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Document reference number and title: (Recommendation from the MEP to SBM020)

Draft Methodological tool: Reversal risk assessment

Item	Section no. (as indicated in the document)	Paragraph/Table/Figure no. (as indicated in the document)	Comment (including justification for change)	Proposed change (including proposed text)
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1	-	1	Anew appreciates the opportunity to provide feedback on the Draft Reversal Assessment Methodology Tool. As a carbon project developer for over 20 years, Anew (and our predecessor companies Bluesource and Element Markets) have developed a variety of methodologies and projects and in each, the assessment of risk was essential. We also appreciate the analysis presented in the concept note and agree that a robust reversal risk tool is essential. However, the Draft Reversal Risk Assessment Tool proposal for activities that reduce non-renewable biomass has fundamental issues that need to be addressed prior to its implementation. We elaborate on the issues we believe need to be addressed below, and we also note that on A6.4-MEP014-A07, Anew is supportive of the more detailed technical comments made by The Nature Conservancy, Conservation International, Beyond Coalition, International Emissions Trading Association (IETA) and RMI. Issues that Anew believes need to be addressed include: 1) The tool frames the discussion as a binary choice between continued reliance on the Reversal Risk Buffer Pool Account and the adoption of alternative instruments that must independently provide an equivalent level of assurance. Anew encourages the MEP to consider a broader portfolio-based approach to reversal risk management in which buffer pools, insurance products, guarantees, monetary reserves, legal attestations, and monitoring obligations may operate as complementary and mutually reinforcing tools. While some of these instruments remain at an early stage of development and require additional testing, experience from emerging pilots and market initiatives suggests that they warrant continued exploration. Rather than assessing alternatives solely as substitutes for the Reversal Risk Buffer Pool Account, the MEP should evaluate how these emerging instruments could strengthen overall system resilience when used alongside buffer pools and other safeguards. 2) Reversal risk assessment should not be applied to activities that reduce non-renewable biomass, as the credits generated are ordinary flow-based emission reductions with no need for permanence provisions.	-
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			Methodologies for clean cooking activities under the CDM (AMS-II.G), Verra/VCS, and Gold Standard have never required a buffer pool, reversal-risk rating, or permanence liability. As designed, this tool is not a risk-of-reversal tool; rather, it is a tool to calculate an emissions discount applied to these activities (disguised as a buffer contribution), even though no monitoring nor remediation is required. The application of this reversal risk assessment tool for activities that reduce non-renewable biomass could set an inappropriate precedent; the assumptions and architecture of the tool are not fit for this purpose, neither for other flow-based project types (e.g. renewable energy or fuel switching, which by extension could also become subject to the permanence requirements herein) and for activities where permanence does matter.	

2	Cover note	1	3) The Draft Tool is not sufficiently robust from a scientific and evidentiary basis and should not be adopted in its current form as a general risk assessment framework. The proposed default values are based solely on one single study, in a rapidly developing field; a sole model cannot be used as the basis to determine absolute risk. The underlying methods, datasets, and estimates are likely to continue evolving as additional research becomes available, and the MEP should establish a framework that is able to evolve as more studies are available. Instead, the proposed approach elevates a narrow set of modeled defaults into regulatory risk factors, provides inadequate treatment of uncertainty and correlation, assumes zero natural-risk mitigation by default, and leaves human-induced and governance risk underdeveloped. This creates a biased framework in which nature-based risks are standardized, extended over 100 years, and potentially used for exclusion, while risk-reduction tools such as governance, adaptive management, fire-risk reduction, insurance, reserves, and portfolio diversification are not comparably recognized for their value in reducing risk. A scientifically credible Article 6.4 framework should follow a probabilistic and portfolio-based risk architecture: estimate expected and tail losses, disclose uncertainty, and recognize verified risk mitigation approaches. Should the MEP continue to develop this Tool with its narrow application to activities that reduce the consumption of non-renewable biomass, that adoption should be accompanied by an explicit clause that states it is not precedent setting to clarify the tool will not be used as a template for the reversal risk assessment of nature-based activities without substantial revision. This is essential for ensuring the ultimate design is more scientifically robust and better oriented toward nature-based projects including those in AFOLU-sectors. In short, because the proposed tool's application to activities that reduce non-renewable biomass is inappropriate, the architecture designed for it cannot be migrated to AFOLU-sector activities. Anew does not believe this tool is fit for purpose but believes one should be created to	-
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			provide a robust and high-integrity Article 6.4 framework for assessing and addressing risks of reversal.	