



Pre-issuance primer

What you need to know about investing early in carbon projects

Incentivizing investment in real climate action.

Key Terms

- **ERPA:** [Emissions Reduction or Removal Purchase Agreement](#) (aka offtake agreement)
- **Exchange:** An exchange is a type of marketplace where carbon credits can be traded
- **MR** (Monitoring report): developer-submitted report on performance & activities that occurred during the monitoring period
- **NPRR** (Non-permanence risk report): Project documentation that describes the risk factors associated with a project, typically within the Verra registry, and is used to determine the buffer pool allocation
- **OTC** (Over-the-counter): trading credits via a broker-dealer network as opposed to on a centralized exchange
- **PDD** (Project Design Document): the plan for what the project will do and how it will implement activities to avoid emissions or remove CO2
- **Pre-Issuance:** stage at which a project is not yet issuing credits; includes feasibility/site selection stage through to projects under development but not yet issuing credits
- **Project Developer/ Proponent:** sometimes used interchangeably. Proponent retains ultimate control of the project and is issued the carbon credits to their Carbon Standard account. Project proponents can choose to assign their proponent rights to someone else i.e. called aggregators or developers.
- **Registry:** track the owners of a given credit, assign credits a serial number, make that information publicly available through a ledger. Big 4= American Carbon Registry (ACR), Climate Action Reserve (CAR), Gold Standard, Verra (VCS)
- **RFP** (Request for proposal): How a business solicits bids from contractors. For carbon credits, a company may issue a document describing the characteristics of their carbon credit requirements and invite suppliers to respond with a detailed description of their offering.
- **Spot Market:** Where a commodity is bought and sold for immediate delivery and use. Buyer A purchases a volume of carbon credits from a Seller B. Credits are transferred immediately at the agreed upon price.
- **VR** (Verification report): prepared by VVB and verifies the validity and accuracy of the MR
- **VVB** (Validation/Verification Body): independent third-party auditors who are approved by the registry the project is listed on. Perform validation of PDD and prepare VR
 - During validation, VVB determines whether a project meets all rules and requirements from the registry's program. Once validation has been concluded, the project proponent may submit the project for registration with the respective program.
 - During verification, VVB confirms that the outcomes set out in the project documentation have been achieved and quantified according to the requirements of the respective standard.

Carbon Project Stages

Pre-Issuance					Issuing
Stage	Stage 1: Site Selection & Feasibility	Stage 2: Pre-Validation (Preparation)	Stage 3: Pre-Monitoring (Validated)	Stage 4: Pre-Verification (Monitored)	Stage 5: Issuing (Ongoing verifications & monitoring)
Documents	No Project Documents	Draft PDD	PDD	PDD + MR	PDD + MR + VR
Project / Developer Activity	Developer defines initial parameters of project (type of activity, location, methodology)	Developer prepares to list project on registry	Initial project design validated by VVB and project listed on registry	Emissions reductions or removals verified	Carbon credits issued + Periodic issuances
Data	Disparate and limited information available	Vastly different information available	Usually all necessary information available	Almost definitely all necessary information available	Almost definitely all necessary info available
Sylvera Assessment	Sylvera Pre-Issuance Assessment				Complete Rating or Preliminary Rating (if missing data)

How does Sylvera evaluate Pre-Issuance Projects?

We leverage our proprietary datasets and frameworks to give you the most complete assessment of Pre-Issuance project risk and quality.

Data disclosures & project screening

Are all required data fields disclosed? How material are the missing disclosures to Sylvera's assessment of the project?
Are there any immediate disqualifiers or issues with the project (e.g., FPIC, land ownership?)

Comparison/benchmarking to similar projects

How does this project compare to other similar projects?

Information on the proponent and their portfolio

For example, what other ratings has the proponent received for their projects? What is their track record?

Delivery risk, project economics, and scenario & sensitivity analyses

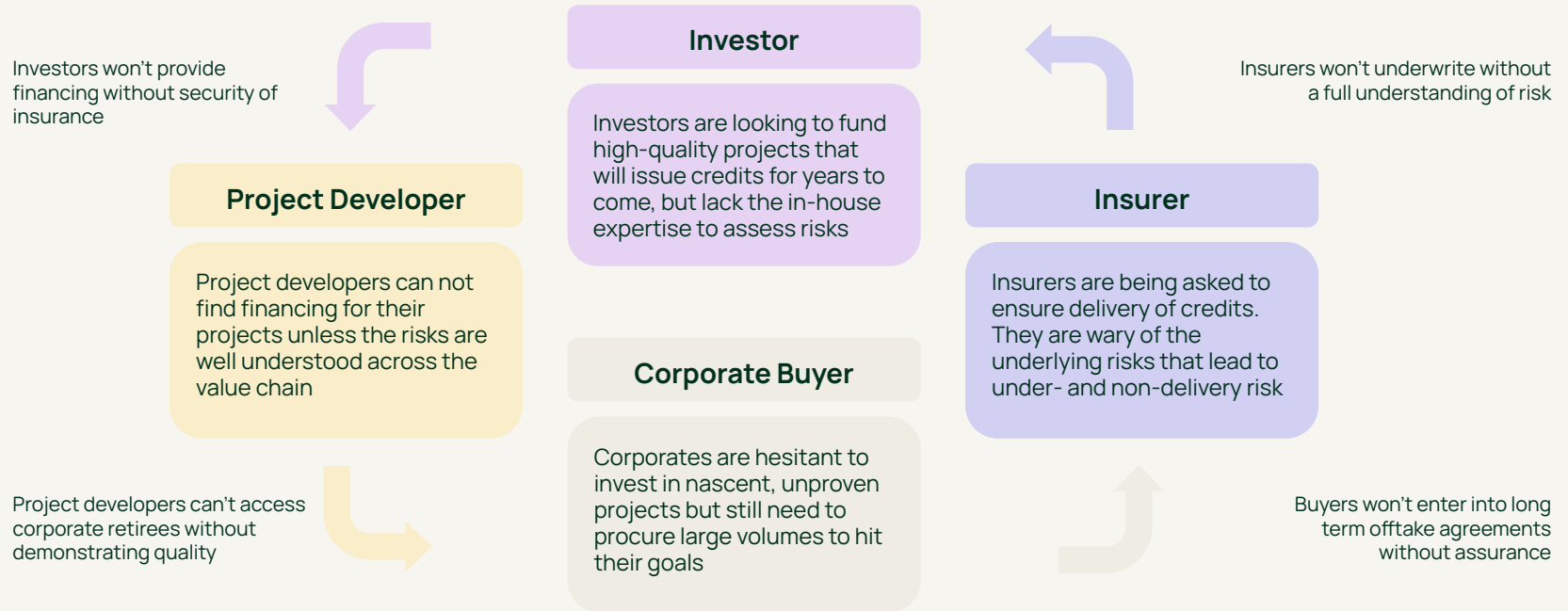
What are the risks to the project? What is their impact?
What is the breakeven price?

Essential developer disclosures and recommendations to ensure high-quality credits are delivered to offtaker

What are key project aspects that require further discussion with the developer and should be considered when structuring the ERPA/offtake agreement?

A flywheel in need of momentum

Corporates of all sizes are going upstream to access high-quality supply. Buyers rely on Sylvera for independent assurance of overcrediting, additionality, permanence and delivery risks from early stage projects.



Sylvera is a leading carbon data provider. Our mission is to incentivize investment in real climate action. To help organizations ensure they're making the most effective investments, we build software that independently and accurately automates the evaluation of carbon projects that capture, remove, or avoid emissions. With Sylvera's data and tools, businesses and governments can confidently invest in, benchmark, deliver, and report real climate impact. We're backed by renowned investors like Balderton Capital, Index Ventures, Insight Partners, LocalGlobe, and Salesforce Ventures.

To learn more about Sylvera, [contact us](#).

