

Potential Changes to Proximity and Phasing Factors for Public Lands Credit Projects

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NEVADA
**SAGEBRUSH ECOSYSTEM
PROGRAM**



Nevada Department of
**CONSERVATION &
NATURAL RESOURCES**



Nevada
**Department
of Agriculture**



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Phasing in Credit Purchasing: History

- Approved by the SEC in December of 2019, Agenda Item 7
 - Meeting recording 2:43:30 – 2:55:47
- With the hope to phase out phased credit purchasing as project proponents have time to plan
 - “Until industry has their feet under them and can plan to mitigate for their disturbances”
- No changes have been made to the phasing policies since approval

Current Phasing Policies for private lands Credit Projects

- Only three phases are allowed and all three must be complete with 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
- A credit phasing factor of 1.05 is applied to phase 2 and phase 3 purchases

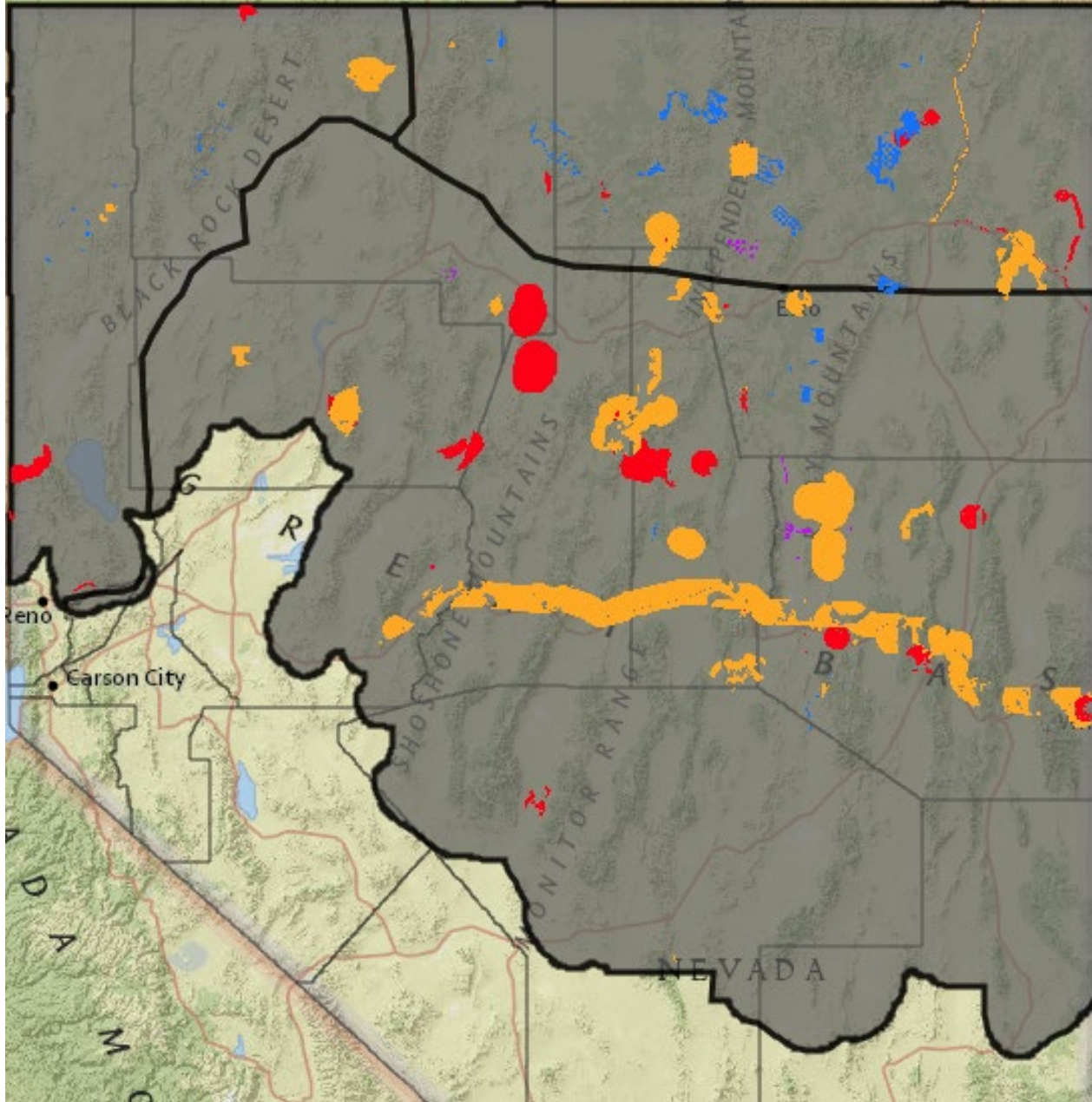
Potential Phasing Policies for public lands Credit Projects

- Treatment actions (e.g., PJ removal, herbicide application), not monitoring, must be completed within 10 years of the first transaction (i.e., minimum 1/3 private credit purchase)
 - For project terms under 30 years (e.g., exploration) the treatment actions must be completed with 1/3 of the term length
- A credit phasing factor of 1.05 would be applied to all treatment-related credit releases remaining after the 10-year mark (or 1/3 of the term length)
 - 1.05 factor would not be applied to credit releases associated with monitoring

Discussion and Questions

Proximity Factor: History

- Proximity Factors have been a part of the CCS since its inception
- To offset disturbance as close to the populations of GRSG that are being impacted by the disturbance
- Current Barrier
 - Co-location of Debit Projects is encouraged/promoted by the SEP, state, and federal agencies
 - Results in high density of Debit Projects in some regions of the state
 - Credit projects in these areas have very low credit generation potential due to the existence of competing land uses
 - Lack of credits available in close proximity to co-located Debit Projects leads to potential for penalizing Debit Proponents for co-location



Available credits = blue
Sold credits = purple
Unmitigated debits = yellow
Mitigated debits = red



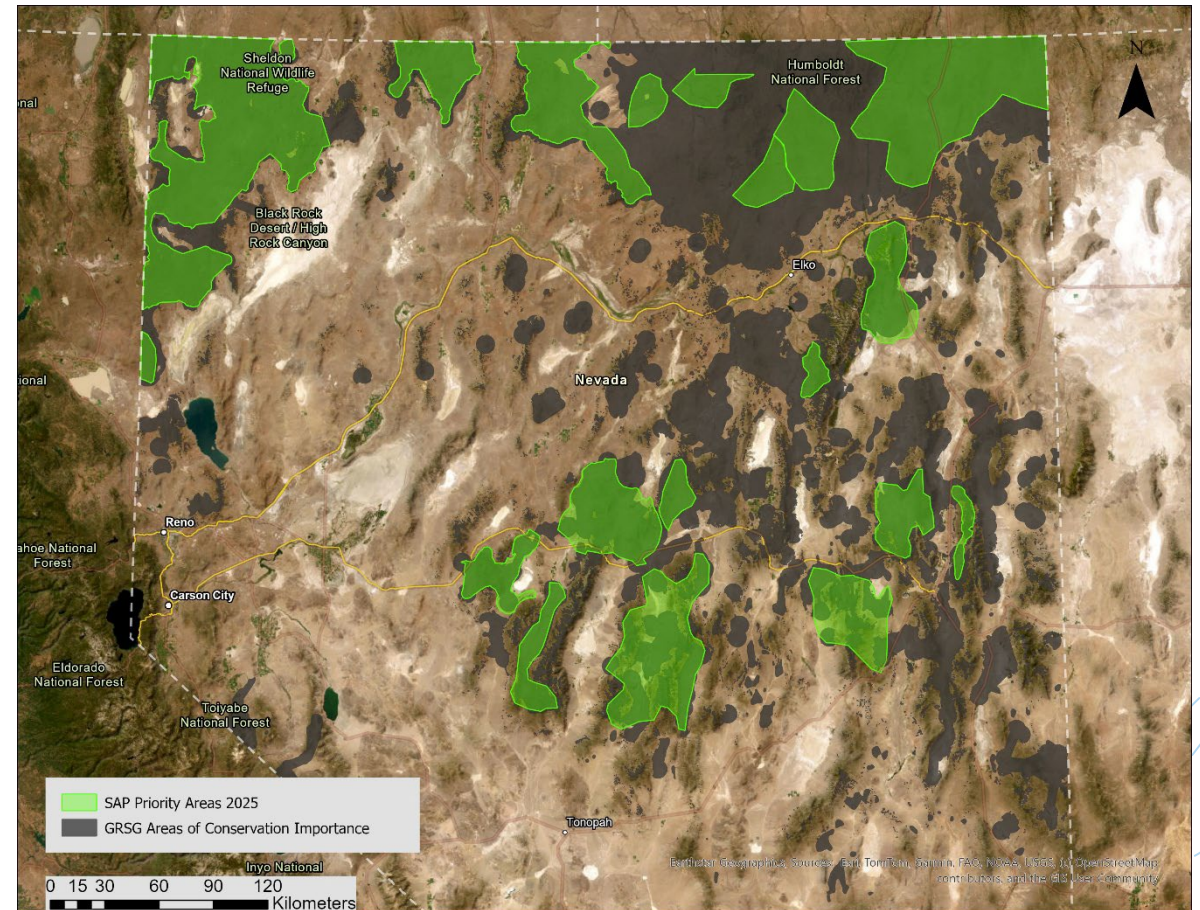
Proximity Factor: Options

Option 1: Reduction in proximity factor if public lands Credit Project is located within the Strategic Action Plan (SAP) priority area

Option 2: No change to existing policy

Option 1: Proximity Factor Reduction

If a public lands Credit Project is subject to a proximity factor but is within, or the majority is within, the SAP designated priority areas (green) then the proximity factor would be reduced by one factor.



Option 1: Proximity Factor Reduction

Goal is to avoid penalizing Debit Proponents for co-locating and incentivize credit generation in priority areas

Table 10. Proximity ratio values

| Category | Factor Value | |
|---|-----------------|------|
| No population connection between credit and debit sites (different WAFWA Management Zone) | 1.15 | 1.10 |
| Credit and debit sites connected through population dispersal (same WAFWA Management Zone) | 1.10 | 1.05 |
| Credit and debit sites located within a regional population (same BSU, even if in different WAFWA Management Zones) | 1.05 | 1.00 |
| Credit and debit sites located within a single population (same PMU, even if in different WAFWA Management Zones) | 1.00 | |

CCS Manual v2.0 Section 2.2.2 Mitigation, Proximity Ratios, & Credit Phasing

Option 2: No Change to Proximity Factors

All public lands Credit Projects are subject to the established proximity factors, even when within the SAP designated priority area

Table 10. Proximity ratio values

| Category | Factor Value |
|---|--------------|
| No population connection between credit and debit sites (different WAFWA Management Zone) | 1.15 |
| Credit and debit sites connected through population dispersal (same WAFWA Management Zone) | 1.10 |
| Credit and debit sites located within a regional population (same BSU, even if in different WAFWA Management Zones) | 1.05 |
| Credit and debit sites located within a single population (same PMU, even if in different WAFWA Management Zones) | 1.00 |

CCS Manual v2.0 Section 2.2.2 Mitigation, Proximity Ratios, & Credit Phasing



Thank You



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