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**Sent:** Tuesday, 11 October, 2022 20:38

**To:** Supervisory-Body <Supervisory-Body@unfccc.int>

**Cc:** Victoria Harvey <victoria@bezerocarbon.com>; Ronan Carr <ronan@bezerocarbon.com>;  
Sebastien Cross <sebastien@bezerocarbon.com>

**Subject:** Call for input 2022 - activities involving removals under the Article 6.4 Mechanism of the Paris Agreement.

To whom it may concern,

Please find the call for input submission from BeZero Carbon attached.

Best,

Ted

**Ted Christie-Miller**

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## **UNFCCC CONSULTATION RESPONSE**

### **For ex-post carbon removal credits it is important to consider:**

#### **Data transparency**

The voluntary carbon market (VCM) has suffered historically from varying transparency on data and information. To boost credibility and trust in the carbon removal market, projects should disclose data on their carbon accounting in a standardised way and on an ongoing basis throughout the project lifetime. This is especially with regards to baseline assumptions, credit issuances and credit retirements. Carbon credit ratings can act as an independent tool to ensure and certify a level of transparency in the growing carbon removal market.

#### **Third-party verification**

In order for the information reported by projects to be reliable, all data should be verified by a third party. This is akin to the auditing exercises required for corporate accounts and ensures that all users of that information can rely on some level of external scrutiny.

#### **Introducing the language of risk to carbon removal credits**

The language of risk when discussing credit ratings is well established in financial markets. This language has been identified in this documentation, in [Annex 5](#) (4.5.4.1), but it can be further bolstered in following iterations. To enable the influx of capital necessary for the carbon removal market to grow, removal credits should be evaluated through this prism. The risk that a credit returns a tonne of carbon removed or avoided - just as S&P ratings do in financial markets - is an important attribute to evaluate. The BeZero Carbon Rating is one of a number of tools currently available in the market to apply this type of evaluation.

#### **Ratings**

In order to build a deep and liquid carbon market, the fungibility of credits must be maximised where appropriate while acknowledging the underlying variations in characteristics. Removals and avoidance credits have different considerations when it comes to factors such as permanence, with the commitment period an important data label for removals credits. However the core deliverable of a credit to be interrogated remains the same; what is the likelihood it achieves a tonne of carbon.

There are six key risk factors the BeZero Carbon Rating considers to assess this question:

1. *Additionality*. The risk that a credit purchased and retired does not lead to a tonne of CO<sub>2</sub>e being avoided or sequestered that would not have otherwise happened.

2. *Over-crediting*. The risk that more credits than tonnes of CO<sub>2</sub>e achieved are issued by a given project due to factors such as unrealistic baseline assumptions.
3. *Permanence*. The risk that the carbon avoided or removed by the project will not remain so for the time committed and any associated information risk.
4. *Leakage*. The risk that emissions avoided or removed by a project are pushed outside the project boundary.
5. *Perverse incentives*. The risk that benefits from a project, such as offset revenues, incentivises behaviour that reduces the effectiveness.
6. *Policy environment*. The risk that the policy environment undermines the project's carbon effectiveness.

**For removal solutions it is important to consider:**

Investment in early stage carbon removal is crucial to achieve the gigatonne scale that the IPCC has signalled. However, as some projects have not yet delivered their carbon commitment to the credit purchaser, they need to be assessed through a different lens. A level of integrity is important to ensuring future delivery over the tonne commitment. But projects that are solely ex-ante thus far have not reached a stage of development to have traversed the issues relevant to assessing their credibility in the same way.

BeZero Carbon is currently undertaking research assessing the scalability, durability and MRV capabilities of a suite of carbon removal solutions. These three principles for carbon removal are necessary to take into account and are discussed below.

**Durability**

Durability refers to the amount of time a certain carbon removal method will lock away and store carbon dioxide before re-entering the atmosphere. It is an important feature of the market due to the wide variation in durability by different methods. Afforestation or Reforestation can have a durability of around 20 years within this lifetime, increasingly shortened by natural and human impacts, whereas some more durable methods such as direct air capture can have durability of 1000 or even 10,000 years. Durability is important to providing fungibility between carbon removal credits, and fungibility in the wider market.

Therefore, the current proposal of 15 year crediting periods, as proposed in both [Annex 5 and 6](#), which can only be renewed twice, seems too restrictive. This should be allowed to be renewed multiple times to take into account variations in durability between carbon removal methods. For example, biochar has around 100 years durability and direct air capture has 1,000 or 10,000 years durability. A maximum 30 year crediting period when continued removal is occurring is limiting.

## **Scalability**

The IPCC has projected removal to scale to 10 billion tonnes per year. Currently ex-post carbon removal credits (excluding Afforestation and Reforestation) only contribute to roughly 30,000 tonnes, cumulatively. Carbon removal is set to scale significantly by 2050 and carbon removal methods will have varying contributions to global removal targets.

Understanding the factors that influence scaling will help identify where bottlenecks could likely occur and where attention should be focused. We have identified the key factors to carbon removal scaling as: Energy, Land, Resources, Finance, Policy, Localised Impacts, Ancillary Value Chains, and MRV Readiness.

Ex-ante credits should be discussed in the language of scalability to understand method contributions to a singular target. As methods scale, moving from ex-ante to ex-post, the mechanisms that ensure credibility and trust can be utilised.

## **MRV**

[Annex 5](#) demonstrates an understanding over the importance of MRV for carbon removal. MRV is a significant near term obstacle to the scale-up of carbon removal and it will require focused support by this UN committee to prevent credibility issues.