Carbon Market Watch inputs on grievances, methodologies, and removals prior to the Article 6.4 Supervisory Body's 2nd meeting

- 9 September 2022

Carbon Market Watch welcomes the Article 6.4 Supervisory Body's (SB) decision to include, in its draft rules of procedure (paragraph 52), the provision for any stakeholder to submit inputs on meeting documentation up until 1 week prior to an official meeting.

While Carbon Market Watch notes the SB's tight schedule between the 1st and 2nd meetings, we would like to flag that four documents – A6.4-SB002-AA-A05/A06/A07/A08 – were still not uploaded at the time of this submission (Friday 9 September, only 3 days before the deadline for inputs), thereby leaving little or no window for stakeholders to comment on them. Therefore, we urge the SB, in the future, to make all documents available at least 2 weeks before a meeting (ideally more), in order to ensure stakeholders have the opportunity to review documentation and give detailed inputs.

Carbon Market Watch also welcomes the SB's decision to include, in its draft rules of procedures (paragraphs 58-59), the provisions for observers and stakeholders to make presentations and/or to express their views, upon invitation, on matters being considered by the SB. We would welcome the opportunity to do so in, or between, upcoming SB meetings.

A summary of Carbon Market Watch's views on selected elements – independent appeal and grievance process, methodologies, removals – follows below.

Draft '22-'23 SB workplan must factor in developing independent appeal and grievance processes

- The second version of the SB's draft 2022-2023 workplan still appears to lack reference to the appeal and grievance processes that the SB is mandated to develop (6.4RMP, chapeau, paragraph 5). The workplan should be updated to reflect the SB's development of provisions for these processes before 2024.
- Having a functional appeal process should be a priority for the SB's ongoing development of rules and methodologies, since external stakeholders are entitled to appeal the SB's decisions (6.4RMP, para 61). Clarity is needed on the appeal process.
- As a second step, a grievance process will also need to be established well in time before projects start being registered. If Article 6.4 projects were registered without

a grievance process being in place, then the mechanism would lose credibility since key stakeholders like local and indigenous communities would be deprived of their right to redress.

SB's recommendations on methodological requirements must reflect principles to align with a 1.5°C future

- The SB's recommendations on methodological requirements should be based on a principled approach. Only methodology/activity types that are compatible with a 1.5°C pathway at global level and best suited for crediting should be considered.
- For example, there should not be crediting methodologies for fossil fuel related activities such as reducing leaks from fossil fuel transport, or for activity types where impacts are difficult to measure or maintain e.g. soil carbon sequestration.[1]
- While not necessarily starting from scratch, the SB should develop new methodologies to mark a clean start, rather than trying to force older or flawed CDM & VCM methodologies to fit under the new 6.4 framework. In many cases, older methodologies may be of questionable rigour and/or unsuited to the level of ambition required by the Paris Agreement.
- Of course, some valuable elements from other methodologies can form a useful basis to inform new methodologies. However, it is worth recalling that just because some methodologies were widely used and/or continue to be, does not mean they have integrity.
- The SB's task of reassessing methodologies to identify elements that could be carried over into the new system, should be based on rigorous principles for environmental integrity, and focus on methodologies that are best suited for carbon crediting (e.g. with little or no other incentives, clear impact monitoring, low uncertainty, no or very low risk of social & environmental impacts).
- Embedding these principles in the methodology review process not only helps ensure highest-level methodologies qualify, but also will save considerable time/resources since methodologies may be excluded if failing to meet the

[1] Numerous studies underscore the difficulties of assessing and monitoring soil carbon stocks as well as raise broader questions of the suitability of soil carbon sequestration for crediting activities and on impacts of climate change on soil carbon sequestration potential: Carbonplan (2021), "Depth matters for soil carbon accounting", https://carbonplan.org/research/soil-depth-sampling; Carbonplan (2021), "Lessons learned from a systematic review of 14 protocols for soil carbon offsets", https://carbonplan.org/research/soil-protocols-explainer; Berthelin et al. (2022), "Soil carbon sequestration for climate change mitigation: Mineralization kinetics of organic inputs as an overlooked limitation", European Journal of Soil Science, 73(1), e13221, https://doi.org/10.1111/ejss.13221; Soong et al. (2021), "Five years of whole-soil warming led to loss of subsoil carbon stocks and increased CO_2 efflux", Science Advances, 7(21), https://www.science.org/doi/full/10.1126/sciadv.abd1343.

principles (i.e. a "principles check" would happen first as an entry-barrier test, and if a methodology does not pass it, then an in-depth assessment is not even required).

SB's recommendations on removals must exclude "false removals", embed strong accounting principles, and ensure false equivalence is not made between biological and geological carbon

- Carbon Market Watch is glad to submit our previous recommendations on removals for Article 6 negotiators prepared ahead of SBSTA56, as well as our recent report on removal accounting to be considered as part of our inputs to the Article 6.4 SB on this subject. Our views in these two documents are summarised below for convenience.

- The SB's recommendations on removal activities should ensure removals are correctly defined (or framed, depending on the level of detail of the recommendations). This means the SB should embed proper accounting principles for any removals such that:

    - i) the activity must remove GHGs from the atmosphere;
    - ii) the removed GHGs must be stored in a manner intended to be permanent (at least 200-300 years);
    - iii) the upstream/downstream GHGs associated with the activity must be comprehensively estimated and included in the total emission balance;
    - iv) the total GHGs removed and permanently stored must be greater than the GHGs emitted in order to conduct the activity.

- Removals do not include CCS at fossil fuel point sources (power plants, factories), CCS with enhanced oil/gas recovery (even if using direct-air capture), or carbon capture and utilisation with temporary storage (e.g. synthetic fuels).

- We strongly advise the SB to focus its work on removal methods that are low risk and with no to low impact on the environment (including impacts on biodiversity, indirect land use change, soil and water quality/availability). Methods that have theoretical removal potential with significant potential adverse impacts should be excluded, including ocean fertilisation.

- We strongly caution the SB against adopting rules that would create the false impression that biological carbon and geological carbon are fungible. Doing so would severely affect the credibility of the SB and of the 6.4 mechanism.

- This is because neither permanence nor monitoring and liability for reversals can be credibly guaranteed on the time scale needed (minimum 2-3 centuries) to issue permanent/full credits.

- Neither buffer pools nor tonne-year accounting can credibly address the issue of permanence due to their non-negligible shortcomings:
    - As explained here (pp. 5-7), buffer pools suffer from major drawbacks, including regarding their purported effectiveness in the long-term, let alone the short-term: e.g. a recent study of California's offset programme found that by the end of the 2021 wildfire season, after only a decade of the buffer pool's operation, wildfire reversals had eliminated an estimated 95% of buffer pool contributions set aside to protect against all fire-related risks over 100 years.
    - Tonne-year accounting also suffers from numerous shortcomings, with regard to environmental integrity and additionality, and was in fact recently rejected by Verra (who had considered introducing it) following a public consultation that attracted strong criticism.
- Therefore, A6.4ERs should either not be issued on the basis of temporary carbon storage or should be subject to specific stringent guardrails. For example, they should be clearly marked as non-fungible with other carbon credits and not equivalent to *reductions* in emissions, or they should be time-bound with an expiration date, like under the CDM.

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Contact

Jonathan Crook, Policy Officer - jonathan.crook@carbonmarketwatch.org
Gilles Dufrasne, Policy Officer - gilles.dufrasne@carbonmarketwatch.org