

Guidance for Watershed's 1 megatonne carbon credit RFP

1. Introduction

[Watershed](#) is the enterprise sustainability platform that more than [500 global companies](#) including Airbnb, FedEx, General Motors, Visa, Walmart, four of the top six US banks, and six of the top 10 private equity firms use to manage and reduce their carbon footprint; in total we manage over 2GT of emissions.

We are on a mission to accelerate the climate economy. Our goal is to drive 500 megatonnes of CO₂e reductions and removals annually by 2030—approximately 1% of annual global emissions. Watershed customers receive exclusive access to a [curated selection](#) of scientifically-vetted carbon removal projects, plus products in clean power and sustainable aviation fuel. Customers benefit from Watershed's diligence and advisory services, as well as our aggregated buying approach that unites customers to drive climate impact at scale.

Our team has been delighted to work with CDR suppliers and our partners at Frontier and SABA to support our customers' sustainability programs. Given the continued growth in Watershed's customer base, we forecast needing **1 million tonnes of carbon credits** to fulfill customer demand over the next 18 months. We've concluded the most efficient path to procure credits for our aggregated customer pool is through a centralized RFP.

We are seeking carbon project partners to build a supply pipeline for our customers. We are excited to grow our partner ecosystem with a small group of providers whom we plan to highlight in future buyer cohort announcements, as we have with [Frontier](#), our [clean power programs](#), and [SAF](#). Partners benefit from efficient, aggregated transactions via Watershed's role as our customers' enterprise sustainability platform. Partners selected in the RFP will receive priority consideration for subsequent purchases, including multi-year agreements.

To submit a project for consideration under this RFP, please complete [this form](#) after you've read this document and confirmed you meet the "Project Eligibility Criteria" below.

We will review your submission and invite a subset of suppliers to submit further information based on their overall fit with our customer needs (e.g., available volumes, pricing, payment terms). The eligibility criteria are informed by aggregated customer preferences. Projects submitted after the RFP deadline will not be reviewed until a subsequent RFP cycle.

Thank you for your time and consideration. If you have any questions, please get in touch at decarsolutions-rfp@watershedclimate.com.

2. Watershed's partnership approach

We recognize the importance of voluntary carbon markets as a tool for decarbonization and see an opportunity to help solve existing inefficiencies where buyers and suppliers struggle to connect and transact. **We've built a community of customers who rely on Watershed to hit their climate targets and need partners to make that a reality.** In parallel, we've heard from suppliers that identifying buyers and navigating the procurement process is unnecessarily taxing on internal resources. Through Watershed, suppliers can consolidate their sales efforts and access buyers with pre-committed demand.

In applying to the RFP, suppliers agree to contract any offtakes on standardized paper coordinated by Watershed. While there may be limited unique terms per offtake, this standardization is key to ensure a timely signature process for both suppliers and customers. This approach also ensures a streamlined process for subsequent purchase agreements.

3. RFP timeline

- **March 3:** RFP opens for project submission via [this form](#).
- **March 14:** Supplier Q&A due via [this form](#).
- **March 21:** Supplier Q&A responses provided by Watershed.
- **March 31:** RFP deadline. All projects submitted by this date are guaranteed to be reviewed by Watershed. Projects submitted after this date will only be considered subject to unfulfilled customer demand and team bandwidth.
- **April 15:** Project screening and shortlist.
- **May 31:** Extended project diligence for shortlisted projects.
- **June 30:** Contracting.

Note that the project diligence and contracting timelines are illustrative and may shift based on the complexity of the project and number of projects shortlisted.

4. Project diligence & selection process

After the application closes, Watershed will review all projects submitted by the deadline. Projects will be assessed and shortlisted based on:

1. **Alignment to the project eligibility criteria:** Does this project meet the target specifications of our customers?
2. **Quality:** Is the project aligned with industry best practices on developing a high quality, high integrity project (e.g., Integrity Council for the Voluntary Carbon Market (ICVCM) Core Carbon Principles (CCPs))?
3. **Business proposal:** Do the commercial terms (e.g., price) align with the target specifications of our customer cohort?

4.1. Project eligibility criteria

Project criteria	Description
Credit type	<ul style="list-style-type: none"> We are accepting submissions for ex-post (i.e., verified before delivery) nature-based carbon removal and permanent carbon removal projects. We anticipate the majority of the total contracted volume to be for nature-based carbon removal due to preferences around issuance timelines, available volumes, and pricing. For this RFP, we are not evaluating carbon avoidance credits based on aggregated customer preferences. Note that ambiguous or blended credits (e.g., a mixed avoidance and removal IFM credit) will not be evaluated unless the registry is able to distinguish the credit type publicly.
Anticipated volume (tonnes)	<ul style="list-style-type: none"> We invite projects of all sizes to submit an application. However, given our projected demand, we will initially prioritize reviewing projects with a greater volume of tonnes available.
Vintage	<ul style="list-style-type: none"> Please limit your Anticipated Volume to credits with vintage 2021 or later. Note that we define “vintage” as the year the carbon removal occurred - e.g., the tree sequestered 1 tonne of carbon in 2022, and thus that credit is a 2022 vintage.
Price	<ul style="list-style-type: none"> We recognize that credit prices vary greatly and as such, have not set a specific price range. Given the potential volume above, we encourage you to present your most competitive offer on price. There will be an opportunity in the RFP to share additional details on how the price was determined (e.g., MRV costs, community funds, and how price varies by volume). Watershed can only hold calls with a limited number of shortlisted suppliers and will not be able to provide feedback on pricing offers nor accept rebids. Prices should be inclusive of all fees (e.g., MRV fees).
Project stage	<ul style="list-style-type: none"> At a minimum, we expect suppliers to have completed a feasibility study and be in the late stages of registering their project (e.g., final PDD). This is based on the issuance timeline stated below. Suppliers may concurrently register and verify their credits, especially if this is their first credit issuance.
Issuance timeline	<ul style="list-style-type: none"> For this RFP, credits must already be issued or have a high certainty of being issued by April 30, 2026. In considering your issuance timeline, please conservatively account for external factors such as registry delays or seasonality. We will prioritize reviewing projects with earlier issuance timelines due to the immediacy of delivery. For projects that have yet to issue credits, the purchase agreements will include requirements on meeting key project milestones (e.g., successful project registration). For projects anticipated to issue credits after April 30, 2026, we invite you to apply in our next RFP.

Project criteria	Description
Contract length	<ul style="list-style-type: none"> ● We expect significant volumes of both in-year and multi-year procurement. ● We anticipate that the majority of initial contracts to be “spot” purchases but have preference for projects offering both. In our experience, customers are most comfortable signing multi-year offtakes after the successful delivery of a spot purchase. As such, we are keen to build upon the success of initial purchases through subsequent spot or multi-year agreements.
Contract terms	<ul style="list-style-type: none"> ● We will prioritize projects that can offer payment upon delivery terms (i.e., Watershed customers pay once the credits have been delivered). In certain cases, we may accept projects with a limited prepay depending on the proposed structure (<10% prepay). ● For this RFP, we are unfortunately unable to accept projects that require more significant upfront payments (>10% prepay of total contract value). ● For projects requiring upfront payment, note that the contract will require additional remedies in the event of a shortfall.
Registry / methodology	<ul style="list-style-type: none"> ● Project must be registered (or is concurrently being registered) on a third-party registry, including but not limited to: <ul style="list-style-type: none"> ○ American Carbon Registry (ACR) ○ Climate Action Reserve (CAR) ○ Gold Standard ○ Verra ○ Puro.Earth ○ Isometric
Geography	<ul style="list-style-type: none"> ● The RFP is open to all projects excluding those listed by the US State Department as Level 4: Do Not Travel. Projects located in geographies with a history of human rights concerns may also be subjected to additional diligence. ● If your project is located in a geography that has pending Article 6 regulation or other carbon markets policy, please detail potential impacts to your project in the RFP. ● We will prioritize projects that have built local and regional government relationships and can demonstrate as such in the PDD or additional documentation.

In addition to the criteria above, the following project types have additional requirements per guidance from Watershed's Science Advisory Board.

Project type	Additional guidance
ARR	<ul style="list-style-type: none"> ● Incorporates a high proportion (>80%) of native species. Agroforestry projects are exempt from these criteria. ● Incorporates a diverse mix of species (>3 species). Does not plant monocultures unless it mimics the native ecosystem. ● Has limited to no harvesting of the project area or transition of biomass into long-lived wood products. For mixed-used projects (mix of ecological restoration and commercial forestry), we will prioritize projects with a greater focus on ecological restoration. ● We will also prioritize projects with greater than average biodiversity potential (i.e., located in a biodiversity hotspot). ● Defines and adheres to a Target Plant Concept (TPC). ● Sources seedlings from local or regional nurseries. ● Avoids large changes in leafy areas on high albedo regions (boreal, snow-covered, and drylands).
Improved forest management	<ul style="list-style-type: none"> ● Uses a registry and methodology that delineates between carbon avoidance and carbon removal credits. ● Uses conservative baseline estimates that can be substantiated by recent harvesting records within the project area (not regional averages). We will prioritize projects that are moving towards dynamic baselining or voluntarily use reference plots. ● Has a crediting period >20 years (30 years preferred). Alternatively, projects must be able to demonstrate that harvesting rotations were not amended for the crediting period.
Regenerative agriculture & sustainable grazing	<ul style="list-style-type: none"> ● Has clear land ownership; contracts with landowners have a durability requirement. For this RFP, we will deprioritize projects with communal grazing lands. ● If applicable, clearly delineates what proportion of the GHG emissions schedule is reductions (e.g., from avoiding use of nitrogen fertilizers) vs. removals (e.g., through no tillage) ● Can demonstrate that the project is still additional even if there are ongoing incentive programs (e.g., from the IRA) ● Takes frequent and robust measurements to model carbon impact, such as the biomass production of cover crops or root biomass left on the field. We prioritize projects that collect and analyze biomass samples annually but can accept more infrequent cadences for fractional soil sampling.

Project type	Additional guidance
Biochar	<ul style="list-style-type: none"> ● Has a H/C ratio lower than 0.7, though lower is preferred. ● Adheres to our biochar feedstock sustainability guidelines: <ul style="list-style-type: none"> ○ Does not cause soil degradation or erosion (i.e., sufficient crop residues are retained on farm, no harvesting of tree stumps or roots) ○ Does not negatively impact food security (i.e., no conversion of cropland into biomass production, diversion of animal fodder into biochar in developing nations that depend on this, tree planting on pasture or rangeland restricted to multipurpose agroforestry systems that also support food systems) ○ Does not cause habitat loss on unmanaged lands (i.e., biomass crop production should be limited to production on abandoned agricultural land that has not subsequently been converted to pasture, forest or other uses) ○ Incur minimal carbon debt from land use change or utilization of feedstocks that otherwise have a long-life expectancy (i.e., no standing timber utilized, although exceptions can reasonably be made for necessary thinnings and fire control buffers) ○ Does not use contaminated feedstocks ○ Uses feedback locally sourced from the point of use (e.g., <200 km) ● Has appropriate controls to mitigate potential negative impacts (e.g., mitigate uncombusted emissions from reducing air quality) ● Has suitable end applications (e.g., agricultural or horticultural soil, compost, concrete). ● Note: We will not consider projects that use hydrothermal carbonization as the pyrolysis method.
Durable carbon removal (e.g., enhanced weathering, direct air capture, BiCRS)	<ul style="list-style-type: none"> ● We align to the project characteristics outlined by our partners at Frontier: <ul style="list-style-type: none"> ○ Biomass carbon removal & storage ○ Weathering and mineralization ○ Direct air capture ○ Marine carbon removal

4.2. Quality

Watershed will evaluate projects based on the following criteria:

Diligence criteria	Description
Transparency	<ul style="list-style-type: none"> Clearly outlines how the carbon estimates and baseline were derived. Provides all allometric equations and assumptions and takes a conservative approach to estimating the project's impact based on available scientific literature. Accounts for potential emissions from project activities. Has clear and reasonable assumptions in the additionality, permanence, and leakage assessments.
Additionality	<ul style="list-style-type: none"> Clearly evidences that carbon removed from the atmosphere would not have been removed without this project. Baseline details a counterfactual scenario supplemented by recent land use data within the project area. Delineates ownership of the environmental benefit of the carbon credit and ensures there is no double-counting.
Verification / MRV	<ul style="list-style-type: none"> Uses a scientifically rigorous and transparent approach for monitoring and verification of the impact of the project. Claims have been measured cradle-to-grave and are third-party verified. Uses both ground-truthing and remote MRV to validate the impact of the project. Key metrics (e.g., soil samples, tree DBH) are frequently collected in-line with industry best practices.
Durability	<ul style="list-style-type: none"> Has a minimum 20-year crediting period. Strong preference for projects with extended durability, e.g., 100+ years for nature-based projects and 1000+ years for permanent projects through community partnerships, ongoing monitoring outside of the crediting period. Proposes a transition plan after the end of the crediting period. The buffer pool is appropriately sized given geographic conditions.
Leakage	<ul style="list-style-type: none"> Clearly evidences that the risk of displacing activities that shift emissions from the project to another site is minimal or negligible.
Co-benefits	<ul style="list-style-type: none"> Projects with demonstrated co-benefits will be prioritized, e.g., project is located in a biodiversity corridor, >70% of credit revenue is returned to the local community.
Delivery risk	<ul style="list-style-type: none"> Project has met key development milestones, and has appropriate guardrails in place to deliver credits by the anticipated delivery date.
External rating	<ul style="list-style-type: none"> If available, we encourage you to share your project rating and review from an external ratings agency such as BeZero, Sylvera, Calyx Global, etc.

More information on how we vet projects can be found [here](#).

Required documentation

The RFP will require you to upload the latest version of your PDD. If a PDD is not available, you may upload your Feasibility Study. Note that the document uploaded should at minimum include details on the following:

1. Baseline data and assumptions
2. Ex-ante credit projections and underlying assumptions/allometric equations
3. Additionality assessment and assumptions
4. Leakage assessment and assumptions
5. Non-permanence assessment and assumptions
6. MRV plan
7. Stakeholder and community engagement plan

Without sufficient documentation, we will be unable to advance a project for review. You will also have an opportunity to upload supplemental documentation you'd like our team to consider (e.g., external third-party ratings). At this time, we are only able to review documents in English.

General policy governing project submissions

We reserve the right to make all decisions regarding this RFP, including to reject any information and project submissions received in response to this RFP. The issuance of and receipt of responses to this RFP do not create any obligation on our part to enter into any contract or to undertake any other obligation with respect to the RFP requirements.

Project information shared in the RFP application will be kept confidential to Watershed team members and our Science Advisory Board members who have a non-disclosure agreement with Watershed. If your project is shortlisted for diligence and selected for an offtake, select project information will also be shared with the buyer cohort.