ACR Buffer Pool Terms and Conditions

2024-05

A. Conditions to Participation in ACR Buffer Pool

To use the ACR Buffer Pool in connection with a GHG Project, a Project Proponent must first satisfy the following conditions:

I. The Project Proponent must have entered into the ACR\textsuperscript{\textregistered} AFOLU GHG Project Reversal Risk Mitigation Agreement for the GHG Project (as amended from time to time, the “Reversal Risk Mitigation Agreement”).

II. The Project Proponent must have executed the ACR Terms of Use agreement, which may be modified per the terms therein. Continued use of the ACR Registry by Project Proponent, including continued and maintained registration of the GHG Project after the effective date set forth in a notice of modifications shall be deemed to constitute acceptance of such modifications.

III. There must be a validated GHG Project Plan for the GHG Project which, among other things, includes a Reversal Risk Analysis conducted in accordance with the ACR Tool for Reversal Risk Analysis and Buffer Pool Contribution Determination and the overall risk-rating percentage for the GHG Project as output from the tool (the “Buffer Pool Contribution Percentage”), subject to updates at each full verification and following the occurrence of a Reversal.

B. Definitions

Terms capitalized in these Buffer Pool Terms and Conditions but not defined herein shall have the meanings given such terms in the Reversal Risk Mitigation Agreement or, if not defined therein, shall have the meanings given such terms in the Definitions section of the most recently published ACR Standard (“ACR Standard”).

C. Buffer Pool Account

ACR has established a Buffer Pool account (the “Buffer Pool”) on the Registry, over which it has sole operational and management control, to hold the Buffer Pool Contributions from the GHG Project (as defined below). ACR shall have the right to hold Buffer Pool Contributions from all agriculture, forest, and other land use (AFOLU) GHG projects registered with ACR in one or more co-mingled accounts. As long as carbon credits deposited by a Project Proponent are retained in the Buffer
Pool, neither the Project Proponent nor Project Developer Account Holder, if not the same entity, may transfer, sell, pledge, retire, or otherwise transact or dispose of such carbon credits.

In the event that ACR is no longer operational or able to manage the Buffer Pool, the account will be managed by ACR's parent organization, Winrock International (“Winrock”) or a comparable, qualified organization of Winrock’s election.

D. Buffer Pool Contribution

I. ANALYSIS OF RISK. For AFOLU projects that have risk of Reversal, Project Proponent shall conduct a Reversal Risk Analysis addressing both general and project-specific risk factors using the ACR Tool for Reversal Risk Analysis and Buffer Pool Contribution Determination. The output of the tool is the Buffer Pool Contribution Percentage, an overall risk rating for the GHG Project, which is applied to determine the number of carbon credits that must be deposited in the Buffer Pool at the time of each issuance to mitigate the risk of unintentional reversals. The initial Reversal Risk Analysis and Buffer Pool Contribution Percentage shall be included in the GHG Project Plan. Any subsequent Reversal Risk Analysis, Buffer Pool Contribution Percentage, and calculated Buffer Pool Contribution amount shall be included in their respective Monitoring Reports. The Validation and Verification Body (VVB) evaluates whether the risk analysis has been conducted correctly and ACR evaluates the proposed overall risk rating and corresponding Buffer Pool Contribution. If no Reversal occurs, the GHG Project’s Buffer Pool Contribution Percentage may remain unchanged for up to five years. The Reversal Risk Analysis must be re-evaluated coincident with a site visit verification, at the interval required by the ACR Standard, except in the event of a Reversal, in which case the Buffer Pool Contribution Percentage shall be re-evaluated and re-verified according to these Terms and Conditions.

II. BUFFER POOL CONTRIBUTION REQUIREMENT AND TIMING. As set forth herein and in the ACR Standard, concurrent with each issuance of carbon credits to the GHG Project, the Project Proponent shall contribute carbon credits to the Buffer Pool equal to the respective volume of carbon credits being issued within the relevant Reporting Period multiplied by the Buffer Pool Contribution Percentage. The Project Proponent may, at its discretion, contribute a number of carbon credits greater than the number required by application of the Buffer Pool Contribution Percentage. The number of carbon credits contributed to the Buffer Pool shall be referred to as the “Buffer Pool Contribution.”

III. COMPOSITION OF BUFFER POOL CONTRIBUTION. The Buffer Pool Contribution shall consist of carbon credits generated by the GHG Project or ACR-issued carbon credits of any other type held in the ACR Project Developer Account in which the GHG Project is registered, or any combination thereof. The vintage of carbon credits used for Buffer Pool Contributions is limited to no more than five (5) years prior to the vintage of the carbon credits being verified and issued (e.g., if a Buffer Pool Contribution is for the issuance of 2024 vintage credits, the earliest vintage of credits of the Buffer Pool Contribution is 2019).
It is possible for a Project Proponent to exchange the carbon credits that make up a previous Buffer Pool Contribution (one to one), but any carbon credits used for the exchange must have a vintage no more than five (5) years prior to the date of the exchange and Project Proponent will need to pay any applicable fees.

E. Reversal

I. NOTICE OF REVERSAL. Project Proponent shall provide written notice to ACR within ten (10) business days after becoming aware of a potential Unintentional Reversal or any Intentional Reversal or Early Project Termination decision. Such notice shall include a description of the nature and cause of the Reversal, the extent of area affected by the Reversal (acres or hectares), and all other relevant facts. Project Proponent shall, at its expense, promptly and fully comply with all reasonable ACR requests for additional information or analyses relating to the Reversal.

II. VERIFIED LOST CREDIT AMOUNT. The volume of carbon credits equivalent to the carbon stock loss due to the Reversal, as verified by an ACR-approved VVB at Project Proponent’s expense and reviewed by ACR, is known as the “Verified Lost Credit Amount”. ACR requires the verification of the Reversal, including the Verified Lost Credit Amount, to be submitted to ACR within eighteen (18) months of the Reversal unless additional time is granted by ACR in writing. The verification of the Reversal may be submitted in conjunction with the verification of the Reporting Period during which the Reversal occurred. Project Proponent will be notified of the completion of ACR’s review of the Reversal verification.

III. LOSS MITIGATION FOR AN UNINTENTIONAL REVERSAL. ACR mitigates the loss from an Unintentional Reversal by canceling from the Buffer Pool the Verified Lost Credit Amount at Project Proponent’s expense (per then-applicable credit activation and cancellation fees as published in the ACR Fee Schedule). If the Verified Lost Credit Amount from the Reversal exceeds the Project Proponent’s Buffer Pool Contributions for that GHG Project to date, the Project Proponent shall pay a “deductible” of ten percent (10%) of the Verified Lost Credit Amount, depositing this additional carbon credit amount in the Buffer Pool within ninety (90) days of the completion of ACR’s review of the Reversal verification. The deductible contribution may be made up of ACR carbon credits of any type with vintage limited to no more than five (5) years prior to the date of deposit of the deductible into the Buffer Pool (e.g., if the deductible contribution deposit occurs in 2024, earliest vintage of credits is 2019). Following an Unintentional Reversal, the Project Proponent is not required to replenish the Buffer Pool, however, the GHG Project is subject to a Reversal Risk Analysis update, which may result in an increased Buffer Pool Contribution Percentage for future issuances.

IV. LOSS MITIGATION FOR AN INTENTIONAL REVERSAL. ACR mitigates the loss from an Intentional Reversal caused by Early Project Termination, which is assumed to affect all GHG Project carbon stocks, by canceling a volume of carbon credits equal to the total volume of carbon credits that have previously been issued to the GHG Project. Within thirty (30) days of Project Proponent’s notice to ACR of the Early Project Termination decision, Project
Proponent or ACR Administrator shall transfer to the Buffer Pool all non-transacted carbon credits previously issued to the GHG Project, as applicable and at Project Proponent’s expense (per then-applicable credit activation and cancellation fees as posted in the ACR Fee Schedule). Within thirty (30) days of Project Proponent’s notice to ACR of the Early Project Termination decision, Project Proponent shall also deposit into the Buffer Pool a volume of carbon credits equivalent to the volume of carbon credits that have previously been issued to the GHG Project and that have already been transacted and/or retired or canceled for Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) compliance or Other International Mitigation Purposes as applicable and at Project Proponent’s expense (per then-activation and cancellation fees as posted in the ACR Fee Schedule). Cancellation equivalent to the volume of carbon credits issued to the GHG Project to date will occur within the Buffer Pool.

ACR mitigates the loss from an Intentional Reversal not caused by Early Project Termination by cancelling a volume of carbon credits equal to the Verified Lost Credit Amount. The Project Proponent shall, at the Project Proponent’s expense (per then-applicable activation and cancellation fees as posted in the ACR Fee Schedule), contribute the Verified Lost Credit Amount to the Buffer Pool Account within ninety (90) days of completion of ACR review of the verification of the Reversal. Cancellation equivalent to the Verified Lost Credit Amount will occur within the Buffer Pool.

Buffer Pool Contributions required for compensation of Intentional Reversals may be comprised of ACR carbon credits of any type with vintage limited to no more than ten (10) years prior to the date ACR is notified of the Reversal. The following exceptions apply: 1) only ACR carbon credits from AFOLU project types may be used to compensate for an Intentional Reversal, including Early Project Termination, for projects listed after January 1, 2022; and 2) only CORSIA Eligible carbon credits may be used to compensate for CORSIA Eligible carbon credits associated with an Intentional Reversal, including Early Project Termination. With respect to an Intentional Reversal that results in Early Project Termination, if the carbon credits contributed by the project to the Buffer Pool meet the eligibility requirements above, such carbon credits can be used towards compensation for the Early Project Termination.

V. EARLY PROJECT TERMINATION DUE TO REVERSAL. Sequestration projects will terminate automatically if a Reversal, Intentional or Unintentional, causes the GHG Project carbon stocks to decrease below baseline levels prior to the end of the forty (40) year Minimum Project Term for monitoring, reporting and verification (“Minimum Project Term”). In cases where this decrease is caused by intentional reductions to carbon stocks (e.g., forest conversion or over-harvesting), which is considered an Intentional Reversal, the Project Proponent shall compensate for all issued carbon credits to that GHG Project following the process in E.IV above.

VI. EARLY PROJECT TERMINATION. If a Project Proponent opts to terminate the GHG Project at any time prior to the end of the Minimum Project Term by discontinuing project monitoring, reporting, and verification activities for the GHG Project or leaves the carbon program, ACR
conservatively considers the cumulative sequestration and/or emissions reductions from the GHG Project to be lost (i.e., all carbon credits issued to the GHG Project to date). Project Proponent must compensate for the full amount of all carbon credits issued cumulatively to the GHG Project upon termination. In the case of Early Project Termination in order to re-enroll the GHG Project in another voluntary, state or federal program, the Project Proponent must compensate for all carbon credits issued to the GHG Project following the process in E.IV above. This is because ACR does not have the ability to enforce the actions of a Project Proponent on a project that is no longer registered on ACR.

In the case of an aggregated or PDA GHG Project, if only a portion of the lands enrolled in the GHG Project discontinue participation, the remaining enrolled lands may continue project activities if the Project Proponent compensates for the full amount of carbon credits issued for cumulative sequestration and/or emissions reductions from the area which was discontinued following the process in E.IV above.

VII. RISK ANALYSIS UPDATE. Project Proponent shall comply with the Reversal Risk Analysis update requirements of the ACR Standard including requirements to update the Reversal Risk Analysis at each full verification and following the occurrence of a Reversal, which may result in an increased Buffer Pool Contribution Percentage. In the event of a Reversal, the Reversal Risk Analysis shall be promptly re-evaluated and re-verified at the Project Proponent’s expense. Project Proponent shall promptly and fully comply with all reasonable ACR and VVB requests for additional information or analyses relating to such Reversal Risk Analysis.

VIII. BUFFER CREDIT USE CRITERIA. ACR will refer to the following set of criteria in determining the cancellation of carbon credits from the Buffer Pool for relevant Reversal events outlined in E.III – E.VI above:

1. Reversals for projects that contributed CORSIA Eligible carbon credits will be compensated for with CORSIA Eligible carbon credits in the Buffer Pool.
2. Reversals for projects that contributed AFOLU carbon credits will be compensated with AFOLU carbon credits in the Buffer Pool.
3. Reversals for projects that contributed non-AFOLU carbon credits will be compensated with carbon credits with a vintage within five (5) years of the affected GHG Project start date in the Buffer Pool. If there are none, or if the full amount does not fit this criterion, ACR will select from the most recent vintages available.

F. End-of-Term Buffer Pool Account Balance Transfer to ACR

At the end of the Minimum Project Term, if the Project Proponent does not renew for another Crediting Period, ceasing monitoring and verification, ACR conservatively assumes that the activities have ceased and will cancel a volume equal to the remaining Project-related Buffer Pool Contributions. If the GHG Project renews for another Crediting Period, ACR will continue to hold the GHG Project’s Buffer Pool Contributions in the Buffer Pool.