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RE: Kita input for removal activities under the Article 6.4 mechanism

Contributors:

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[Call for Input](#)

[Questions for Response](#)

Cross Cutting Questions

1. Kita believes this guidance, particularly the definition of certain key terms, can be quite influential in how removals are utilized through mid-century. In terms of providing carbon insurance to unlock additional financial flows for carbon projects, Kita is technology agnostic. We believe all removal technologies will be necessary to achieve a 1.5C world. However, Kita also recognizes that stance only addresses carbon and finance. It does not address necessary social, governance and biodiversity improvements. While all removal technologies are important, some perpetuate more cobenefits than others (ex. Forestry projects that work directly with IPs and LCs). This is where how removals are defined by the Supervisory Body will matter; whether it be a catch all definition or one that breaks technologies out into subcategories (ex. NBS, hybrid, engineered).

2. No response.

3. No response.

Questions on Specific Elements

A Definitions:

Kita would like to put forward that any overarching definition of carbon removals should be one written purely from a scientific perspective and technology agnostic. Such a definition will serve as the basis for context setting before one reviews attributes for specific technologies. Whether within the removal’s definition or as a separate but connected component, how each removals technology relates to leakage, permanence, social impacts, governance impacts, and changes to biodiversity at a minimum. This may help decision makers better understand the overall implications of using one removal technology over another beyond simply the carbon impacts.

B Monitoring and Reporting

1. Kita recommends all types of monitoring and reporting should be at least annual as this is similar to any company reporting their activities as part of regulation. Kita is thinking from the perspective of needing to strike a balance between the costs, accuracy and early detection of issues such that corrective measures can be taken sooner, at lower cost, with better outcomes. Recognizing it is easier to report on some carbon projects annually than others, for the more difficult to monitor projects (ex. NBS) a simplified annual report could be utilized. The simplified annual report could reflect more of a general check-up on the project rather than a deep dive into what's gone on with a project over the last few years as current monitoring reports do. The simplified annual report would be used in the years where a full monitoring report is not available.

Regarding reversal events, Kita recommends splitting them into two reports. One an early incident report issued asap. The other a later investigation and corrective actions report which could be done within a month of the reversal occurring. Doing so provides two benefits: 1) early risk management actions - like financial planning; and 2) provides time for a detailed analysis and action plan. This approach is similar to current reversals reporting seen within Verra and other large carbon standards. Existing ISO standards for incident reporting (e.g. ISO/IEC 27035:201) also provide a good blueprint for adapting & adopting such an approach as they are well tested.

2. No response.

C Accounting for Removals

1. Generally speaking, Kita would like to see carbon markets implement as much standardisation and modularisation as possible to maximise the ability to compare on an equal basis within and between types of removals technologies (and thus projects). Some important characteristics to consider are scientific reproducibility, transparent operating, and public reporting in a standard machine-readable format

2. No response.

D Crediting Period

The only point Kita wishes to underscore here is setting a maximum grace period before a project must transition to the latest methodology. Once the grace period expires, projects that didn't transition to the latest methodology would see credits from that point forward no longer valid.

E Addressing Reversals

1a-b. Currently, standards have buffer pools in place for both nature-based, hybrid, and geological carbon removal projects. Kita encourages a crossover between buffers and insurance products, to cover reversal risk in totality. There is significant potential for a hugely complementary and collaborative approach between Carbon Standards and insurers to:

- enhance the financial resilience of existing buffer schemes
- enable high-quality new buffer schemes
- increase market liquidity
- build trust.

Insurance for carbon credits, independent of the buffer, can provide:

- A creditworthy financial wrapper;
- A smoothing strategy to help manage downside risk of unexpected failure (where actual losses are higher than those modelled);
- Confidence that investors (i.e. carbon buyers) will receive expected returns; and
- Certainty of contractual expectation for underlying asset owners (i.e. carbon sellers).

Kita recently published a report on carbon buffers and insurance which is relevant to question 1. You can review it [here](#).

1c. No response.

2. Insurance for carbon credits can be applied at any point of a sale or investment including after contracting has concluded. However, where insurance is applied it's always better to bring the insurer in earlier rather than later.

3. Non-permanence risks of all kinds can be identified, assessed, and minimized via insurance products.

4. Regarding the use of insurance, risk assessments should be done at the activity level and at least annually. Completion of the risk assessment(s) is the responsibility of the insurer.

5a. Some standards currently allow those projects which are insured to have lower buffer contributions. If insurance becomes more widely adopted, it could play a part in increasing market liquidity.

5b. No response.

5c. Intentional reversals should be compensated for by the entity that initiated the reversal.

5d. For geologically sequestered removal projects, the American Carbon Registry accounts for reversals after the end crediting period: 'Reversals post-Project Term are compensated as outlined in the legally binding Risk Mitigation Covenant, filed in the real property records of each county, parish, and other governmental subdivision that maintains real property records, which prohibits any intentional reversal unless there is advance compensation to ACR.'

Just as a nuclear plant has a decommissioning fund, buffers could have a similar structure whereby an organization, such as a charity, takes on responsibility of said fund and the management of the remaining buffer pool credits.

5e. Yes, Kita agrees ERs cancelled for reversal compensation should be tagged as such in a registry. To help increase transparency, it would also be relevant for the registry to provide specific information as to what reversal the cancelled ERs apply to such as:

- Project
- Reversal event and if it was intentional or unintentional

- Size of the reversal event
- Date of the reversal event

5f. Insurance could play a role if buffer cancellations exceed contributions by managing downside risk of unexpected failure (where actual losses are higher than those modelled)

6. No response.

F Avoidance of Leakage

No response.

G Avoidance of Other Negative Environmental / Social Impacts

No response.