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July 20<sup>th</sup>, 2023

## **Responses to Consultation on Article 6.4 Mechanism A6.4-SB005**

Dear CMA Supervisory Body,

Thank you for the opportunity to offer feedback on the draft guidance and questions pertaining to removals under Article 6.4 of the Paris Agreement.

During the current Open Call (from 18th July to 1st August 2023), stakeholders are invited to provide input by addressing the questions outlined in the document "*Guidance and Questions for Structured Consultation on Recommendations for Activities Involving Removals.*" However, Forair would like to take this opportunity to share its views on an essential concept that seems to have been omitted from the discussion – *ex-post* tonne-year accounting.

Our perspective is that the questions posed for public consultation on *ex-post* tonne-year accounting were previously addressed with great clarity and thoroughness by the Supervisory Body in its prior information note A6.4-SB005-AA-A09 (*Information note – Removal activities under the Article 6.4 mechanism, v4.0*). This document serves as a comprehensive and insightful exploration of *ex-post* tonne-year accounting as a promising solution to address significant flaws in the current carbon markets.

Particularly, in table 8 of the mentioned document, complete responses to the arguments against the use of *ex-post* tonne-year accounting were elaborated upon in a well-structured manner. Additionally, table 9 offered a clear articulation of the advantages of employing *ex-post* tonne-year accounting, along with specific conditions under which it should be used and its inherent limitations. Furthermore, in table 10, the document skillfully demonstrated that *ex-post* tonne-year crediting surpasses temporary crediting and tonne-based crediting, positioning it as the superior method for quantifying removals.

Upon reviewing these tables, any individual, regardless of their expertise in the matter, would undoubtedly reach the conclusion that *ex-post* tonne-year accounting should be the preferred approach moving forward. Therefore, it is with great disappointment and bewilderment that Forair learned of the Supervisory Body's decision to dismiss further pursuit of *ex-post* tonne-year accounting during its 5th meeting, with limited explanation.

Regrettably, Forair found only two passages in two separate documents that partially addressed the Supervisory Body's view on the issue, leaving significant gaps in understanding their rationale

behind the decision. The following passage, found on Page 8 of document A6.4-SB005-AA-A10, deserves closer examination:

*"The proposal of tonne-year crediting has been the subject of consultation and consideration in other crediting programs, with limited adoption and significant debate over the methodologies used. Unresolved issues include divergence on timeframes, equivalency ratios, and discount rates. Other submitters argued that accounting of removals must be based on a foundation of physical climate science rather than stylized financial modeling. He urged the Supervisory Body not to pursue the tonne-year concept as it does not reflect the physical reality of removals."*

Regarding this passage, it is essential to note that *ex-post* tonne-year accounting is increasingly being adopted by scientific peers as the accounting method with the highest integrity in the carbon market, both presently and in the future. Furthermore, Table B-2 of the A6.4-SB005-AA-A09 information note document demonstrates that this accounting method has been adopted in various programs and methodologies in recent years. Furthermore, as illustrated in table 10 of the same document, the decision against adopting *ex-post* tonne-year accounting by certification programs such as the Verified Carbon Standard (VCS) was based on the following two reasons:

1. Fewer credits are issued early in the crediting period – From Forair's perspective, this can be considered a positive attribute as it bolsters the integrity of the carbon market. By issuing units that have genuinely made a significant impact on the climate, the credibility of carbon credits is enhanced, ensuring that carbon removals are substantiated and verifiable.
2. Allows short-term land-based activities without equivalent co-benefits – Forair acknowledges that this issue primarily pertains to specific natural land-based solutions like Improved Forest Management (IFM). However, we firmly believe that a viable solution exists by implementing a minimum activity period of 5, 10, 20 years, or more. This would ensure that only projects with long-term environmental benefits and significant co-benefits, such as preventing erosion, salinization, or protecting biodiversity, are eligible for tonne-year accounting, thus upholding its integrity.

The second passage from page 8 of document A6.4-SB005 raises several points of concern:

*"With regards to 'tonne-year' accounting, members acknowledged the persistent concerns and questions raised, including within the scientific community, regarding its underpinning methods and assumptions, and ecological implications, and insufficient confidence in its suitability for international applications and effectiveness at addressing reversals in line with the mandate for this work. In light of this, the Supervisory Body agreed to focus on measures that address reversals on a tonne-for-tonne basis, and not on a tonne-year basis, in developing recommendations for activities involving removals for CMA 5."*

We firmly believe that the Supervisory Body may not be fully considering the importance and benefits of *ex-post* tonne-year accounting, merely dismissing it based on the number of responses received without due consideration of their contents. While only 18 out of 104 responses commented on tonne-year accounting, it is critical to note that none of these comments provided

arguments against those in favor of the *ex-post* tonne-year accounting method presented in Table 8 and Table 9 of the A6.4-SB005-AA-A09 information note document.

It appears that the Supervisory Body has disregarded the "silent majority" that might support *ex-post* tonne-year accounting, assuming their silence indicates a lack of interest or support. Such an approach overlooks valuable input and opinions from stakeholders who might be in favor of this method but did not comment explicitly.

Instead, the Supervisory Body seems to have given more weight to the "vocal minority," who may have their own vested interests and motives. This vocal minority might be pushing for statu-quo for obvious reasons, or for high-cost engineered solutions that could take years to ramp up, thereby benefiting from ambiguity in credit permanence valuation. On the other hand, *ex-post* tonne-year accounting provides a transparent and quantitative framework for assessing the duration of carbon storage, potentially demonstrating how nature-based solutions, with proper accounting, can offer comparable permanence value to Direct Air Capture and Carbon Storage (DACCS) credits at a lower cost.

In light of these concerns, we strongly urge the Supervisory Body to reconsider its stance and approach towards *ex-post* tonne-year accounting. A more thorough and unbiased evaluation of the method, including input from the entire range of stakeholders, will lead to more informed and fair recommendations for activities involving removals under CMA 5. Embracing the potential benefits of *ex-post* tonne-year accounting can enhance the effectiveness and integrity of carbon market mechanisms, fostering a more sustainable and equitable global response to climate change.

To better understand the rationale behind the decision not to pursue *ex-post* tonne-year accounting further, we strongly urge the Supervisory Body to provide a more detailed explanation. This will enable stakeholders like Forair to grasp the considerations and make more informed contributions to future consultations.

We firmly believe that by excluding *ex-post* tonne-year accounting, the Supervisory Body may inadvertently exacerbate the challenges faced by carbon markets since their inception. Embracing this accounting method could offer a more comprehensive and transparent framework for quantifying carbon removals, ensuring enhanced integrity and accountability in the market, while also ensuring intergenerational equity in climate action. Financial interests should never take precedence over environmental concerns, as the latter are the primary rationale for establishing market mechanisms to combat climate change.

Given these reasons, we not only request but earnestly urge the Supervisory Body to reconsider and include *ex-post* tonne-year accounting in its responses to the questions posed for public consultation. We acknowledge that tonne-tonne accounting is the prevailing approach in current carbon markets. However, we view the Supervisory Body's proposal to allow both tonne-tonne accounting and tonne-year accounting simultaneously as a valuable interim step toward transitioning to a more universally applicable *ex-post* tonne-year accounting method in the future.

Once again, we extend our gratitude for the opportunity to participate in this consultation and commend the thoughtful consideration and due process with which the Supervisory Body has approached this crucial decision.

Best regards,

A handwritten signature in black ink, appearing to read 'William Métivier', written over a horizontal line.

William Métivier, f.eng.  
President, Forair