Call for public input	A6.4-MEP004-A03: Draft Standard: Addressing leakage in mechanism methodologies (v. 01.0)

Name of submitter: Felice Diekel, Dr. Rosalie Arendt

Affiliated organization of the submitter (if any): University of Twente

Contact email of submitter: f.diekel@utwente.nl

Date:

Legend for Columns

1 = Section Number in the document
2= Paragraph number
3 = Comment – the actual feedback or observation, including justification for what needs changing
4 = Proposed change – suggest the text if possible

A6.4-MEP004-A03 (v.01.0)			
1	**2**	**3**	**4**
Section no.	**Para. no.**	**Comment**	**Proposed change** (Include proposed text)
Cover Note 3	**12**	Including all upstream and downstream emissions as part of the Article 6.4 activity—and therefore not classifying them as leakage—can only be effective if these emissions are consistently accounted for across all Article 6.4 activities. However, this has not yet been explicitly ensured. Without such consistency, there is a risk of overlooking significant emissions, as shifting emissions upstream or downstream, rather than genuinely reducing them, is a common issue.	
2	**3 (c)**	The definition focuses far too narrowly on market-driven leakage, implying that emissions and removals outside the project boundary occur primarily through changes in demand and supply. However, leakage can also result from non-market mechanisms, such as the displacement of activities (e.g., local communities shifting agriculture or fuel use), behavioural changes, or infrastructure relocation. By not explicitly acknowledging these factors, the definition risks overlooking significant sources of leakage, potentially leading to an incomplete assessment of a project's true impacts.	Leakage: anthropogenic emissions and removals of greenhouse gases that occur outside the Article 6.4 activity's boundary and that are attributable to the activity. The leakage refers to all emissions and removals including market-driven leakage, as well as displacement-driven, behaviour-driven, and infrastructure-driven leakage.
4	**9**	How will the baseline services provided before implementation be determined? A wide range of ecosystem services could be relevant in this context. What approach will ensure that all material services are considered, and who will decide which services are deemed material? A lack of clear regulations at this stage could lead to varying interpretations, creating opportunities to overlook certain services in the analysis—potentially leading to unaccounted leakage.	
4	**10**	Simply accepting leakage based on a net calculation is not sufficient. The local context and the broader social-ecological impacts of leakage must be taken into account. For example, does the leakage disproportionately shift harm to marginalized communities or already vulnerable ecosystems? How are additional environmental and social consequences of leakage assessed and addressed? A comprehensive approach is needed to ensure that leakage does not simply displace problems rather than solving them. Moreover the sentence: "*If the sum of leakage from all greenhouse gas emissions and removals is a net decrease in greenhouse gas (GHG) emissions or increase in GHG removals, the resulting leakage shall be equal to zero in the of quantification of the emission reductions or net removals."* is grammatically incorrect and thus also difficult to understand.	

Call for public input	A6.4-MEP004-A03: Draft Standard: Addressing leakage in mechanism methodologies (v. 01.0)

A6.4-MEP004-A03 (v.01.0)			
1	2	3	4
Section no.	**Para. no.**	**Comment**	**Proposed change** (Include proposed text)
5	13	It is unclear why fossil fuels and mineral production are excluded here, as their use can significantly contribute to leakage by increasing emissions outside the project boundary. Ignoring these factors risks underestimating the true climate impact of Article 6.4 activities, particularly when projects rely on energy-intensive materials or scarce minerals. Resource competition is also a concern—diverting fossil fuels or critical minerals to a project could lead to increased extraction elsewhere, amplifying environmental and social harm. This omission distorts climate accounting, potentially allowing projects to appear more beneficial than they are while failing to address the full extent of their emissions and leakage risks.	
5.1		Overall, key criticism here are the vague definition of "competing resources," which could lead to important leakage sources being overlooked. The methodology also fails to consider the social impacts of leakage, such as displacement or loss of livelihoods. While baseline equipment transfer is mentioned, it lacks clarity on what types of equipment are included and how displacement might result in hidden emissions. The section on process diversion would benefit from clearer criteria, and the focus on short-term impacts neglects potential long-term effects.	
5.2	14	The section suggests limiting the scope of applicability as a way to avoid leakage. While this may reduce identified leakage risks within the defined scope, it might simply **exclude relevant activities** or **blindly narrow the focus**, rather than actually solving the leakage issue. By restricting the project's scope, it could create an artificial sense of success without addressing the underlying leakage risks.	
		The provisions focus on **technical adjustments** (e.g., limiting the scope of applicability or demonstrating abundance of resources) rather than addressing the root causes of leakage. For example, limiting scope or requiring destruction of equipment may prevent leakage from being attributed to the project but doesn't necessarily prevent it from occurring elsewhere. These measures seem more like ways to avoid acknowledging leakage rather than actual measures to reduce or eliminate it.	
		While the section outlines various ways to minimize leakage, it doesn't specify how these provisions will be monitored or enforced. Without clear monitoring mechanisms or accountability measures, it's difficult to ensure that these technical conditions will be properly implemented or lead to real reductions in leakage	
	14 (a)	In the case of baseline equipment transfer, the suggestion to require destruction or disposal of equipment might simply shift the problem to another area where the equipment could be used, potentially causing leakage elsewhere. Moreover, it may not fully address the environmental impact of the equipment even after it's removed from the original project area.	

Call for public input	A6.4-MEP004-A03: Draft Standard: Addressing leakage in mechanism methodologies (v. 01.0)

A6.4-MEP004-A03 (v.01.0)			
1	2	3	4
Section no.	**Para. no.**	**Comment**	**Proposed change** (Include proposed text)
	14 (b)	The section mentions that methodologies should demonstrate the "abundance" of competing resources, but it doesn't define what constitutes a sufficient demonstration or how this abundance should be assessed. It also refers to the "economic and environmental impacts" but lacks clear guidelines on how these should be measured, which could lead to inconsistent or weak enforcement of the conditions.	
5.3	**19**	First, the term "level of service" is vague and open to interpretation, potentially leading to inconsistent assessments of project impacts. Additionally, the reliance on accurately quantifying all leakage effects is problematic, as leakage is often difficult to measure, especially indirect or long-term impacts, creating room for loopholes and incomplete accounting. The lack of clear, detailed guidelines on how to justify and calculate leakage could result in weak methodologies that fail to fully capture the environmental and social consequences of a project. Furthermore, focusing primarily on leakage risks overlooking broader sustainability issues, such as social equity and long-term environmental effects. Overall, this approach could create challenges in ensuring that projects are truly beneficial and don't inadvertently shift harm elsewhere.	
	20	The provision that "mechanism methodologies shall specify the approach to quantify and deduct leakage" leaves too much responsibility to the methodology itself, which creates a significant weakness in regulation. This approach allows for substantial variability in how leakage is accounted for, potentially leading to inconsistent or inadequate calculations across projects. By relying on methodologies to define the quantification and deduction of leakage, the regulation fails to provide a clear, standardized framework for leakage management, which is essential for ensuring that the system is transparent and effective. The document should be establishing robust regulatory guidelines for leakage quantification and deduction, rather than delegating this responsibility to methodologies that could vary in rigor and transparency. This could result in loopholes, inconsistencies, and reduced confidence in the integrity of emission reductions or net removals reported under Article 6.4.	
Overall		Overall, the standard fails to establish clear criteria for when leakage should be used as a reason to disqualify or halt an Article 6.4 activity. While leakage is mentioned as a factor to consider, the document lacks explicit thresholds or guidelines for determining when leakage is significant enough to prevent the implementation of a project. This ambiguity leaves too much room for interpretation, potentially leading to inconsistent application across different projects.	