From: Farid Kreh <farid@oxo.earth>
Sent: Wednesday, 24 May, 2023 13:21
To: Supervisory-Body <Supervisory-Body@unfccc.int>
Cc: Philipp Stauffenberg <philipp@oxo.earth>
Subject: Input to SB005 annotated agenda and related annexes

To whom it may concern,

my name is Farid Kreh. I am founder and co-CEO of OXO Earth. OXO Earth is a ClimateTech startup from Munich, Germany. We're a project developer for forestry CDR using an IFM/ERA method.

Double counting

- customers of forestry CDR from Germany cannot make net-zero claims today
- and therefore refrain from the large-scale investments needed to reach the climate goals
- in sum, double counting is the most pressing issue that needs to be solved asap
- corresponding adjustments (CAs) need to be implemented asap
- a first, seamless and frictionless step is to implement a CA within one country asap:
    - a German company should be able to buy German forestry CDR without the need for changing the German NDCs as the climate impact is paid for and delivered within German jurisdiction
    - this should work within the EU

Temporary crediting

- vertical stacking
    - vertical stacking via tonne-year accounting (TYA) involves a ton of discount factor magic
    - the choice of discount factors is a policy decision not a scientific decision
    - TYA discounts the socioeconomic costs of climate change, and the socioeconomic benefits of climate impact
    - This is **not the same** as discounting the global warming potential of CO2 in the atmosphere; TYA mixes the economics of discounting with the science of global warming and we all agree that economics is not science
    - As a consequence, customers cannot make net-zero claims with TYA credits; customers actually get to decrease the future costs of climate change
    - high reversal risks
- horizontal stacking
    - best alternative to TYA
    - pioneered in the CDM for A/R methods from 2005 to 2012
    - not very successful as it was not a good fit for A/R methods
    - it is, however, a great fit for IFM methods
    - crediting period is sliced up in one-year increments
    - zero reversal risks if credits are issued ex-post
    - credits are valid for one year, after which they retire and have to be renewed
    - high durability stream of renewals is possible
    - renewal follows a simple replacement rule, that stipulates that climate claims are lost if credits are not replaced
    - all in all, zero reversal risk and high durability