

Structured Public Consultation - development and assessment of mechanism methodologies

Inputs submitted by:

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Q	Draft Recommendations	Inputs
1	{Question for additional inputs: should the above paragraph (46/46bis) be split to improve clarity?}	<p>AP: Paragraphs 46 and 46bis in the draft have seemingly similar contents but differ in context. This may cause confusion and differences in interpretation. Therefore, it should be split and described more specifically. To further improve these paragraphs, the listed examples of how the appropriateness of choice is justified should be differentiated.</p> <p>This is because the 'justification of the appropriateness of choice' is contingent on the approach applied, and the approach can either be performance-based or based on existing actual or historical emissions, Paragraphs 46 and 46bis should be split and distinguished to avoid confusion about the guidelines stated in these two (2) paragraphs.</p> <p>Paragraph 46 pertains to host Parties that apply the performance-based approach. Hence, this paragraph should specify that if the performance-based approach is applied, the host Party should demonstrate the appropriateness of this choice that meets Paragraph 44 (a) (i) and (a) (ii). From this text, the host Party should be able to ascertain that it needs to consider the best available and comparable technologies they have benchmarked to determine its ambition level. If factors affecting appropriateness are to be listed, they should differ from those listed in Paragraph 46bis.</p> <p>Paragraph 46bis is anchored on setting baselines based on Paragraphs 33 and 35, which are focused on applying a quantitative or qualitative approach and how the emission reductions being contributed are aligned with the NDC. This paragraph would benefit from a more explicit description of what factors affect the appropriateness that differs from Paragraph 46.</p>

2	{Question for additional inputs: should the downward adjustment be eligible/applicable for all the approaches to setting the baseline?}	AP: Yes, a downward adjustment should be applicable for all approaches to setting the baseline.
3	{Question for additional inputs: should it be specified that only activities triggered by policies can be credited? Will there be complexities in relation to additionality assessment in this regard?}	<p>AP: Yes, policies that trigger creditable activities should be credited, but only if these policies still meet additionality requirements. The crediting of eligible policies should be specific to avoid crediting policies that do not directly trigger emission activities or conflict with additionality.</p> <p>The timing of when a policy should be credited must also be precise. For example, if a country develops a policy that encourages emission reduction or removals projects, should that policy be only credited when the project has started to achieve its reductions or removals?</p>
4	{Question for additional inputs: should the downward adjustment be eligible/applicable for all the approaches to setting the baseline indicated in para 44 above?}	AP: Yes, the downward adjustment should be applied to both performance-based and existing actual or historical emissions to avoid selecting an approach based only on whether an adjustment is applied.
5	{Question for additional inputs: would option 2 above fit under 'adjustment downwards'? And is it linked to additionality demonstration? How can 'transformative' be defined?}	<p>AP: Yes, but only Option 2ter clarifies that it is linked to the 'adjustment downwards' because Option 2 and 2bis are more conceptual.</p> <p>Yes, additionality is demonstrated by Options 2, 2bis, and 2ter.</p> <p>Transformative should be defined as a meaningful and positive long-lasting change.</p>
6	{Question for additional inputs: how does this issue link to policy crediting where policies deliberately intended to generate credits? What considerations are needed in this regard?}	<p>AP: The potential effects of policy crediting to additionality are nuanced because policies can come from multiple government agencies with various purposes and objectives.</p> <p>If the policy deliberately intended to generate credit, it should be tested to determine whether it creates or enables conditions that no longer make a project additional. It should also be considered whether it targets specific groups who would benefit from that policy while restricting others. The policy's impact should also be traceable, measurable, and verifiable.</p> <p>If the policy intended to generate credits from activities that emanate from activities that are not additional, that policy should not be credited.</p>

For example, some policies are promulgated for environmental compliance requirements. These are usually for companies that have cleared forests for development or what is considered an 'environmental debt' (e.g., road construction, mining, commercial development etc). To make up for this debt, they are legally required to replace the trees they had to cut down. The replacement trees are not considered additional.

General policies supporting climate action may not directly trigger or enable activities that generate emission reductions or removals. In this case, the policy should also not be credited.

Questions such as who promulgated the policy, what actions or activities it specifically triggers, what those activities achieve, and how the policy enables and sustains support for those activities need to be considered for policy crediting.

Policy crediting may have unintended and adverse effects, such as creating a disincentive to other policies that are not credited but are necessary to support the policy being credited.

Policy crediting may also likely affect projects in government-owned, controlled, or regulated land that are sensitive to policy or government forces. If the policy to be 'credited' is enforced by rules and regulations that are pro-actively enforced, resourced, and demonstrated to be effective, then the additionality of the crediting activity may be questioned.

AG: Governments have the capacity to craft and execute policies aimed at fostering the advancement of the art 6.4 mechanism for a variety of motivations, including the attraction of projects to their nation's borders. However, I hold the perspective that penalizing a project because it fails to satisfy the requisite additionality criteria since there are policies that incentivize credits generation could be counterproductive. To meet Paris Agreement target, the VCM needs to be scaled up and, it becomes imperative to formulate policies that motivate for its progression.

		<p>In scenarios where a project operates within a jurisdiction featuring policies designed to encourage credit generation, project proponents could substantiate the concept of additionality based on distinct factors. For instance, they might spotlight challenges associated with securing funding for the execution of such projects within the country. This highlights why adopting a carbon scheme becomes the exclusive pathway for bringing such projects a reality.</p>
<p>7</p>	<p>{Question for additional inputs: should there be a statement about the general additionality test before specifying how it may be simplified in certain cases, or be subject of a positive list? Could be a more nuanced approach, i.e. all projects need to demonstrate additionality, some can be excluded or included based on one sort of assessment while others require more detailed assessment:</p> <p>(a) What are the general rules?</p> <p>(b) Where may they be simplified, or deemed to have been satisfied?}</p>	<p>AP: A general statement on additionality and a positive list should be included. The concept of additionality is often misunderstood and misinterpreted as any action, if it's for the environment, is additional. A misunderstanding of what is additional could misdirect action. Additionality should consistently be demonstrated. There are many general rules in the Voluntary Carbon Market that can be lifted. What can be simplified is how additionality is tested. Supplementary tools for multiple actors should be developed for simplicity and ease of screening additionality.</p> <hr/> <p>AG: In the sake of clarity, the general rules of additionality should be clearly written down. Certain types of activity or ecosystem can be excluded from the demonstration of additionality and in this case, the rules/criteria that have to be met have to be clearly mentioned.</p>
<p>8</p>	<p>{Question for additional inputs: are positive lists needed? If yes, is the above guidance on positive lists too specific and detailed, and may the guidance be shortened?}</p>	<p>AP: Positive lists are a good way to direct action toward desired activities. This should be developed based on country- or region-specific circumstances. If possible, a sectoral-based positive list would be easier to follow.</p> <p>The guidance can be shortened, and supplementary documents that host details can be provided to stakeholders later. Supplementary documents can be country- or region-specific to better drive action to desired ambition levels and outcomes.</p> <p>AG: Yes, positive lists are needed to make clear which technologies or activities are deemed additional. National positive lists can be a good option to simplify the guidance on positive list</p>

		<p>and are specific to the country/jurisdiction. Positive lists of specific technologies or activities can also be developed to simplify the guidance.</p>
<p>9</p>	<p>{Question for additional inputs: should pre-project activity emissions and upstream emissions be accounted as activity emissions or leakage emissions, or be identified by the Supervisory Body as being beyond the scope of activity accounting guidance? What further assessment is needed in this regard?}</p>	<p>AP: Pre-project activity and upstream emissions should be accounted for as activity emissions. The diversion of any pre-project activity emissions and upstream emissions should be accounted for as leakage emissions.</p> <p>The Supervisory Body should define the scope of activity and leakage emissions. An assessment of supply-chain emissions and assessments of sectoral scope 1-3 emissions would be needed.</p> <hr/> <p>AG: Pre-project activity emission and upstream emissions should be accounted for activity emissions. Leakages are expected to happen after the implementation of activity and for that reason, it's more appropriate to qualify pre-project emission and upstream emissions as activity emission. They should be accounted if there are significant. A threshold as well as other criteria can be set to guide the accounting of pre-project activity emission and upstream emissions. The threshold and criteria can vary depending on the activity.</p>