

Discussion of Fire-Affected Credit Projects and Consideration of Reserve Account Use

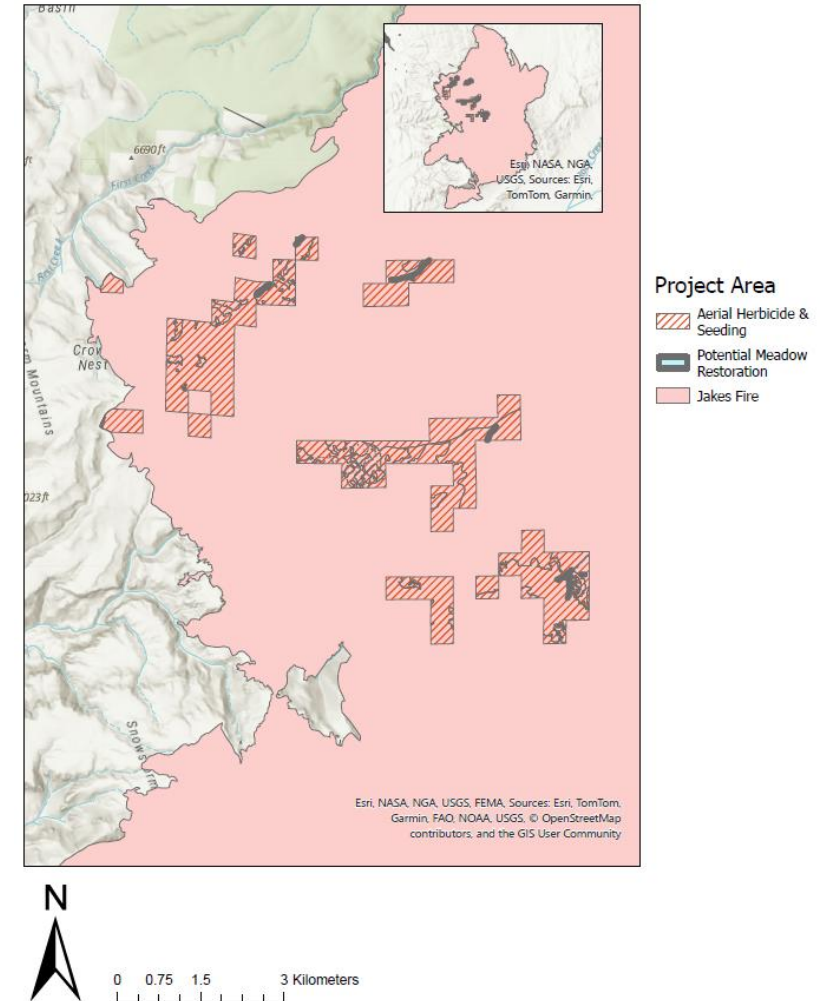
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2025 Fire Season Summary

- To date, there have been more than 590 total fires in Nevada, covering over 395,262 acres
- Three of those fires directly affected three separate credit projects
- The largest fire in the state was the Cottonwood Peak Fire, located in Elko County, which reached megafire status due to being 132,603+ acres.

Jakes Fire

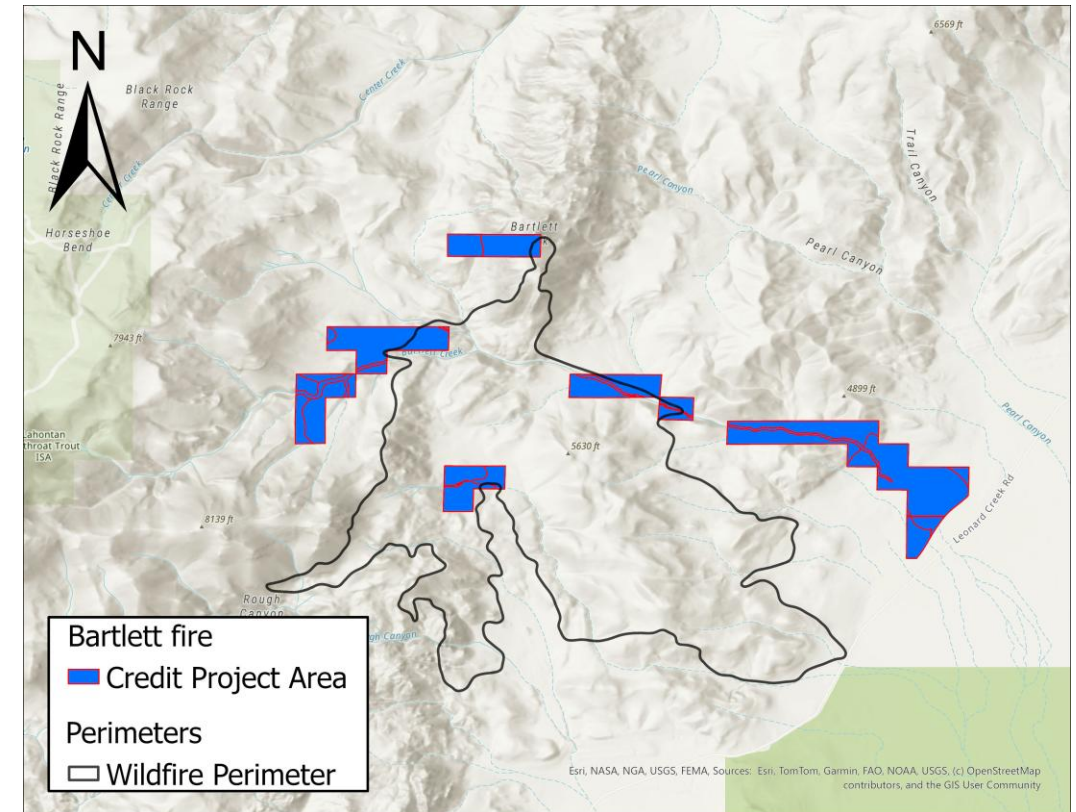
- The Jakes fire started on August 1st, 2025. The fuel mainly consisted of shrubs and short grasses and was exacerbated due to a large amount of cheatgrass on the landscape.
- The family owned and operated Crawford Cattle ranch, whose private parcels are enrolled in the CCS (over 11,000 acres) saw 2,607 acres of their private parcels (Project Area) burned in the Snowstorm mountains, an area of Priority Habitat Management for Greater Sage-grouse. This equates to over 900 credits lost.
- The SETT has applied for Shared Stewardship AB 578 funding to complete Post-Fire Rehabilitation treatments of Herbicide, seeding, and fence repair.





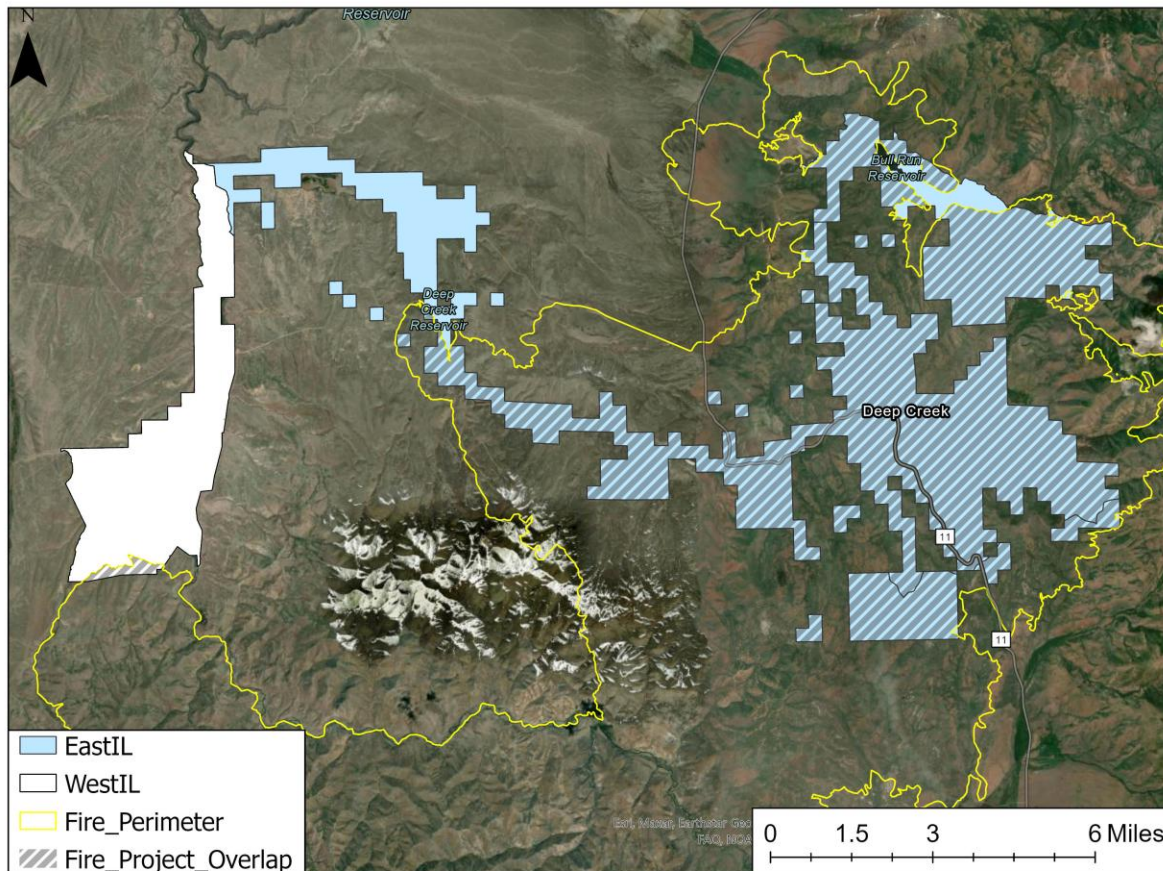
Bartlett Fire

- The Bartlett fire was a 6,169-acre fire which was started by natural causes to the east of Summit Lake Reservation and west of the Foster Ranch Credit Project area.
- The fire wiped out approximately 70 credits, which will be replenished from the reserve account.
- Ongoing efforts: The SETT is working with a consultant to complete a work plan for the private land that will include herbicide spraying, seeding, and potential stream restorations. The SETT has contacted NRCS and will seek funding for post-fire rehabilitation





Cottonwood Peak Fire



- The Cottonwood Peak Fire was a 132,000-acre mega fire in Elko County. The fire affected approximately 7,500 credits that were generated for East IL ranch.
- East IL Ranch is owned by Nevada Gold Mines, who is enrolled in the system for both Credit and Debit projects. The SETT will continue to monitor the post-fire rehabilitation that is occurring and assist where necessary.

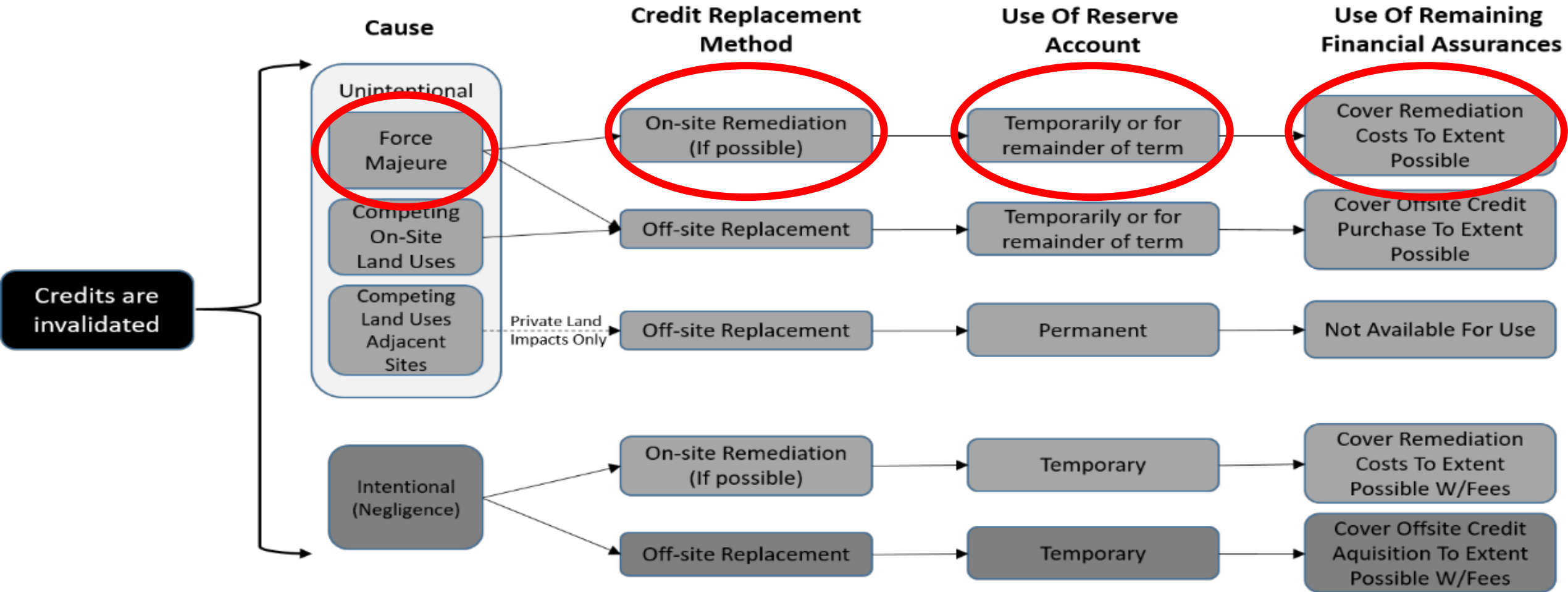
Reserve Account – What is it?

- The CCS creates a reserve account of credits and requires Credit Projects to provide financial assurances so that the Administrator can ensure the CCS generates net benefit.
- The reserve account is not a financial assurance method to hold a Credit Project Proponent financially responsible in the event of project failure.
- Serves as an insurance mechanism for the overall CCS. Each credit transaction contributes a percentage of credits generated based on the probability of the credits being invalidated

Reserve Account – How is it Used?

- The Administrator manages the reserve account and uses credits in this reserve account to temporarily cover credits invalidated due to intentional or unintentional reversals.
 - For a force majeure (e.g., wildfire) impact invalidating credits on private land, credits used will be from contributions made by Credit Projects on private lands.
- Reserve credits withdrawn to cover invalidated credits are intended to revert to the reserve account, when possible, when the invalidated credits have been replaced either using financial assurances associated with the invalidated credits, or natural site recovery occurs.

Credit Invalidation Replacement Process



Current Reserve Account

- The reserve account currently holds 1,615 credits.
- The total reserve account credits generated by all projects is 8,504.
- Based on the fires, it is estimated that almost 8,500 credits were affected throughout the three fires that were discussed.

Reserve Account Solutions

1. Add in all reserve account credits generated from Private Lands Credit Projects upon signature of the Management Plan.
2. SETT will use federal, private, or state grants to complete projects on public land to generate reserve account credits.
3. Use NVCCS State Seed Funding to generate reserve account credits on public land.
4. Increase reserve account contribution for Private Lands Credit Projects.
5. Combine Reserve Account for Public and Private Land Credit Projects.

Add in all reserve account credits generated from Private Lands Credit Projects upon signature of the Management Plan

- The current policy of the NVCCS is that a portion of the reserve account is deposited for each transaction that occurs.
- It could take years for the reserve account contribution from each project to go into effect. Slowing down the time it takes for the SEP to respond.

SETT will use federal, private, or state grants to complete projects on public land to generate reserve account credits

- This would give the SETT would complete public land credits projects, using outside sources of funding from the state, federal, or private sectors, with the understanding that those credits will get locked away for reserve account use only.

Use NVCCS State Seed Funding to generate reserve account credits on public land.

- What we are proposing is that the SETT can use funds from the State Seed Fund to complete conservation projects on public lands. These credits would not be for sale and would only be contributed towards the reserve account.
- Currently there are Conservation District projects in GRSG HMAs that can use funding for completion.

Combine Reserve Account for Public and Private Land Credit Projects

- This would allow the SEP to use the reserve account credits from Public Land Credit Projects for Public Land Credit Projects.
- While this would boost the Reserve Account for Private Lands to use, it would also mean that public lands credit projects would draw from the same account as the Private Land Credit Projects.

Increase Reserve Account Contribution for Private Lands Credit Projects

- Increasing the reserve account for private land credit projects would help to generate more for the reserve account, however, it would take away from the credits that are generated for sale.