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Date of submission	24/07/2026

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)
1	-	-	Based on early lessons learned under Verra's Durability Pilot, we suggest the MEP consider allowing combinations of non-permanence risk mitigation options, including the use of more than one approach within the same project. Different risk drivers within a single project are often better matched to different tools. For example, insurance may be well-suited to cover natural risks, such as fire, because this is the kind of peril the insurance industry has historically underwritten and is well-equipped to price. Avoidable risks, such as poor management practices, may be better addressed by a buffer pool, a Monetary Permanence Reserve, or other options, depending on the project's risk profile. A framework that treats the buffer pool as one option among several, rather than the ultimate fallback for every risk type, is more likely to produce a resilient outcome than one that relies on any single mechanism in isolation. We'd also encourage the MEP to evaluate all durability options against a common set of criteria (environmental integrity, scalability, cost-effectiveness), rather than treating the buffer pool as the default and alternatives as exceptions requiring a higher burden of proof. A framework that only tests alternatives for risks, without weighing comparable benefits relative to the buffer pool, may understate their value and limit the range of durability tools available to activity participants. Finally, given that novel approaches like insurance or Monetary Permanence Reserves are still relatively new to carbon markets, we recognize the MEP may wish to gather further evidence before reaching conclusions on their use. We suggest the MEP revisit this question in approximately one year, once further learnings from ongoing pilots are available, so that any promising alternatives can be incorporated.	-

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2	3. Key issues and proposed solutions	Paragraph 54	In response to question 2: Are there existing examples of insurance used as an alternative to buffer pool contributions in other carbon crediting mechanisms? Verra's Durability Pilot is evaluating insurance and fund-based approaches as alternatives to buffer pool contributions and has assessed multiple insurance products against a defined set of eligibility criteria. Verra has approved policy wording from two insurance companies for use under the pilot. Beyond insurance, the pilot is also evaluating a Monetary Permanence Reserve, or a permanence fund, as another alternative to buffer pool contributions, and Verra will soon approve this mechanism for use under the pilot. We would be glad to share relevant findings and lessons learned to date to inform the MEP's work, recognizing that the pilot is still in an iterative stage.	-
3	3. Key issues and proposed solutions	Paragraph 55	In response to question 3: Do standardized reversal-risk insurance products exist, or does coverage require case-by-case insurer assessment? Based on our experience through the Durability Pilot, we've seen individual insurers propose standardized policy wording for reversal risk that can be applied across multiple projects within their own book. The policies differ between insurance companies, meaning standardization exists at the individual-insurer level, but there isn't a market-wide standard product at this time. That said, based on our experience to date, developing clear criteria, and approving products that meet them, can enable insurance at scale without requiring a single standardized product across the market.	-

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4	3. Key issues and proposed solutions	Paragraph 58	In response to question 4: How comparable are commercial insurance terms (duration, coverage provisions, renewal guarantees on price/availability) to the Reversal Risk Buffer Pool Account's requirements? Based on Verra's assessment of multiple reversal-risk insurance policies through the Durability Pilot, commercial insurance terms differ from these requirements in several ways. Policy durations are typically annual, meaning a policy would need multiple renewal cycles to span the crediting period and post-crediting monitoring period. This gap could be managed by requiring proof of annual renewal, with defined penalties (e.g., a mandatory contribution to the Reversal Risk Buffer Pool Account) if a policy is allowed to lapse without renewal. Verra's experience also suggests that certain products are better matched to specific risk drivers (e.g., natural risk such as fire or storm events) than others (e.g., political risk). This suggests that comparability to buffer pool requirements may need to be assessed on a risk-type basis, and that combining multiple instruments matched to different risk drivers may be a more workable path than requiring any one instrument to independently replicate the buffer pool's full scope of coverage. These gaps shouldn't disqualify insurance as a tool but rather support the case for allowing a suite of complementary options, including a Monetary Permanence Reserve alongside insurance and buffer contributions. A framework that permits activity participants to combine instruments is likely to produce a more resilient outcome overall than requiring one instrument to ensure the long-term permanence of all activities.	-

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5	3. Key issues and proposed solutions	Paragraph 59	In response to question 5: Are there moral hazard concerns if alternatives to the buffer pool are approved but not fully implemented, triggering retroactive liability - and does this risk differ across the crediting period, late crediting period, or post-crediting period? Under the Durability Pilot, our approach is that if an alternative to the buffer pool is used and a reversal occurs, liability is not transferred to the buffer pool. Instead, the affected credits are marked as reversed, and this is communicated transparently to the buyers holding those credits. Further credits are not issued to the project until remedy for the reversal has been made. Transparency is key to managing moral hazard concerns, as buyers and the market are made clearly aware when a reversal has occurred and whether it has been addressed, rather than the risk being absorbed by the buffer pool. The implication for buyers is that they would need to report an emission if compensation for the reversed credits is not made.	-