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STATE OF NEVADA
Sagebrush Ecosystem Program

Nevada Conservation Credit System for Greater Sage-grouse Habitats
Frequently Asked Questions

Questions

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What is the Nevada Conservation Credit System?

The Nevada Conservation Credit System (CCS) has been created to preserve, and maintain greater sage-grouse habitats, while preserving and maintaining the multiple-use concept on public land, and to enhance habitats on private and public lands.

The CCS is an innovative tool developed to quantify and account for impacts to sage-grouse habitat and the conservation actions put in place to off-set these impacts. This mitigation approach has been developed to ensure a net benefit to sage-grouse. Impacts to sage-grouse habitat are defined as new anthropogenic disturbances such as mines, geothermal facilities, energy development, transmission lines, and other temporary or permanent developments which occur on federally managed land. Ranching and farming activities are not considered impacts and can be beneficial to conservation actions. Conservation actions include activities that maintain high quality habitat, and enhancement or restoration activities that improve the value of habitat to sage-grouse and may occur on private or federally managed lands.

Landowners will have an opportunity to participate in the CCS, by creating, preserving and maintaining habitat. This creates the credits for sale to those industries that are required to offset their disturbance of habitat.

The CCS is one component of a proactive plan developed by the State of Nevada in conjunction with various stakeholders to conserve sage-grouse and their habitats while responsibly maintaining the economic viabilities of industry and protecting other responsible uses of the natural resources.

Why is the CCS necessary?

Industries that impact sage-grouse habitats have been paying mitigation fees or conducting mitigation activities in recent years to off-set their impacts. However, the ability to objectively quantify the increase or decrease in the quality of the habitats through mitigation efforts has been missing. Not all acres of sagebrush are equal and do not necessarily provide high quality habitat for sage-grouse. As such, mitigation discussions have been conducted on a case-by-case basis and often have been a subjective process that can result in long negotiations based on multiple sets of information at the table. The CCS brings in an objective process, based on best available sage-grouse science in Nevada, to quantify quality, or function, of sage-grouse habitats at several scales.

On the credit side, using the concept of credit projects that have a requirement for maintaining habitat function over time is a step beyond the previous strategy that put the improvement on the landscape, but there was no long-term commitment to maintain the mitigation site. In addition, giving credit developers the incentive of profit to engage in conservation actions provides the opportunity for conservation actions on private lands.

While many of Nevada's most significant threats are something other than anthropogenic disturbances (e.g. fire, invasive plants, pinyon/juniper expansion, etc.), the need exists to sufficiently address fragmentation and other degradation caused by large scale human disturbances. This need was the impetus for the development of a robust tool that could adequately measure enhancement and protection activities (credits) that would offset anthropogenic disturbances (debits) in order to maintain a net benefit to sage-grouse and their habitats.

What is the CCS and how does it function?

In general, impacts from disturbance (Debits) are off-set by conservation actions (Credits) and credit developers are rewarded for their good work.

Disturbance project are evaluated for the number of debits incurred. Credit projects are evaluated for the number of credits conserved. Those creating debits will need to purchase credits in an amount necessary to off-set their impact. For a given project site, the quality (function) of habitat is multiplied by the quantity of habitat (acres) – this results in a determination of functional acres for the project. Functional acres are then translated into credits or debits. Credit developers can make a profit on the credits that they sell.

What is a credit and debit and how are they derived?

Credits are determined by the amount of functional acres within the project site above general regional conditions (baseline). This can be achieved by committing to maintain the current functional acres over time (referred to as “preservation project”, though active management of the site is required) or by enhancing or restoring the project site and committing to maintain the additional functional acres achieved over time (referred to as “enhancement” or “restoration” projects).

A functional acre is represented by the assessed habitat functionality above baseline multiplied by the total number of acres being considered for enrollment. In general, functionality incorporates three separate scales:

- Landscape Scale – Desktop analysis
 - Management importance factor (core, priority, general management areas)
 - Abundance vs. limited availability of seasonal habitats (breeding, late brood rearing, winter)
 - Proximity factor (distance between the credit site and the debit site – Debit projects only)
- Local Scale – Desktop analysis
 - Habitat suitability index (provided by US Geological Survey analysis in Nevada)
 - Anthropogenic impacts (field review – Debit projects only)
- Site Scale – Field data collection
 - Canopy cover – Sagebrush and other shrubs, perennial grasses, perennial forbs, invasive annual grasses
 - Height – Sagebrush and other shrubs

The following demonstrate a simplified version of the concepts of functional acres, functional acres above baseline, and credits generated.

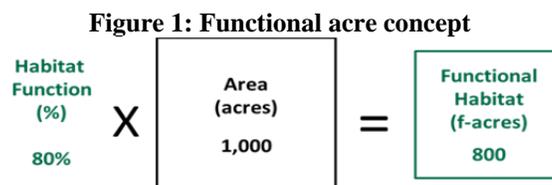


Figure 2: Functional acres above baseline for a credit project

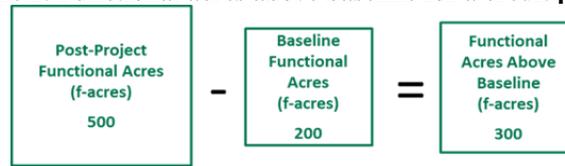
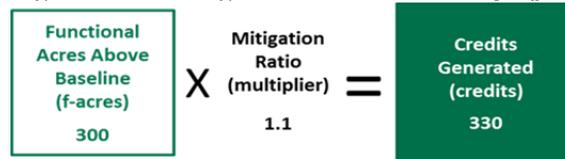


Figure 3: Credits generated from a credit project



Note: Debits are calculated in a similar way; however, the post-project functional acres are subtracted from the baseline (pre-project conditions) functional acres to determine the loss in habitat value.

The CCS Manual and Habitat Quantification Tool provide explicit detail on calculating credits and debits and are available on our website at:

<http://www.enviroaccounting.com/NVCreditSystem/Program/Home>

Who can develop credits?

Credits can be developed within sage-grouse habitat on private, tribal, and public lands. Private landowners, on a voluntary basis, are currently eligible to participate in the program. Guidance for public land enrollment in the CCS is being developed and may be eligible for enrollment in the near future. A project validation checklist has been developed to provide a quick, preliminary determination of project eligibility. A downloadable form can be found on the CCS website: <http://www.enviroaccounting.com/NVCreditSystem/Program/Home>

An active list of credits available for potential purchase will also be maintained on this website so that buyers of credit can initiate contact with potential credit developers.

How much is a credit (functional acre) worth?

Credit prices are market-driven and may be sold for any price that a credit developer sets to be financially viable for their needs. There is no set value for a credit.

What is the contract period for credits or debits?

Credit project durations are a minimum of 30 years with 5 year term increments, up to perpetuity. Credit developers may set the contract period for their project. A credit buyer must purchase credits that are equal in duration to the life of the disturbance being offset.

What is the timing for verification and continued performance of credit projects?

Credits must be maintained over the length of the contract, meaning the overall functionality of the project site must be maintained. The verification process is in place to meet this need. It essentially involves quantitative re-sampling the same vegetation attributes that were used in the initial credit calculation to ensure the required habitat function is maintained.

What happens if a credit site or a portion thereof is destroyed by an act of nature, such as fire?

The simple answer is when credits generated by a credit site are invalidated by an event or circumstance beyond the control of the credit developer, such as wildfire, the credit developer will not be held fully liable. The credit developer and CCS administrator will discuss if it is possible to restore the project site to recoup the lost credits. If agreed, restoration activities will be initiated. If the likelihood of success for restoration is low, the remaining credit obligation will be fulfilled from a reserve account maintained by the CCS Administrator, which acts as an insurance policy for the overall CCS and the contract with the credit developer is cancelled without penalties.

Are there restrictions to participation if land is already under an easement or other types of conservation contracts?

Yes and no. If there are current contracts on land being considered for enrollment into the CCS, the source of the funding and terms of any contract agreements will influence any restrictions or limitations. This will need to be determined case-by-case, but does not necessarily preclude the property from being enrolled. Potential restrictions may include reducing the amount of credits available for entry or eliminating those lands from inclusion until the current contract expires.

This concept is discussed as “additionality” in the mitigation banking world. The intent behind it is to make sure that the conservation action that is off-setting impacts is above and beyond conservation that would have occurred anyway, outside this system. The intent is to ensure that credit projects are providing lift to sage-grouse habitats to off-set the impacts from habitat disturbance and loss. In addition, some funding sources have restrictions on earning a profit on top of their funding. “Double dipping” is not allowable under the CCS.

What are the costs associated with developing credits or analyzing the debit amount (credits needed to offset disturbance)?

Costs associated with analyzing and calculating both credits and debits will be variable. Some fees may be flat, but each type of project will require third-party pre-project verification and other costs associated with originating and managing the contract. The size, location, and complexity of each project will have a direct influence on cost. Additionally, credit projects require management and maintenance throughout the life of the contract. Each contract may require bonds or other financial instruments to insure solvency of the system and protect against

avoidable reversals. The intent is for the sale price of the credits to cover all of the above costs to the credit developer.

Is a credit developer locked-in at the number of credits initially established?

A credit developer must maintain, at a minimum, the number of credits that they have committed to in the participant contract for the duration stated within the contract. Additional credits may be generated over time. If at the time of the initial contract, the credit developer agrees to perform enhancements or restoration (e.g. pinyon/juniper removal, meadow/riparian enhancement, livestock grazing practices, etc.) that indicate measurable habitat improvement over a period of years, s/he may be entitled to sell these additional credits over time.

How do I sign up to enroll in the CCS?

If a landowner (or other authorized agent) is interested in participating in the program, they can download and complete the validation checklist from the website <http://www.enviroaccounting.com/NVCreditSystem/Program/Home> and submit it to the CCS administrator. Once the CCS administrator has reviewed the validation checklist, and determined that it meets the initial criteria, a more formal dialogue will take place to establish the next steps needed to be taken to begin the credit development process.