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Call for input 2023 - Structured public consultation: Requirements for the development and assessment of mechanism methodologies: Response from Puro.earth

Dear Members and Alternate Members of the Article 6.4 Supervisory Body,

Puro.earth welcomes the opportunity to provide input to the Article 6.4 Supervisory Body on the requirements for the development and assessment of mechanism methodologies. We support the creation of a global market mechanism aligned with Article 6.4 of the Paris Agreement, and ask for the inclusion of durable, industrial carbon removals. The creation of a new market mechanism which is robust and delivers for the climate is pivotal to reaching the goal of net-zero emission and staying within the Paris Agreement temperature targets.

Puro.earth is a carbon removal crediting platform and through the Puro Standard, we certify durable, industrial removal of CO₂ from the atmosphere. Puro.earth issues CO₂ Removal Certificates, CORCs, per ton of CO₂ removed and durably stored. CORCs are issued and retired in the public <u>Puro Registry</u>, adding transparency to carbon markets.

Puro.earth's response can be summarised into the following main points:

- **Differentiation** In order to reach the net-zero emissions goal as stated in Article 4 of the Paris Agreement, "to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century", durable carbon removals are essential. Therefore, the Article 6.4 market mechanism needs to include industrial carbon removal methods, and to differentiate between avoided, reduced and removed carbon dioxide (CO₂) emissions.
- **Baseline** The baseline for a methodology needs to reflect the real climate impact, and therefore the amount of CO₂ removed and permanently stored. For example, Puro.earth credits the removed CO₂ emissions, but we do not credit avoided CO₂ emissions. As mentioned above, we recommend that carbon credits created from Article 6.4 methodologies differentiate between avoided/reduced and removed CO₂ emissions so that it is clear what is delivered.
- **Positive list** We support the creation of a positive list to make carbon crediting robust and efficient. For instance, a key element could be the market penetration for a new technology because all sectors need to transition to new technologies consistent with net-zero emissions.
- **Leakage** We believe that the Article 6.4 Mechanism should focus on minimising any potential increase of fossil emission near to the boundary of a project to ensure maximum benefit for the climate.
- **Relevant circumstances** guidance should be developed to consider local conditions, for example, the determination of waste products or the market penetration of new technologies.

If you have any further questions, please contact, Helen Bray, helen.bray@puro.earth

Kind regards,

Marianne Tikkanen

Ms. Marianne Tikkanen, Co-founder and Head of Carbon Crediting Program, Puro.earth

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General Questions

1. In relation to the inputs prepared for the consideration of the Supervisory Body on requirements for the development and assessment of methodologies for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, what is missing and what can be improved?

In order to reach the net-zero emissions goal as stated in Article 4 of the Paris Agreement, "to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century", durable carbon removals are essential. Therefore, the Article 6.4 market mechanism needs to include durable, industrial carbon removal and ensure differentiation between avoided, reduced or removed emissions in the carbon credits that will be produced.

<u> Baseline Setting - General</u>

2. What is understood by the elements in the chapeau to paragraph 33 of the RMP and how could they be operationalized?

The baseline needs to reflect the real climate impact, and therefore how much carbon is removed and permanently stored. For example, Puro.earth credits the removed carbon emissions, but we do not credit avoided carbon emissions. We recommend that carbon credits created differentiate between avoided/reduced and removed emissions so that it is clear what is being delivered.

Additionality General

15. What elements or criteria should be used to determine eligibility for automatic additionality, i.e., inclusion on a "positive list"?

Puro.earth supports the concept of a positive list to make carbon crediting more robust and efficient. For a positive list, a key element could be market penetration because most sectors need to transition to new technologies (Best Available Technologies (BAT)) consistent with net-zero emissions.

<u>Leakage General</u>

24. What is meant by leakage?

Carbon leakage has two definitions: (1) it can refer to the relocation of emission-intensive activities from jurisdictions with a higher cost to emit CO₂ to jurisdictions with a lower cost to emit, and (2) Carbon leakage can also refer to an increase in fossil emissions outside the boundary of the project caused by the project activity itself. We believe that the Article 6.4 Mechanism should be focused on with minimising any potential increase of fossil emission outside the boundary of a project, the second definition of carbon leakage as stated above.

For example, in the Puro.earth <u>General Rules</u> we define leakage as:

"2.1.4. CO₂ Removal Supplier shall assess all potential sources of leakage (i.e. increase of fossil emissions) outside of the project activity boundary but due to it as specified in the Methodology. In the case where leakage potential is identified it shall be quantified and deducted from the CO₂ removals."

28. Should the emissions from the construction phase be accounted for as leakage or project emissions?

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The emissions from the construction phase should be considered as part of project emissions in the Life Cycle Assessment. Puro.earth does this and it is described by each carbon removal methodology approved by our independent Advisory Board.

Policies, measures, and circumstances:

33. In relation to paragraph 34 of the RMP, what guidance should be developed to take into account policies, measures and relevant circumstances, including national, regional or local, social, economic, environmental and technological circumstances?

The guidance should be developed to consider local conditions, for example, the determination of waste products from industrial processes or the market penetration for new technologies should be based on relevant circumstances.