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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)

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1	-	1	Overarching comments Anew appreciates the opportunity to provide feedback on the Concept Note for Remedial Actions. 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 and actions for remediating those risks was essential. A key issue in this concept note is it often frames the discussion as a choice between continued reliance on only the Reversal Risk Buffer Pool Account and the adoption of alternative instruments that must independently provide the same level of assurance. Anew encourages the MEP to consider reframing the question – this should not be a choice between the two, but rather, we believe the Reversal Risk Buffer Pool Account should be positioned to operate together with alternative approaches under development; we elaborate on this further below. We also note that on A6.4-MEP014-A08, Anew is supportive of the detailed technical comments made by The Nature Conservancy, Conservation International, Beyond Coalition, International Emissions Trading Association (IETA) and RMI. Reframing the question. We recommend that the note’s organizing question be reframed. The current structure evaluates each measure principally as a potential substitute for the Reversal Risk Buffer Pool Account, which understates the value of these instruments operating in combination. A growing body of work now provides both the vocabulary and the functional architecture for this complementary approach. The SHIFT-CM white paper (Gupton et al., 2026; https://nature4climate.org/wp-content/uploads/2026/06/Buffer-Pools-Beyond.pdf) offers a taxonomy of durability strategies together with definitions of guaranteed, estimated, and realized durability that sharpen the analysis of how different instruments interact. Building on that taxonomy, the “contracted durability” framework (Healy et al., 2026; https://rmi.org/resources/contracted-durability-a-framework-for-performance-based-carbon-removal/) applies these concepts directly to the design of carbon	-
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			removal policy and standards including Article 6.4 and operationalizes durability as an explicit, binding obligation at the credit level, fulfilled through two core functions: assigning enforceable liability for reversals across the full storage obligation, and providing the resources to compensate for reversals when they occur. No single instrument performs both functions across all risk types and time horizons: buffer pool contributions provide first-loss protection against expected, activity-level reversals; insurance and guarantees address correlated or large-scale losses that could impair the buffer pool itself; and endowed monetary reserves assume liability that persists after the post-crediting monitoring period ends. The relevant design question for each mechanism is therefore not whether it replaces the buffer pool, but what function it performs within the overall risk-management architecture, and under what conditions. In short, we believe that a 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 instruments could strengthen overall system resilience when used alongside buffer pools and other safeguards.	

2	3. Key issues and proposed solutions	1	MEP approach to invalidating alternative measures is premature In A6.4-MEP014-A08 the MEP concludes in general terms that none of the alternative measures (insurance, comparable products, Party guarantees, Party remediation, third party guarantees and the monetary permanence reserve) are recommended for implementation. These alternatives play a fundamental role in enabling the termination of post-crediting monitoring and are especially relevant for those cases where the negligible risk threshold cannot be met. The concept note identifies important implementation issues; however, the current approach risks turning the immaturity of some of carbon insurance and permanence reserve markets into a reason to delay or marginalize the very instruments needed to make nature-based activities workable under Article 6.4. We urge the MEP to provide recommendations that would enable the use of alternative measures as originally intended by the SBM decisions. Notably, however, the MEP should not require carbon insurance, permanence trusts or other alternatives to already exist at full scale before Article 6.4 recognizes them. Markets mature after standards define eligibility, covered events, claims procedures, counterparty quality, term requirements, renewal rules, and fallback obligations. This is particularly important given that Article 6.4 is simultaneously developing rules for engineered CDR and carbon storage pathways that are also nascent or not deployed at climate scale. The regulatory posture should be enabling with safeguards, not exclusionary because market infrastructure is young. Nature-based activities should not be held to a uniquely mature-market test for the financial instruments needed to manage reversal risk. Nature is an important component of climate action and should be recognized and not discouraged. We strongly urge the MEP to apply equal treatment across pathways: if Article 6.4 can create rules that enable nascent engineered removals, it can create rules that enable nascent financial instruments for permanence. A scientifically credible permanence framework should ask: What losses are expected? What tail losses could occur? Which tool can be used to	-
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			cover routine reversals? Which tool can be used for catastrophic or correlated losses? What legal or financial backstop applies if an activity participant disappears? How are funds governed? What replacement credits or equivalent climate value must be delivered? The MEP should focus on these design questions, all of which are solvable, and convert them into Article 6.4 requirements instead of relying on arguments to justify a single buffer-pool pathway. To this end, we urge the MEP to reframe the entire document from “whether alternatives are mature enough” to “what Article 6.4 requires so these instruments can mature.”	

3	6. Recommendations to the Supervisory Body	1	Flexibility in the use of alternative measures The current framing of the concept note is also too binary: either an instrument fully substitutes for the Reversal Risk Buffer Pool Account under demanding equivalence conditions, or the mechanism continues relying primarily on the buffer pool. A more robust and fair approach would treat buffers, insurance, third-party guarantees, monetary reserves, legal attestations, and post-crediting monitoring as complementary instruments in a portfolio risk-management system. We recommend that the PACM provides flexibility so the alternative measures can be used either to entirely replace the use of the buffer pool or be use as complementary measures to the buffer (stacking). The concept note seems to be inconsistent, as in paragraph 43 it states that the use of insurance policies, comparable guarantee products or third party guarantees during the post crediting monitoring period would justify an activity participant terminating its obligation to monitor in the post-crediting monitoring period, without replacing the use of the Reversal Risk Buffer Pool Account. Later it selectively enables some of these measures to replace the use of the buffer but does not provide equal treatment to all measures. The document implicitly gives the buffer pool privileged default status, while alternatives must prove equivalence. For nature-based activities, that matters because the buffer pool alone may not be sufficient or cost-effective for correlated wildfire, drought, pest, governance, or post-crediting risks. To manage long-term reversal risk, the buffer pool, guarantee and insurance products, fund-based approaches, and other yet-to-be-developed mechanisms may be better used as a suite of alternative pathways. This design would offer a more realistic and enforceable means of managing non-permanence risk, while allowing high-quality carbon credits to benefit from much-needed finance to meet the goals of the Paris Agreement. As such, we recommend that the MEP treat buffer-only design as one option, not the benchmark against which all other tools must prove perfection. The approach for the design of remedial actions should be based on diversified risk architecture, which is	-
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			more robust. The buffer pool should be redesigned as a diversified risk portfolio, utilizing the actuarial science and robust structures from regulated risk management industries such as insurance and fund management. In addition to the buffer, insurance, guarantees, monetary reserves, and, where needed, adaptive step-up requirements would provide ways to ensure all risks are covered over the long-term, while keeping the buffer pool solvent. Guidance for each instrument should specify the covered event, claims process, term, counterparty quality, coverage amount, exclusions, and relationship to the buffer pool. Activity participants would need to select the option(s) that works for a specific scenario to cover risks.	