Structured Public Consultation – Removal Activities

About Aspiration

Aspiration is a high-impact climate finance company working at scale to help enterprises, consumers, and investors achieve their climate goals. Founded in 2013, the company sources, monitors and invests in carbon removal projects across the globe to generate high-quality carbon credits. Every project in Aspiration's portfolio is held to the most rigorous standards, ensuring each drives tangible, positive impacts for people and the planet. Aspiration is a Certified B Corp, a member of Project Drawdown, 1t.org, The Climate Pledge, and many other critical industry groups dedicated to accelerating climate action. For more information, visit Aspiration.com or Aspiration.com/business.

Cross-cutting questions:

1. Discuss the role of removals activities and this guidance in supporting the aim of balancing emissions with removals through mid-century.

While the global economy has to shift to a low-carbon model, today more than ever, global greenhouse gas (GHG) emissions are still increasing. Even with the most aggressive decarbonization plans, a significant amount of GHG emissions are still unavoidable. Carbon removal can help mitigate these unavoidable emissions from our daily lives by supporting projects that avoid or capture CO_2 all over the world. Carbon removal is one of the tools we have to avoid global temperatures increasing more than 1.5C. Through carbon removal, we can support many critical climate mitigation initiatives such as reforestation and regenerative agriculture efforts, blue carbon projects in developing countries, and the development of engineered carbon removal across the world, to name a few. These activities play a key role in the fight against climate change.

Additionally, carbon removal projects often have positive social, economic, and environmental impacts by restoring ecosystems and supporting local (and often marginalized) communities.

2. What are the roles and functions of the following entities in implementing the operations referred to in this guidance: Activity proponent(s), Article 6.4 mechanism Supervisory Body (6.4SB), 6.4 mechanism registry administrator, Host Party, stakeholders?

Activity Proponent: The activity proponent, also referred to as the project developer or project proponent, is the entity that proposes and implements the carbon credit project. They are responsible for the initial project design, conducting the necessary environmental and social impact assessments, ensuring stakeholder engagement, securing financing, and overseeing the implementation of the project. They also must monitor and report on the project's performance, and coordinate the validation and verification processes.

Article 6.4 Supervisory Body: The Article 6.4 Supervisory Body is the entity set up under the Paris Agreement's Article 6.4, which establishes a new mechanism to facilitate international cooperation and promote the raising of ambition of NDCs. The Supervisory Body oversees the mechanism, which includes the issuance of emission reduction credits (or internationally transferred mitigation outcomes, ITMOs). Its functions would likely include setting rules and procedures, approving methodologies, accrediting validators/verifiers, and overseeing the issuance of credits.

Article 6.4 Mechanism Registry Administrator: The Registry Administrator is responsible for maintaining a transparent and accessible database (registry) of the emission reduction credits issued under the Article 6.4 mechanism. This involves keeping track of the issuance, transfer, and cancellation of credits, to ensure the integrity of the market and prevent double counting of emission reductions.

Host Party: The host party refers to the country in which the carbon credit project is being implemented. The host party plays a crucial role in approving and overseeing the project, ensuring it aligns with national laws and regulations, and integrating it into national climate strategies. They may also have to account for the emission reductions achieved by the project in their national greenhouse gas inventory, depending on the specifics of the project and the rules of the market where the credits are sold.

Stakeholders/Local Communities: Local communities often live in and around the project area and can be directly impacted by the project. Their role includes participating in consultations, voicing their interests and concerns, and often contributing to the implementation and maintenance of the project. Their engagement is critical for the success and sustainability of the project, and they may also share in the benefits of the project, whether through employment, infrastructure development, or ecosystem services.

3. How are these elements understood, in particular, any interrelationships in their functions, timeframes, and implementation?

(a) Monitoring period

The monitoring period is the total period of time over which monitoring of the project and the project outcomes takes place. In some cases it will begin before the project activities and continue after activities have ended. It is not to be confused with the Reporting period which is a discrete period of time within the crediting period over which the developer gathers the data from monitoring activities and submits it to the credit issuing body for verification.

(b) Crediting period

The project crediting period is the time period for which GHG emission reductions or removals generated by the project are eligible for issuance as VERs. Project crediting periods must be renewed periodically in order to ensure that changes to a project's baseline scenario and regulatory surplus are taken into consideration throughout the lifetime of the project.

The crediting period differs depending on the project type. For example, under the VCS, crediting periods for non-AFOLU projects are either seven years (twice renewable, for a total maximum length of 21 years) or a single period of 10 years. AFOLU projects may have a crediting period of up to 100 years. Some crediting periods must be renewed after a specified period of years while others have a fixed single crediting period.

Questions on specific elements

A. Definitions:

Discuss the role and potential elements of definitions for this guidance, including "Removals".

Of the four options given in A6.4-SB003-A03 (paragraph 2.5) for the definition of "Removal Activity" Option 1b(ii) is the most appropriate because it describes Removal Activities without including or excluding specific activities which is important because we do not know all the applicable Removal Activities yet. It is also open to the removal of all GHGs which is a core part of many Removal Activities.

Similarly the best option for the definition of "Removals" is Option 2b because it is inclusive of all GHGs.

B. Monitoring and Reporting:

The initial monitoring must be carried out within one year of the activity start date. Subsequent monitoring shall be required within a period of two years from the date of the previous verification, or within six months of an observed reversal, as applicable.

1. What timeframes and related procedures should be specified for these elements referred to in A6.4-SB003-A03?
a. For initial baseline monitoring and submission of monitoring reports (paragraph 3.2.14);

Must be carried out within one year of the activity start date. Baseline data may be incorporated into the development of the project design document, feasibility study or monitoring plan as opposed to a separate monitoring report. Subsequent monitoring reports will then report change against the initial baseline data.

(a) For subsequent monitoring and submission of monitoring reports (paragraph 3.2.14);

Subsequent monitoring shall be required within a period of two years or less from the date of the previous verification. Monitoring activities should align with the credit issuing body monitoring guidance and best available science and research.

(b) For monitoring and submission of monitoring reports following an observed event that could potentially lead to a reversal (paragraph 3.2.14);

Six months following an observed event that could potentially lead to a significant reversal.

(c) For monitoring and reporting, including any simplified reporting, conducted after the end of the last crediting period of activities involving removals (paragraphs 3.1.10 and 3.2.13).

Two additional simplified monitoring and reporting events should take place five and 10 years after the end of the last crediting period of activities involving removals.

C. Accounting for removals:

2. For activities involving removals that also result in emissions reductions, what are the relevant considerations, elements, and interactions between this guidance and the requirements for the development and assessment of mechanism methodologies, including.

A6.4-SB003-A03 paragraph 3.3.19 states that emissions reductions resulting from Removal Activities shall not be counted as credits. It is true that they should not be counted as removal credits but they should still be able to be counted as emissions avoidance credits. Reflecting the fact that a growing number of Removals Activities also have an emissions reductions element to them, the leading carbon standard Verra recently announced that they are introducing a system to tag credits (https://verra.org/verra-publishes-responses-to-consultation-on-proposed-vcu-labels/) from a project as either avoidance or removal so there is no doubt as to whether a credit is one or the other.

D. Crediting period:

Discuss any further considerations to be given to the core elements for crediting periods in A6.4-SB003-A03; where possible, identifying the applicable scope, i.e., relevance to all 6.4 mechanism activities, to removals activities, or to specific removal activity categories or types.

E. Addressing Reversals:

In order to minimize the risk of non-permanence of removals over multiple NDC implementation periods, and, where reversals occur, ensure that these are addressed in full.

1. Discuss the applicability and implementation aspects of these approaches, including as stand-alone measures or in combination, and any interactions with other elements of this guidance:

a. Non-permanence risk buffer (pooled or activity-specific);

A non-permanence risk buffer-pool acts like a form of self insurance for a project. It pools a certain number of carbon credits generated by the project to compensate for any potential future losses due to reversal events.

The implementation of a buffer pool would require a comprehensive risk assessment framework to determine the likelihood of reversal for different types of projects and allocate credits to the buffer pool accordingly. This should be based on factors such as the geographical location, project type, climate conditions and other relevant factors.

b. Insurance / guarantees for replacement of ERs where reversals occur (commercial, sovereign, other);

Insurance for carbon credits involves a third-party insurer. This could be a private insurance company or a public institution that provides a policy to cover the risk of reversal. The project owner pays a premium and in return, if there is a reversal event, the insurer has to provide the equivalent number of carbon credits that were lost or the equivalent financial value.

A buffer pool and insurance could work separately or together. They could be complementary for a project where the buffer pool covers low-risk but high probability events like climatic variations while the insurance covers high-risk but low probability events like a catastrophic wildfire. This approach optimizes cost savings but still provides comprehensive coverage of reversals. In some cases the buffer pool itself can be insured to ensure that it is adequate to cover major reversal events.

2. Discuss the appropriate timeframe(s) for applying the approaches, including any interactions with other elements of this guidance and the applicable scope, i.e., relevance to all 6.4 mechanism activities, to removals activities, or to specific removal activity categories or types.

The timeframe is largely dependant on the project type and the risk factors involved but there are some general principles that apply.

The timeframe should be at least as long as the duration of the carbon removal or avoidance activity. The timeframe should extend beyond the period during which a reversal could potentially occur. This could be several decades for forest projects or more than a century for some types of projects with geologic storage of carbon. The coverage should align with the MRV requirements of the project so that it is in place during the period when the project’s performance is being assessed.

The timeframe also needs to be flexible based on ongoing risk assessments. If the risk of reversal decreases over time due to improvements in project management or technology it may be possible to reduce the size of the buffer pool or adjust the insurance coverage. If the risk increase additional measures to address reversals might be necessary.

3. What risks of non-permanence need to be minimized, and how can these risks identified, assessed, and minimized?

Terrestrial and geologic sequestration and avoided conversion projects have the potential for GHG reductions and removals to be reversed upon exposure to risk factors. These can be split into **unintentional reversals:**

- Wildfires
- Floods
- Tropical storms
- Disease or pest infestation
- Failure of geologic storage reservoirs

And **intentional reversals:**

- Logging
- Land use change
- Intentional release of geologically stored CO2

The potential for all of these should be identified in the risk assessment and a plan for their mitigation incorporated into the project design.

4. In respect of risk assessment, how should the following elements be considered in the implementation of the approaches in (a) and any other relevant elements in this guidance?

a. Level of non-permanence risk assessment, e.g., activity- or mechanism-level

Project Proponents of terrestrial sequestration and avoided conversion projects with a risk of reversal must conduct a risk assessment that addresses both general and project-specific risk factors. General risk factors include financial failure, technical failure, management failure, rising land opportunity costs, regulatory and social instability, and natural disturbances. Project-specific risk factors vary by project type.

b. Timing for risk assessment(s)

Risk assessments must be conducted in advance of the project's registration and be included in the PDD and the Monitoring Plan. The risk analysis should be revisited at regular intervals (5 years) except in the case of a reversal event in which case the risk category and Minimum Buffer Contribution shall be immediately re-assessed and re-verified.

c. Entity(ies) responsible for risk assessment(s), e.g., activity proponent, 6.4SB, actuary

The activity proponent is responsible for carrying out the risk assessment and a VVB must assess whether it has been conducted correctly.

5. How should the following elements be considered in the implementation of the approaches in (1) above and any other relevant elements in this guidance?

a. Methods for determining the level of buffer pool contributions

During the project design process, project developers and technical consultants evaluate the different risks the project faces throughout its lifetime. These risks can include natural risks, financial risks, socio-political risks, and other external risks. Once these risks are identified, the project will design and implement mitigation measures to minimize the potential impacts of these risks. For nature-based carbon sequestration projects, these risks inform a calculated risk profile for the project and assign a percentage of credits to go to the buffer pool maintained by the carbon standard (i.e. carbon credit issuer/registry). If there is damage to the project, the standard can use the credits in the buffer pool to make up for the difference. We'll then work with the project partner to determine the appropriate steps to take to restore the project or identify mitigation mechanisms for any future risks.

F. Avoidance of Leakage:

Discuss any further considerations to be given to the core elements for leakage avoidance in A6.4-SB003-A03; where possible, identifying the applicable scope, i.e., relevance to all 6.4 mechanism activities, to removals activities, or to specific removal activity categories or types.

Avoiding leakage is difficult but steps can be taken to mitigate it.

The first key step is careful project design and planning that takes into account potential sources of leakage. This should involve conducting a comprehensive assessment of the local socio-economic and environmental context to understand where leakage may occur. For example in a reforestation project if you restrict logging in one area loggers may just move to a different area and resume their activities there. To mitigate this the project design should include initiatives to support sustainable livelihoods and alternative employment to logging. Linked to that is stakeholder engagement. When people understand and benefit from a project they are more likely to support it and to refrain from activities that could cause leakage. This could go beyond employment opportunities to direct sharing of revenues from sales of carbon credits.

Another way to reduce leakage is by implementing projects on a larger scale. These larger scale projects can cover the entire area in which the leakage may occur, making it easier to control or at least quantify. For instance in REDD+ projects instead of focusing on a single tract of forest the project could cover an entire jurisdiction such as a county or state, making it harder for deforestation activities to simply switch to another area.

Policies and regulation have a role to play in creating disincentives for activities that increase emissions. For example if a DACCS project were to draw significant amounts of power from the grid, government policies that support the deployment of renewables to make up the shortfall can prevent the deployment of fossil fuels to supply that electricity.

Accounting for leakage is another challenge. One method to quantify leakage is to use mathematical models that predict how emissions might change in response to a project. The most accurate method is through direct monitoring and verification. This often involves the use of remote sensing technologies to detect changes in land use beyond the project boundaries that might point to increased emissions. Another approach is to compare emissions in the project area to a control group and any differences in emissions between the project area and the control area could be attributed to leakage. In some cases market effects must be taken into account. Projects that produce goods or stop the production of certain goods can cause leakage if the production of goods shifts to a different area in order to meet market demand.

G. Avoidance of other negative environmental, social impacts

Discuss considerations to be given to core elements for avoidance of other negative environmental, social impacts; where possible, identifying the applicable scope, i.e., relevance to all 6.4 mechanism activities, to removals activities, or to specific removal activity categories or types.

There are numerous steps that can be taken to avoid environmental and social harms caused by carbon projects.

Stakeholder Engagement and Free, Prior and Informed Consent (FPIC) are crucial to ensure the rights and interests of local communities are respected. Projects should involve meaningful consultation with all relevant stakeholders, especially indigenous peoples and local communities who are directly impacted by the project. FPIC is a principle protected by international human rights standards that states that all communities have the right to give or withhold consent to proposed projects that may affect their lands, resources, or territories.

Before any project is initiated, a comprehensive Environmental, Social Impact Assessment (ESIA) should be conducted. This process identifies potential environmental and social risks and impacts (both positive and negative) associated with a proposed project, and provides a plan to mitigate potential negative impacts. In many cases there are international standards such as the UN's REDD+ Safeguards or the World Bank's Environmental and Social Framework provide guidelines for avoiding and mitigating negative impacts. These can include measures to protect biodiversity, ensure the rights of local communities, and prevent displacement or land grabbing.

In cases where the project does not go as planned, effective monitoring can help to detect any negative impacts at an early stage and take corrective action. Grievance mechanisms provide a way for individuals and communities affected by a project to voice concerns or complaints and have their issues addressed.

Projects should aim to achieve multiple benefits beyond carbon sequestration or emission reduction. This can include benefits like improving local livelihoods, conserving biodiversity, protecting water resources, or maintaining cultural heritage. Projects should ensure that the benefits (not just the costs) are shared with local communities. This could involve financial payments, employment opportunities, or improvements to local infrastructure.

Certain areas, such as those with high biodiversity, culturally important lands, or densely populated areas, may be at higher risk for negative impacts. Avoiding projects in these areas can be a way to minimize potential harm.