a Credit Project Proponent has contacted the SETT to begin the process of establishing Credit Project “Bo Peep Ranch” within 6km of the proposed Steambath Geothermal.
- **When does a Debit Project become “valid” where it negatively impacts a Credit Project (becomes a competing land use)?**
- Competing Land Use: Land uses that reduce the functionality of habitat and invalidate the credits being generated on a site.

EXAMPLE



FINDINGS

- Section 2.1.9 Reserve Account Management and Use of Financial Assurances in the CCS Manual
 - There may be cases where verification shows that competing land uses on sites adjacent to enrolled credit project sites have occurred, which limits the ability of the enrolled credit project site to generate benefit for the species. The effect of competing land uses on sites adjacent to the enrolled credit project sites are determined using the anthropogenic disturbance curves defined in Section 3.3.1: Cumulative Anthropogenic Disturbances in the HQT Scientific Methods Document. These occurrences are out of the direct control of the Credit Project Proponent. Therefore in cases of unintentional reversals on private lands due to impacts from adjacent sites (public land), credits which have been sold and are invalidated by those activities will be not be invalidated for the credit producer, but will instead be required to be replaced by the debit project proponent prorated for the remaining term. Credits which have been entered into the system, and are awaiting sale (i.e. have a signed Management Plan) and are invalidated will be replaced by the public lands reserve account at the time of sale. If the SEC is made aware of impacts occurring from adjacent sites which are not required to mitigate (i.e. private land), reserve credits from private lands will be used to offset those impacts.

FINDING 1

- Note: Per Section 2.1.9 Reserve Account Management and Use of Financial Assurances in the CCS Manual, Credits become valid when the management plan is signed.
- If Bo Peep Ranch signed their management plan before the Steambath Geothermal is considered an official Debit Project, then the Credit Project Proponent's current sellable credits would not be reduced by the anthropogenic disturbance.
 - Replacement credits are not necessarily purchased from the Credit Project that was impacted.
 - The impacted credits would either be replaced by the public lands reserve account (if the affected credits have not been transferred) or the debit project would be required to replace the impacted credits (if the affected credits have been transferred).
- If Steambath Geothermal established before Bo Peep Ranch, then the geothermal plant would be considered an anthropogenic disturbance, which reduces the habitat quality (credits) of the ranch and may not be eligible for credit generation within the CCS.
 - For a credit project to be eligible, there cannot be evidence supporting imminent threat of direct or indirect disturbance by land uses that will cause the habitat function of the total credit site to be less than the minimum performance standard referenced above as measured by the HQT (Section 2.3.3₅ Credit Site Eligibility)

IMPROVEMENT RECOMMENDATION 1

OPTION 1

A Debit Project qualifies as competing land use when a Debit Review form is submitted to and reviewed by the SETT with proof of the start of NEPA (e.g., project initiation form) or state equivalent on state-owned land.

Pros

- Protect a Debit Project Proponent from purchasing more credits than originally anticipated if a Credit Project Proponent establishes credits in the area while the Debit Project is being considered
- Prevent a credit project from becoming impacted soon after establishment

Cons

- Potential Credit Projects considered impacted before disturbance is actually committed to and on the ground
 - Could be years before habitat is actually impacted
 - Debit Project could fail to move forward
 - Credit Project can be reevaluated at the 15-year validation or sooner if requested and regain the credits that had been impacted

IMPROVEMENT RECOMMENDATION 1

OPTION 2

A Debit Project qualifies as competing land use when they first transfer credits to offset the disturbance.

Pros

- Allow potential Credit Project Proponents to establish credits before they are impacted by the disturbance
- Ensures that impacts only occur when a debit project is imminent

Cons

- Requires a Debit Project Proponent to purchase more credits than originally anticipated if a Credit Project Proponent establishes credits in the area while the Debit Project is being considered
- Allows a credit project to be impacted soon after establishment

FINDINGS

- Section 2.1.9 Reserve Account Management and Use of Financial Assurances in the CCS Manual
 - There may be cases where verification shows that competing land uses on sites adjacent to enrolled credit project sites have occurred, which impairs the ability of the enrolled credit project site to generate benefit for the species. The effect of competing land uses on sites adjacent to the enrolled credit project sites are determined using the anthropogenic disturbance curves defined in Section 3.3.1: Cumulative Anthropogenic Disturbances in the HQT Scientific Methods Document. These occurrences are out of the direct control of the Credit Project Proponent. Therefore, in cases of unintentional reversals on private lands due to impacts from adjacent sites (public land), credits which have been sold and are invalidated by those activities will be not be invalidated for the credit producer but will instead be required to be replaced by the debit project proponent prorated for the remaining term. Credits which have been entered into the system, and are awaiting sale (i.e. have a signed Management Plan) and are invalidated will be replaced by the public lands reserve account at the time of sale. If the SEC is made aware of impacts occurring from adjacent sites which are not required to mitigate (i.e. private land), reserve credits from private lands will be used to offset those impacts.

FINDING 2

- Credits which have been entered into the system, and are awaiting sale (i.e., have a signed Management Plan) and are impacted will be replaced by the public lands reserve account at the time of sale.
 - There are no credits in the public lands reserve account to withdraw.
 - This policy would impact our public lands reserve account to cover impacts to private land credit projects, reducing the coverage for public land credit projects who contributed to the reserve account.
 - Note: Per Section 2.1.9 Reserve Account Management and Use of Financial Assurances, if the credits are sold, they will be required to be replaced by the debit project proponent prorated for the remaining term.

IMPROVEMENT RECOMMENDATION 2

The Debit Project will replace the credits impacted by the disturbance, which is the current process for impacted credits that have been transferred.

Pros

- Ease the burden from the public land reserve account, which was originally intended for temporarily offsetting impacts to public land credit projects.

Cons

- Requires a Debit Project Proponent to purchase more credits than originally anticipated if a Credit Project Proponent establishes credits in the area while the Debit Project is being considered.

MANUAL UPDATE

- Section 2.1.9 Reserve Account Management and Use of Financial Assurances
 - Competing Land Uses in Adjacent Sites
- “Therefore in cases of unintentional reversals on private lands due to impacts from adjacent sites (public land), valid credits (i.e., have a signed Management Plan) ~~which have been sold and are that become~~ invalidated by ~~those activities the disturbance will be~~ not ~~be invalidated impact for~~ the credit producer’s total credits. ~~Instead, the impacted credits will be but will instead be required to be~~ replaced by the debit project proponent prorated for the remaining term. If no term is in place, then the offset will be the same term as the Debit Project. ~~Credits which have been entered into the system, and are awaiting sale (i.e. have a signed Management Plan) and are invalidated will be replaced by the public lands reserve account at the time of sale. If~~ When the ~~SEC~~ SEP is made aware of impacts occurring from adjacent sites which are not required to mitigate (i.e., private land), reserve credits from ~~private lands~~ the appropriate reserve account will be used to offset those impacts.”
- Appendix A: Glossary
 - Debit Project Definition
 - “An anthropogenic disturbance that creates a debit. A debit project qualifies as competing land use when the debit project ...¹”

¹Either “signs and submits the Debit Review Form to the SETT with proof of the start of NEPA (e.g., project initiation form) or state equivalent on state-owned land” or “first transfers credits, either internally or purchased externally, to offset the authorized disturbance”.

LET THE DISCUSSION COMMENCE

Finding 1: When does a Debit Project become “valid” where it negatively impacts a Credit Project (becomes a competing land use)?

Option 1:

A Debit Project qualifies as competing land use when a Debit Review form is submitted to and reviewed by the SETT with proof of the start of NEPA (e.g., project initiation form) or state equivalent on state-owned land.

Option 2:

A Debit Project qualifies as competing land use when they first transfer credits to offset the disturbance.

LET THE DISCUSSION COMMENCE

Finding 2: What should happen to replace the unsold credits impacted by a competing land use?

Recommendation:

The Debit Project must replace the credits impacted by the disturbance, which is the current process for impacted credits that have been transferred.