| CALL FOR INPUT | |
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**Document reference number and title: (Recommendation from the MEP to SBM020)**

**Concept note: Options for implementing the provisions in paragraph 62 of the "Standard: Requirements for activities involving removals under the Article 6.4 mechanism (version 01.0)**

| 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 | - | 3.1.1 p14 | Without monitoring, we don't know the status of the assets in the buffer. We cannot appropriately stress test the buffer if we don't know the status of its assets. The MEP should consider how its language around not monitoring these assets affects our ability to stress test. | - |
| 2 | 3. Key issues and proposed solutions | 3.1.1 p17 | I would recommend leaving a mechanism for both increasing AND decreasing buffer contributions depending on what the stress test determines. | - |
| 3 | 3. Key issues and proposed solutions | 3.1.3 p30 | Not only a newer buffer pool, but also an existing buffer pool that is insufficiently diverse or has correlated and concentrated risks should be considered top use cases for buffer pool insurance. | - |

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| 4 | 3. Key issues and proposed solutions | 3.1.3 p32, 3.2.1.2 p60, and 3.4 p91 | These sections do not sufficiently consider the lack of cost-effectiveness of the considerations noted and recommendations made by the MEP. First, 3.1.3 paragraph 32 discusses the cost of insuring buffer pools and if projects would need to bear that. This additional cost may create a further gap in cost effectiveness between buffer pools and the alternative mechanisms discussed (insurance and a monetary permanence reserve). This gap should be named alongside the note that some entity would need to bear the cost of insuring the buffer. Second, in paragraphs 60 and 91, innovative alternatives like insurance and a monetary permanence reserve are framed as risks to the buffer pool. This omits the opportunity these innovations present to the buffer pool for significant cost-effectiveness for all activity types: for activities with higher reversal risk, lower cost and high volume of A6.4ERs, and for activities with negligible risk, near-term investment and offtakes. Thus, these alternatives should be evaluated as both risks and opportunities for the full picture of effectiveness and viability for A6.4. Activities should not be barred from insurance or a monetary permanence reserve because other activities chose another permanence mechanism, or A6.4 risks arbitrarily limiting the scale possible for all activities simply because the buffer pool came first. The MEP should avoid treating innovations such as insurance or a monetary permanence reserve as risks merely because they may reduce reliance on the buffer pool. If the concern is that the buffer pool may become less diversified, less liquid, or less resilient because some activities use alternative permanence mechanisms, that is not a reason to restrict those alternatives. It is a reason to improve the design, pricing, monitoring, and stress testing of the buffer pool itself. Article 6.4 should not insulate the buffer pool from competition by limiting other mechanisms. Rather, it should ensure that each mechanism bears and manages its own risks transparently. | - |
| 5 | 3. Key issues and proposed solutions | 3.1.3 p32(b), 3.2.1.1 p48, and 3.2.3 p70 | It's not clear that a single remediation of a reversal with another A6.4 credit remediates the reversal in the same way as a remediation with a credit with negligible risk if the A6.4 credit used for remediation is not | - |

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| | | | monitored itself for reversal. If reversal risk is exhausted when remediation is done using a credit with negligible risk of reversal for alternative permanence mechanisms, having a different and lower bar for remediation of reversals under a buffer pool should be noted transparently in a registry mechanism to enable appropriate and confident use of credits with different remediation for different uses and claims. In other words, to ensure usability of A6.4, the durability threshold and guaranteed durability must be transparent for each A6.4 credit. 3.2.3 p70 further exacerbates these differing bars for remediation, stating "The cancellation of A6.4ERs in the Reversal Risk Buffer Pool Account provides an immediate response to the effects of a reversal and explicitly demonstrates the environmental integrity of A6.4ERs issued in the Article 6.4 mechanism. There are no future contingencies associated with this remediation". A buffer pool that remediates with another A6.4ER with reversal risk has not demonstrated environmental integrity of the original A6.4ER in the same way as a mechanism that remediates with another A6.4ER with negligible reversal risk. This statement should be edited to reflect these different levels of assurance of environmental integrity, or deleted. | |

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| 6 | 3. Key issues and proposed solutions | 3.2.4 p74 | 3.2.4 p74 states that a Monetary Permanence Reserve would "deliver the same assurance as the Reversal Risk Buffer Pool Account." However, the MEP may wish to recognize that a Monetary Permanence Reserve could in some circumstances provide a higher level of permanence assurance. A buffer pool remediates reversals using the credits previously contributed to that pool. In contrast, a Monetary Permanence Reserve could remediate reversals through the purchase and cancellation of A6.4ERs with negligible or no reversal risk. This may allow remediation using credits with a more durable permanence profile, including through multiple layers of replacement if such credits are available. The difference between remediation using pooled buffer credits and remediation using negligible-risk A6.4ERs should be acknowledged as a possible advantage of the Monetary Permanence Reserve approach. | - |

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| 7 | 3. Key issues and proposed solutions | 3.2.4 p78 | The need to know the timing of reversals need not deter use of a monetary permanence reserve for three reasons. First, an MPR could be managed to retire its liabilities before reversals occur. In that case, should it be managed to hold enough funds to remediate all its liabilities by a clear date, it need not predict the timing of every reversal to carry out its liabilities. Second, an MPR fee could account for the uncertainty of reversal timing with stress testing and creating fees that account for worst-case scenarios calibrated to participating activities (e.g., a concentration of reversals early on when less time has passed for the reserve to grow). Third, research exists that can support prediction of timing of remediation that the MEP and designers of a monetary permanence reserve should drawn upon (e.g., Hughes et al, 2026 https://doi.org/10.70212/cdrxiv.2026521.v1). | - |
| 8 | 3. Key issues and proposed solutions | 3.2.4 p79 | This is framed as a risk, but is an opportunity to learn from long-lived institutions. Pension funds and financial endowments have persisted and learned best practices over centuries, learnings that a monetary permanence reserve can and should adopt. This should be reframed as both a risk and opportunity. | - |
| 9 | 3. Key issues and proposed solutions | 3.4 p92 | An additional criterion should be added here: an evaluation of the additional cost-effectiveness and reduced scale of impact if alternative mechanisms are barred to protect the buffer pool. | - |
| 10 | 6. Recommendations to the Supervisory Body | 6 | A clear and limited timeline for evaluating alternatives to the buffer should be provided, given the risk of building in the least-cost-effective approach (buffer pools) for activities. E.g., evaluation to occur in no more than 1-2 years to allow for further evidence and piloting. | - |

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| 11 | 3. Key issues and proposed solutions | 3.2.1.2 p54 (Question 2) | Verra's Durability Pilot recently approved some insurance and will soon approve a fund-based approach: https://verra.org/events/overview-of-verras-durability-pilot/ CAR has fully implemented insurance, and permanence trust: https://www.forestfoundation.org/permanence-trust/ The recent Contracted Durability white paper also provides guidance on insurance and buffer pool alternatives: https://rmi.org/resources/contracted-durability-a-framework-for-performance-based-carbon-removal/ | - |
| 12 | 3. Key issues and proposed solutions | 3.2.1.2 p55 (Question 3) | The Carbon at Risk framework developed by Climate Resilient Solutions is relevant evidence that the market is already developing risk-based approaches to durability and reversal risk management. Carbon at Risk provides a structured framework for estimating the amount of carbon that is at risk over time, including approaches for expressing risk at specified confidence levels and accounting for correlated risks. This kind of work can help inform how Article 6.4 evaluates reversal risk, prices permanence obligations, stress tests pooled or financial reserves, and compares the assurance provided by different mechanisms. Rather than assuming that alternative permanence approaches lack sufficient risk-management infrastructure, the MEP should recognize that market participants, researchers, and standards are already developing tools that can support credible, transparent, and quantitatively grounded risk assessment. Carbon at Risk https://www.carbonatrisk.org/ | - |