

Subsidiary Body on Scientific and Technological Advice (SBSTA)

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Supervisory Body (SB)

Article 6.4 Mechanism

United Nations Framework Convention on Climate Change (UNFCCC)

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The Institute for Agriculture and Trade Policy,¹ an accredited observer organization, appreciates this opportunity to comment briefly on “Draft Recommendation: Activities involving removals under the Article 6.4 mechanism,” Version 03.0 (“Draft Recommendation”).² We wrote to the Subsidiary Body (SB) on March 15 concerning the Article 6.4 mechanism.

Our general impression of the Draft Recommendation is that 1) it responds to most of the items in the “Information Note: Guidance and questions on further work on removals,”³ except as noted, and 2) that the many disagreements among SB members signified by bracketed text may not be resolved by the conclusion of the October 30- November 2 SB meeting. If the disagreements are not resolved and resolution takes place at the ninth SB meeting right before the 28th Conference of the Parties (COP28), CMA delegates will have very little time to review the final Draft Recommendation and consult with their capitals, if needed. Rather than present the CMA delegates with many bracketed texts, the SB may wish to present an agreed Draft Recommendation at the 2024 intersessional meeting in Bonn. Here follows comments on some of the bracketed texts, to assist the SB in coming to further agreement on the Draft Recommendation.

Draft definition of “removals”

Part of the definition states, “*Removals are the outcomes of processes to remove [greenhouse gases] [carbon dioxide] from the atmosphere through anthropogenic activities and durably store [or destroy] them; and*” (paragraph 6 a) p. 7) To achieve the 1.5⁰C Paris Agreement

¹ To learn more about IATP’s climate change work, including our participation in COP27, please consult <https://www.iatp.org/climate-change>. Our most recent contributions to Article 6.4 related matters are a February 28 letter to the Supervisory Body (<https://www.iatp.org/letter-unfccc-supervisory-body-article-6-mechanism>) and a February 10 letter to the International Organization of Securities Commissions concerning its discussion paper on Voluntary Carbon Markets: <https://www.iatp.org/iatp-comment-iosco-vcn>

² <https://unfccc.int/sites/default/files/resource/a64-sb008-aa-a15.pdf>

³ <https://unfccc.int/sites/default/files/resource/a64-sb004-a02.pdf>

target, it is essential that all greenhouse gases, not just CO₂, be subject to removal activities. The new chair of the Intergovernmental Panel on Climate Change estimates that at the current rate of emissions increases, the possibility of achieving the 1.5°C target “must be less than 33 percent now.”⁴ Given the dire state of the climate, the removals definition must cover all greenhouse gases, not just carbon dioxide. The “destruction” of a greenhouse gas, e.g., methane by digesters to make “biogas,” enables an increase in greenhouse gases from the increase in the number and size of industrialized livestock operations, their methane leakage, their spreading of gigantic quantities of non-composted manure on fields, and the nitrous oxide emissions resulting from synthetic nitrogen fertilizer applied to maize feedstocks for those industrial facilities.⁵

“Activities involving removals meet the requirements in Section 4. Any examples in this guidance referring to specific activity types or categories are purely illustrative and do not give effect to decisions by the Supervisory Body regarding their use under the Article 6.4 mechanism.” (paragraph 6 b) p. 7) IATP assumes, but is not certain, that reference to “requirements in Section 4” refers to Section 4 of the “Information note: Guidance and questions for future work on removals.”⁶ IATP may not be alone in its uncertainty about the Section 4 reference in the definition of removals. The SB should clarify whether the reference to “Section 4” concerns the “Guidance.”

Because the Draft Recommendation does not respond directly to the “Guidance” request concerning Section 5 “land-based activities,” including Host country responsibilities” regarding land-based activities, we understand that giving “specific activity types” a “purely illustrative” status is a way of postponing SB decisions about land-based removals. It may prove difficult to gain the assent of COP28 CMA delegates to a definition of “removals” that seeks to transcend the request for guidance on land-based activities after the Section 5 request to the SB.

Monitoring removals

“[Monitoring may be stopped only when the risk of reversal of removals for which 6.4ERs have been issued is eliminated or deemed negligible. In this regard, evidence is provided that the removals will be stored with negligible to no reversal risk [or that the volume of potential future reversals of removals for which 6.4ERs have been issued has been remediated by taking measures specified in this guidance. The Supervisory Body will develop further guidance in this regard.]” (paragraph 17, p.8) The brackets on this provision must not be removed unless and until the SB has agreed on the guidance that distinguishes the risk of reversals of removals of specific activity types and how that risk (those risks) should be mitigated. For example, if the use of a Carbon Capture and Storage technology results in an increase in greenhouse gas

⁴ Jim Skea cited in Attracta Moony, “UN science head fears lower chance of keeping global warming to 1.5C,” *Financial Times*, October 24, 2023. <https://www.ft.com/content/2937f8a2-e553-4a60-aadf-553cd7f2d4e3>

⁵ E.g., Jenny Splitter, “America has a manure problem and the miracle solution being touted isn’t all that it seems,” *The Guardian*, January 20, 2022.

⁶ <https://unfccc.int/sites/default/files/resource/a64-sb004-a02.pdf>

emissions following momentary storage,⁷ should that increase be defined as a reversal? Any part of the Draft Recommendation concerning a determination that risk of reversal has been “eliminated” or “deemed negligible” should include the identity of the entity that makes that determination. Furthermore, the Draft Recommendation should stipulate which of the risks defined in paragraph 30, i.e., internal risks, external risks and/or natural risks, are considered eliminated or “deemed negligible.” In IATP’s view, natural risks of land-based removal projects cannot, as a matter of climate science, be eliminated or “deemed negligible” even during a crediting period, much less a post-crediting period, given the likely impact of climate tipping points on natural risk reversals.

Reporting

“Activity participants shall prepare monitoring reports after implementing monitoring operations and methods as specified in monitoring plans, including for seeking issuance of credits.” (paragraph 19, p. 8) The SB should state for whom the monitor reports are prepared, define the recipient of the reports and stipulate the responsibilities of the entity or entities receiving the reports. For example, will the entity receiving the activity participant reports have the authority and resources to investigate evidence of possible misrepresentation of emissions removals or even possible fraudulent removal activities. In the absence of defining the recipient of the reports and their responsibilities, the requirements for preparing the reports may appear to CMA delegates to be disconnected from the operationalization of the Article 6.4 mechanism.

Accounting for removals

“Any carbon pools and greenhouse gases may be optionally excluded from accounting if such exclusion results in a more conservative calculation of net removals.” (paragraph 26, p. 9) IATP recommends that the SB delete this paragraph from the Draft Recommendation. The proposed option for the accounting exclusion would allow activity participants to make a determination about “ a more conservative calculation of net removals” when that determination should be made by the authority receiving and evaluating the report as part of the operationalization of the Article 6.4 mechanism.

“If an activity involving removals also results in emission reductions, relevant guidance shall be applied through a relevant methodology or a combination of methodologies applicable to the activity in accordance with the provisions to be developed by the Supervisory Body.” (paragraph 27, p. 9) It is premature to include this paragraph in the Draft Recommendation, at least until the SB has agreed on the afore-mentioned provisions. Once those provisions are agreed, the SB should propose whether any such emissions reductions should be reported separately from removal activities that result in temporary storage of emissions. As the SB is aware, removal activities that result in the temporary storage of emissions must not be reported as emissions reductions. As noted in a recent Carbon Market Watch report, “Temporarily storing

⁷ Shannon Osaka, “Companies capture a lot of CO₂. Most of it is going into new oil.” *The Washington Post*, October 25, 2023. <https://www.washingtonpost.com/climate-environment/2023/10/25/enhanced-oil-recovery-carbon-capture/>

CO₂ only provides limited benefit to humanity's efforts to tackle the climate crisis and can actually fuel further temperature rises if used to offset CO₂ emissions.”⁸

Post reversal actions: Reversal notification

“The activity participant shall notify the Supervisory Body of reversals that occur within their project boundary. The submission of a reversal notification shall be made as follows:” (paragraph 35, p. 10) CMA.3 designates the Supervisory Body to administer the Article 6.4 mechanism (FCCC/PA/CMA/2021/L.19). Because the number of unplanned reversals of emissions very likely will be very large, particularly for land-based removal projects, the SB will require an administrative staff, budget and computer infrastructure to ensure that reversals are notified per the “as follows” requirements, and to request corrections to the notifications if the activity participants fail to follow one or more notification requirements. Have Parties committed to ensuring that the Supervisory Body has adequate resources to administer the Draft Recommendation, if adopted by the CMA, and to administer the Article 6.4 mechanism more generally?

Post reversal actions: Corrections

“Activity participants shall undertake appropriate corrective measures and demonstrate this in the requisite update to the reversal risk assessment, inter alia:” (paragraph 36, p. 10) The requisite update is *“Activity participants shall review and revise the risk assessment every five years from the start of the first crediting period.”* (paragraph 33, p. 10) If we understand the interaction of these requirements, activity participants would have five years to demonstrate that they had taken “appropriate corrective actions” for all the reversals within their project areas by describing those in the context of revising their reversal risk assessments. Particularly for the natural risks of reversals “related to fires, pests and droughts” (paragraph 30 c), the “inter alia” corrective measures, though not objectionable, are likely inadequate to the scale and likelihood of reversals resulting from natural risks, even within the project areas from which removal credits are to be derived.

“Activity participants shall also update the assessment conducted using Article 6.4 mechanism sustainable development tool to reflect the relevant underlying causes and any negative impacts, as well as plans for remediation and prevention of a recurrence, and submit this with the updated reversal risk assessment referred to in 4.5.1. Reversal risk assessment.” (paragraph 37, p. 10) This paragraph should be further elaborated as a separate subsection titled “Preventative measures.” Although activity participants will have very limited capacity to prevent the natural risks of reversals, the “internal risks” and “external risks” described in paragraph 30 a) and b) are more amenable to activity participant preventative actions. The application of the sustainable development tool may palliate the negative impacts of reversals

⁸ Danny Cullenward, “Mortgaging the atmosphere: Why temporary carbon storage is risky and cannot replace emissions reductions,” (Summary for policymakers) Carbon Market Watch, September 2023, p. 2. <https://carbonmarketwatch.org/wp-content/uploads/2023/10/Mortgaging-the-atmosphere-Summary-for-policymakers.pdf>

but the tool's proper function is to prevent internal and external risks from contributing to reversals resulting from natural risks.

Addressing reversal risk and reversals: Buffer pool operation

To aid CMA delegates in their understanding of this section, paragraph 47 should become the first paragraph of this section. The CMA delegates should be presented with this definition of "buffer pool" in the Article 6.4 mechanism context before they evaluate the details of its operation proposed in the Draft Recommendation.

"In [some] circumstances [where activity participants wish to stop monitoring post-crediting period but cannot provide evidence that the reversal risk is eliminated or deemed negligible], the host Party may provide, on a voluntary basis, a sovereign guarantee. [paragraph 41, p. 11] Sovereign guarantee may be, for example for the direct replacement of 6.4 ERs or for counting the reversals as additional emissions." (paragraph 42, p. 11) This provision, as proposed, constitutes permission for activity participants to stop monitoring emissions. It does not indicate what entity determinates that reversal risk is "deemed negligible" nor what the standard for evidence is that "reversal risk is eliminated." Since the natural risk of reversals in land-based projects cannot be eliminated, the SB should state that any claim that reversal risk is eliminated or "deemed negligible" would apply only to internal and external risks as described in paragraph 30 a) and b). Activity participants very likely will use this permission to transfer liability for any reversal risk management failure to Parties since carbon market participants will be very unlikely to prevail in litigation concerning the actions of sovereign governments. If the SB comes to consensus on paragraph 41, the SB should add to the current paragraph 42 a sentence that would require Parties to deduct from their Nationally Determined Contributions to mitigation additional emissions resulting from providing the sovereign guarantee on behalf of activity participants in a Party's sovereign jurisdiction.

Avoidance of other negative environmental and social impacts

"In addition to above requirements, the Supervisory Body will develop further requirements in respect of specific removal activity categories or types taking into account national and international best practices in environmental and social safeguards, which activity participants shall also apply." (paragraph 58, pp. 14-15) Considering that paragraph 6 of the Draft Recommendation characterizes any mention of "specific removal categories or types" as "purely illustrative" and without effect in SB decisions regarding the administration of the Article 6.4 mechanism, IATP has difficulty in understanding the practical applicability of these requirements by activity participants and the Host Country role to ensure that removal activities in its territory avoid negative environmental and social impacts. Among the further requirements that the SB should develop to improve this section of the Draft Recommendation" is to stipulate "national and international best practices in social and environmental safeguards for "specific removal activity categories or types," even if such stipulations are qualified as "purely illustrative."

Conclusion

IATP is keenly aware of the difficulty and tight timeline of the SB Article 6.4 mechanism's responsibilities, particularly concerning the Draft Recommendation on removals. We advise again that if the SB cannot come to consensus about the many disagreements indicated in the bracketed text, it should consider postponing presentation of the Draft Recommendation to the COP28 CMA, at least until those disagreements are reduced to a manageable number that the CMA delegates can negotiate. We hope that the comments above assist the SB at its 8th meeting.

Respectfully submitted,

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