

1. CHEM p. 33 Why is the regional average site-scale 20%? What is the basis for using 20%?

Related to deciding to use either baseline pre-project condition or start at zero baseline or something in the middle. Working group decided need something more than zero to give landowners some reward for past good work. (3/5 call)

2. How are changes to habitat condition correlated with changes in population viability?

Strengthening the connection between habitat conditions measured by the HQT and population responses could happen through adaptive management.

(Will M): Really comes down to 2 questions: 1. How is HQT measuring habitat related to pop viability? HQT backed by sciences – measuring habitat conditions required for success of species. 2. What is role of exchange to do range-wide pop monitoring over time to make sure program results in net benefit to bird?

3. Do you have a mechanism to encourage project credits that are high impact, not low impact high quantity?

Just starting to do cost analysis on all this, but assumption all along is that not cost effective to put large acreage under mitigation agreement unless you're getting sufficient level of credits. Can you get lots of medium quality though? Project has to meet 60% functional acre score across project to get any credit, which would address low quality sites from being enrolled a lot (and maybe medium).

HQT helps with habitat types (breeding, etc.); oversight committee can help guide focus geographically. There was previous discussions of crediting credit types by habitat but not feasible. Exchange will monitor via HQT the habitats.

Right now no multiplier or discount by habitat type, it is simply monitored.

Administrator has role to make sure net benefit achieved (plus oversight committee).

4. CHEM p. 25 "Impacts to lek sites are not eligible to be offset with credits from the Exchange." Does that mean direct impacts or does it also include indirect?

Project proponents will not violate state or federal regulations for disturbing leks, this seems to be focused on direct impacts, but the language could use clarification, specific to address whether indirect effects to leks will be allowed to be offset.

5. Please explain how BLM and the state of Colorado will use the Exchange, including any written or verbal agreements which may outline such use.

BLM getting engaged, possibly with pilot projects, haven't discussed approval process yet.

6. What is the maximum time difference between a credit and a debit?

This is partially a regulatory question – the manual says that credits and debits must be contemporaneous (within the same year). Regulatory question: if you have a debit, how long can you wait before getting an offsetting credit for a permit (i.e. what timeframe would BLM require for permitting?)

7. Explain the timing relationship of credit verification, credit release, and administrative mechanisms (e.g. management plan, financial and real estate assurance).
Credit release follows banking standards (see CHEM pg. 41). Verification to be tied with releases (after management plans and financial and real estate mechanisms) and in 5-year increments following.
Flagged for further discussion – may include a graphic.
8. What oil and gas data is being used to gauge risk potential?
Appendix D of CHEM, pg. 91. Footnote with link to sources for statistics on development risk. Focused on risk of development in a split-estate situation. More information may be available.
9. Will CPW play a role setting priorities for credit projects to help meet conservation objectives?
CPW consultation? Credit projects in high-value areas for grouse would be incentivized through the CHE (built in to HQT). CPW staff may be able to informally identify high-value areas when working with landowners. Formally, CPW setting priorities by delineating priority habitat and establishing a system that creates incentives for work in those areas.
10. Do credits expire if not used within 3 years of purchase? Why allow a 3 year extension?
Credits do not expire after three years...This was included to prevent someone from buying up credits and preventing others (diminishing speculative behavior). After 3 years, need to sell credits back to CHE or sell them to someone with a demonstrated need. Credits delivered prior to the debit to be offset would be pure uplift, cannot be used retroactively.
All verification with assurances will take place through the CHE...
Extensions granted case-by-case [?], depending on the circumstances of the purchaser
Rules about who can buy credits and how long they can hold credits to prevent market manipulation.
11. How do debit calculations account for indirect effects?
Indirect effects are reflected in the calculation of functional acres (at the 3rd order scale) by discounting habitat value based on distance-decay curves specific to different types of disturbance.
12. Are debits calculated the same way for oil & gas operations as they are for transmission lines or a housing development? What is different?
The distance-decay curves to account for indirect effects are specific to different types of disturbance (see CHEHQT p. 33).
13. Eligibility for landowners who have used a Federal program: is it when the financial contract ends or is it the lifespan of the conservation practice standard (NRCS)?
See CHEM section 2.3.3, pg. 35. Landowners should be able to generate credits

in proportion to the benefit that is not achieved through federal (or state) funds.
Subset of group will discuss this issue with NRCS

14. To confirm, a debit lasts until it is verified that the project site has been restored to the original condition, or if restoration cannot achieve that, a permanent credit is used to offset remaining debit?

Yes. Outlined in section 2.4.1 of CHEM, but there are still related issues that are continuing to be worked out...

15. How are credit release milestones set? Who sets them?

Landowner, working with technical assistance, establishes milestones in their contract. Credits must be verified before release, verification occurs when landowners project (expect?) that they will meet a release standard.

16. If 1/3 of credits (over what period of time?) are initially released, is the duration of debits also extended for 1/3 of the time?

See section 2.5.1, pg. 41 of CHEM. Credit release is not tied to debit duration. There is a time-lag associated with delivery of benefits and credit release for restoration projects, but this method follows general banking guidance.

17. When a competing use is near a credit site, how are the indirect effects measured or calculated? What if the competing use occurs after credits have been verified?

Competing use (like in Scenario 1 where oil and gas is developed on adjacent BLM land) would be treated as an unintentional reversal, allowing the credit developer to use the reserve account or financial instruments to compensate for the loss of function.

18. It sounds like the Exchange Administrator will need a natural resource/land management background. True?

Possibility of NGO serving as the Administrator was mentioned...

The Service will want an Administrator identified before Service's approval – not that the Service will necessarily judge the qualifications of the Administrator, but having an entity identified fleshes out how the management and governance of the CHE will function.

19. Are there cost incentives to encourage longer versus shorter contracts?

This might be more of a science/species lead team question

Not at this point other than the inherent benefit of having long-term (as opposed to short-term) income from the credit project. The market system may make long-term credits worth more than short-term credits [although this would depend on how dynamic offsets are regulated].

20. Would it be helpful to set a FA credit baseline by Service Area?

Question for science/species lead team

Through adaptive management and oversight, CHE could prioritize specific areas (based on county or connectivity for example) through recommendations from the oversight committee or the Service (in a non-voting capacity on the

oversight committee) – conservation certificates can also provide funding that could be used to incentivize specific areas/actions.

21. How do you foresee the CHE interacting with GRSG Conservation Committees that will be established in the near future?

The high-priority conservation actions identified by Conservation Committees could be incentivized through grants (or other mechanisms) funded by conservation certificates

Open for further discussion

22. How can the Exchange show the Service that the full mitigation hierarchy was followed?

The CHE is focused on compensatory mitigation

23. Fire is considered force majeure in the Exchange. Fires through credit sites could quickly use up reserve credits. Are there any checks in the system that would discourage use of credit sites with high fire risk? (or is this not a concern in CO?)

24. Legally, how will the Administrator assess remediation success (and require additional mitigation) for an already permitted project?

25. The Agreement includes provisions for Service involvement in remedial actions, mitigation ratios, property access, etc. As a candidate species, however, the Service will likely not be permitting projects or requiring offsets. We are concerned such language would discourage the state or BLM to use the Exchange, or landowners to enroll in the Exchange. Please explain the reasoning behind the Agreement language and Service as a single signatory.

26. The Agreement repeats or summarizes many of the detailed components of the Exchange. How will future changes to the components of the Manual or HQT be incorporated in the Agreement?

27. Mitigation Ratios – This is an important piece of the program, but there is not enough information to predict the outcomes of implementing the program. Ratios (or adjustment factors) should help to ensure net benefit from the program.

- Habitat categorized as PPH and PGH have different importance to grouse and should be weighted appropriately. Higher cost of development and higher reward for conservation should be paired with higher probability of grouse use (Priority > General > Non-Habitat).
- Are “linkage” areas treated as a category of habitat importance?
- Are the proximity of credit and debit projects accounted for in credit obligation?

28. Management Activity Types – Are there thresholds for low, medium, and high-quality habitat that would help to define what type of activity (Conservation, Restoration, or Enhancement) a given credit project would be labeled?

- At least one Regional Director has gone on record saying “Given the uncertainty of being able to create sagebrush habitat and, if habitat can be created, the added uncertainty of use by sage grouse, the loss of

good occupied sagebrush habitat has to be considered a serious consequence with low likelihood of mitigation success. Creating sage grouse habitat is not mitigation for loss of occupied sage grouse habitat.”

29. Conservation Certificate Projects – How will certificates increase future credit availability? Using sales of certificates to fund restoration or enhancement projects may not meet additionality standards if those projects were planned to generate credits.
 - As the certificates are currently described, it seems problematic for FWS to provide regulatory assurances for those actions.
30. Biological Monitoring – It is unclear how biological monitoring (mentioned on page 43) will feedback into adaptive management and operations of the program.
31. HQT – Why was invasive grass cover used as a multiplier for adjusting condition scores rather than being included as a factor in scoring habitat condition?