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Date of submission	24/07/2026

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)
1	-	General (application to fNRB-based demand-side activities)	We note that this tool computes F_{buffer} only once the applicable mechanism methodology has determined that a buffer contribution applies. Our objection is therefore directed principally at that upstream determination in the mechanism methodology (A6.4-MEP014-A04, Section 10), and we have made it in full in our response to that consultation. We restate it here for the record and for consistency. For fNRB-based demand-side cookstove activities, the fraction of non-renewable biomass is fixed ex-ante, at the start of the crediting period, under the applicable fNRB tool. Any subsequent loss of carbon stock in the relevant reservoir — whether from natural or human-induced pressure, and whether or not it is attributable to the activity — would by definition raise the true fraction of non-renewable biomass in the region and therefore increase the emission reductions achieved during the crediting period. The reversal risk that the buffer is intended to cover is therefore already accounted for in the under-issued credit volume through the ex-ante fNRB. Applying $\backslash(F_{\text{buffer}})\backslash$ on top of this discounts the same risk a second time.	We do not consider that a buffer contribution is justified for fNRB-based demand-side cookstove activities, for the reasons set out in our response to A6.4-MEP014-A04. To the extent the buffer is retained by the methodology, we ask that the tool and methodology together ensure the buffer is not additive to the ex-ante fNRB in respect of the same reversal risk.

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2	5. Reversal risk assessment	Cover Note Section 3 Key issues and proposed solutions (3.4.3 Human-induced reversal risks), Section 5 Reversal risk assessment (5.1.2. Human-induced reversal risks)	We appreciate the MEP's transparency in paragraph 39 of the Cover Note (3.4.3. Human-induced reversal risks) stating the absence of a clear empirical or analytical basis to project human-induced reversal risks, assessing human-induced reversal risk mitigation measures, or estimating associated reversal risk reduction factors. Under Decision 20/CMA.7, paragraphs 23–24, the CMA mandates that all Article 6.4 tools must be based on the best available science and robust evidence. In the absolutely absence of such data, establishing any arbitrary or speculative default values at this stage is fundamentally incompatible with these scientific mandates.	Exclude human-induced risk factors from this version of the tool. Alternatively, set the default human-induced risk factor to zero.
3	Cover note	Cover Note Section 3 Key issues and proposed solutions (3.5. Calculation of $F_{buffer,i,t}$), Equation 1, and Question 01.	It is methodologically impossible to determine the structural relationship between natural and human-induced risk factors while the parameters for human-induced factors remain entirely undefined. Proposing a fixed mathematical aggregation rule like Equation 1 is premature without an empirical understanding of how these risks interact.	Defer the formal adoption of Equation 1 until a scientifically robust framework for human-induced factors is fully established. In the interim, $(F_{buffer,i,t})$ should be calculated solely based on the verified $(Rating_{natural,i})$ factors.
4	Cover note	Cover Note Section 3 Key issues and proposed solutions (3.6 Maximum reversal risk ratings)	We strongly agree with the MEP's proposal to not recommend or apply an upper limit for reversal risk ratings for activities that reduce non-renewable biomass consumption. A rigid ceiling would severely deter clean cooking investment in regions based purely on macro-level risk scores, unfairly penalizing certain jurisdictions before a project developer can conduct a localized feasibility analysis.	Maintain the current text explicitly rejecting upper limits on risk ratings for this activity type.

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5	Appendix 2. Methods used for deriving...	Section 3.3. Future updates	The draft tool recommends a regular reassessment of reversal risks every 2–3 years to update the $\{F_{buffer,i,t}\}$ calculation, yet it completely lacks provisions to manage how future updates to Appendix 1 default values will impact operational activities. Subjecting active projects to fluctuating risk ratings mid-crediting-period every few years creates extreme financial volatility, undermines investment predictability, and exposes active climate projects to arbitrary retroactive adjustments.	Add a new paragraph stating: "Any future revisions or updates to the default reversal risk factors or default values in Appendix 1 shall not apply retroactively to activities already registered."