

## **Article 6.4 Supervisory Body**

April 15th, 2024

Dear Members,

I am writing to you on behalf of the Integrity Council for the Voluntary Carbon Market (ICVCM) to provide inputs in response to the open call on the following documents:

- A6.4-SB009-A01: Requirements for the development and assessment of Article 6.4 mechanism methodologies (version 01.0)
- A6.4-SB009-A02: Activities involving removals under the Article 6.4 mechanism (version 01.0)

The ICVCM is an independent governance body for the voluntary carbon market, setting and enforcing a definitive global threshold for carbon credit integrity. Through the <u>Core Carbon Principles (CCP)</u> and the <u>Assessment Framework</u>, developed in close consultation with stakeholders, we seek to build trust in high-quality carbon markets so that they channel finance towards genuine and additional greenhouse gas reductions and removals and contribute to climate resilient development across the globe.

The Assessment Framework is currently being employed to assess carbon-crediting programs and categories of credits at methodology level to identify eligibility for the CCP label. The framework can thus serve as a reference point for any rulebook at the core of a high-integrity carbon crediting mechanism. The two recommendations presented for open input set out specific elements of a crediting mechanism not dissimilar to those currently under the assessment of the ICVCM.

Following the call for inputs, we would like to provide references to several specific requirements of the Assessment Framework as they relate to the draft requirements presented in the two recommendations. We hope that these could provide insight into how the issues under discussion in the Supervisory Body are being tackled by the wider carbon markets community in the quest for high integrity.

We remain open to cooperation with the Supervisory Body to discuss specific ways to operationalize requirements for a robust and high-integrity carbon-crediting mechanism, share best practices and lessons learnt.

Please allow me to extend my gratitude for your continuous commitment to operationalizing the Article 6.4 mechanism.

Yours sincerely,

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Affiliated organization of the submitter (if any): Integrity Council for the

**Voluntary Carbon Market (ICVCM)** 

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Date: 15 April 2024

## **Legend for Columns**

**0** = A6.4-SB009-A01 (methodologies) or A6.4-SB009-A02 (removals)

1 = Section Number in the document

2= Paragraph number

**3** = Comment – the actual feedback or observation, including justification for what needs changing

**4** = Proposed change – suggest the text if possible

0	1	2	3	4
Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Meths	4.1	18	The ICVCM Assessment Framework (AF) requires the aggregate length of crediting periods to be short enough to ensure progression over time. In addition, Criterion 10.3 Determination of Baseline Scenario and program-level requirements provide for reassessment of the baseline scenario at every renewal of the crediting period and encourage taking into consideration any material changes that could affect robust quantification and conservativeness.  For the next iteration of the AF the ICVCM will consider whether to require quantification methodologies to ensure that the approach to updating and reviewing the baseline increases the ambition of the baseline over time.  Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 10.7 AGGREGATE DURATION OF ALL CREDITING PERIODS  a) The following approaches are considered to enable conservativeness and robust quantification:  1) the quantification methodology or related program documents ensure that aggregate crediting periods are short enough to allow for a progressive increase in ambition over time; []
Meths	4.1	19	It is unclear how this requirement can be implemented in an inclusive way and encouraging broad participation. Under the ICVCM AF, encouragement of deployment of technologies and knowledge transfer is operationalized through the additionality test, where market penetration is a necessary element thereof in conjunction with either investment or barrier analysis. (See comment to para 80)	
Meths	4.2	26 (c)	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 3.1: INFORMATION  In addition to CORSIA requirements, the carbon-crediting program shall ensure that in relation to each mitigation activity that requests registration or that is registered, all relevant documentation relating to the mitigation activity is made publicly available (subject to confidentiality and proprietary, privacy and data protection restrictions) including:  1) all necessary information, such as spreadsheets used for calculations, to enable third parties to assess the social and
				environmental impacts of the mitigation activity and to replicate the GHG emission reduction or removal calculations (including baseline quantification), and assessment of additionality;

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Meths	4.2	26 (e)	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 10.3 DETERMINATION OF THE BASELINE SCENARIO AND QUANTIFICATION OF BASELINE EMISSIONS OR REMOVALS
				a) The following approaches are considered to enable conservativeness and robust quantification:
				the quantification methodology or applicable program documents ensure that the baseline scenario to be used is selected in a conservative manner, including by:
				i. considering different scenarios, including the best available technology (BAT) or practice in the country/region of the mitigation activity or statistically relevant historical information;
				ii. considering uncertainties in choosing between different candidate baseline scenarios;
				iii. ensuring that existing government policies and legal requirements are considered in determining the baseline scenario (i.e., as long as their enforcement is widespread, except for high-income countries where government policies and legal requirements are considered enforced); and
				iv. ensuring that rebound effects (i.e., an increase in product use or service level as a result of the implementation of a mitigation activity, e.g., when introducing energy-efficient appliances) are accounted for;
Meths	4.4	34	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 13.2 CONTRIBUTION TO NET ZERO TRANSITION
				a) Carbon-crediting programs shall ensure that new or revised methodologies require mitigation activity proponents to assess compatibility of the mitigation activity with transition to net zero by reference to the net zero objectives of the host country.

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Meths	4.6	40	The recommendation requires justification of the 'appropriateness' of the baseline approach chosen, while the ICVCM AF refers more directly to enabling conservativeness and robust quantification.	CRITERION 10.3 DETERMINATION OF THE BASELINE SCENARIO AND QUANTIFICATION OF BASELINE EMISSIONS OR REMOVALS
				a) The following approaches are considered to enable conservativeness and robust quantification:
				the quantification methodology or applicable program documents ensure that the baseline scenario to be used is selected in a conservative manner, including by:
				i. considering different scenarios, including the best available technology (BAT) or practice in the country/region of the mitigation activity or statistically relevant historical information;
				ii. considering uncertainties in choosing between different candidate baseline scenarios;
				iii. ensuring that existing government policies and legal requirements are considered in determining the baseline scenario (i.e., as long as their enforcement is widespread, except for high-income countries where government policies and legal requirements are considered enforced); and
				iv. ensuring that rebound effects (i.e., an increase in product use or service level as a result of the implementation of a mitigation activity, e.g., when introducing energy-efficient appliances) are accounted for;
				2) the quantification methodology or applicable program documents ensure that the overall degree of conservativeness in the quantification of baseline emissions or removals is based on the level of the overall uncertainty, taking into account the choice of assumptions, models, parameters, data sources, measurements methods and other factors;
				3) the quantification methodology or applicable program documents ensure that any potential perverse incentives for the mitigation activity proponent to inflate quantified baseline emissions (or depress baseline removals) are taken into account; and
				4) the quantification methodology or applicable program documents ensure that the baseline scenario and quantification of baseline emissions or removals are updated or reviewed at a frequency that appropriately reflects changing circumstances. These circumstances could include changes in government policies and legal requirements.

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Meths or	Section no.	Para. no.	Comment	Proposed change
Removals				(Include proposed text)
Meths	4.9	58	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 5.2: REQUIREMENTS FOR QUANTIFYING GHG EMISSION REDUCTIONS OR REMOVALS
				a) In addition to CORSIA requirements, the carbon-crediting program shall
				[]
				5) assess the overall uncertainty of emission reductions or removals associated with an activity type and/or require that the mitigation activity proponent assess the overall uncertainty in accordance with an approved methodology. In estimating overall uncertainty all causes of uncertainty shall be considered, including assumptions (e.g., baseline scenario), estimation equations or models, parameters (e.g., representativeness of default values); and measurements (e.g., the accuracy of measurement methods). The overall uncertainty shall be assessed as the combined uncertainty from individual causes;
				CRITERION 10.1 ROBUST QUANTIFICATION OF EMISSION REDUCTIONS OR REMOVALS
				[]
				c) The overall uncertainty to be taken into account per criterion 10.1 b) 1) above shall include all causes of uncertainty, including in assumptions (e.g., baseline scenario), estimation equations or models, parameters (e.g., representativeness of default values) and in measurement approaches (e.g., the accuracy of measurement methods) and overall uncertainty is required to be assessed as the combined uncertainty from individual causes.
				CRITERION 10.3 DETERMINATION OF THE BASELINE SCENARIO AND QUANTIFICATION OF BASELINE EMISSIONS OR REMOVALS
				a) The following approaches are considered to enable conservativeness and robust quantification:
				[] 2) the quantification methodology or applicable program documents ensure that the overall degree of conservativeness in the quantification of baseline emissions or removals is based on the level of the overall uncertainty, taking into account the choice of assumptions, models, parameters, data sources, measurements methods and other factors;

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Meths	5	80	The ICVCM AF requires additionality to be demonstrated through:  Regulatory additionality test AND  Prior consideration AND  an investment analysis combined with a market penetration/common practice assessment OR  a barrier analysis combined with a market penetration/common practice assessment OR  a standardized approach.  JREDD+ Programs are required to meet relevant CORSIA requirements and those listed in criteria 8.9-8.10 of the ICVCM AF.  Programs can present alternative approaches to additionality demonstration if those approaches meet the same threshold of additionality as achieved by the above requirements.  Illustrative language from the ICVCM AF on this requirement is contained in column 4.	a) The carbon-crediting program shall meet CORSIA requirements relating to additionality. b) The carbon-crediting program shall have provisions that: 1) meet the requirements of criterion 8.2 below (existing host country legal requirements); AND 2) meet the requirements of criterion 8.3 below (consideration of carbon credits); AND 3) consistent with criterion 8.4 below (additionality approaches), meet the requirements of criteria 8.5 to 8.8 below (investment analysis, barrier analysis, market penetration/common practice, standardised approaches). c) Where a carbon-crediting program considers that its alternative additionality approaches meet the same threshold of additionality as achieved by the requirements in criteria 8.4 to 8.9 below in relation to one or more Categories it may, per section 3 of the Assessment Procedure, submit an explanation of such and shall make such explanation publicly available. []

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Meths	5	80 (c)	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 8.2 EXISTING HOST COUNTRY LEGAL REQUIREMENTS
				a) In addition to CORSIA requirements related to additionality, the carbon-crediting program shall:
				1) ensure that the mitigation activity is registered only if the resulting carbon credits represent emission reductions or removals that exceed those required due to relevant legal requirements that are enforced. For high-income countries13, all legal requirements shall be deemed to be enforced. For countries other than high-income countries, legal requirements shall only be deemed to be unenforced based on authoritative and up-to-date information of non-enforcement that is relevant and applicable to the mitigation activity;
				Prequire that the evaluation of 1) above to be conducted either by the mitigation activity proponents and be validated by a VVB and/or the carbon-crediting program. The evaluation shall be conducted:
				i. prior to the registration of the mitigation activity; and
				ii. at an appropriate frequency thereafter, for example, at each renewal of a crediting period or
				at every verification where the crediting period is longer than five years.
Meths	5	5 80 (d)	Avoiding lock-in is not present in the ICVCM AF as part of the additionality test, as it does not directly relate to the question of whether the activity would take place without the carbon market incentive. Instead, this requirement ("The mitigation activity shall avoid locking-in levels of GHG emissions, technologies or carbon-intensive practices that are incompatible with the objective of achieving net zero GHG emissions by mid-century") is operationalized in Criterion 13	CRITERION 13.1 CATEGORIES INCOMPATIBLE WITH CONTRIBUTION TO NET ZERO TRANSITION
				a) Carbon credits issued under Categories listed in criterion     a) 1) below are not eligible to be CCP-Approved:
			Contribution to Net Zero Transition through a list of categories that are not eligible for the CCP	1) categories:
			label.	<ul> <li>i. mitigation activities that directly lead to an increase in the extraction of fossil fuels (e.g.,exploration and extraction of fossil fuels);</li> </ul>
				ii. mitigation activities relating to coal-fired electricity generation;
				iii. mitigation activities that involve any other unabated fossil fuel-powered electricity generation, other than new gas-fired generation that is part of increased zero-emissions generation capacity in support of national low carbon energy transitions;
				iv. mitigation activities focused on road transport that rely on the continued use of solely fossil fueled powered engines.

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Meths or	Section no.	Para. no.	Comment	Proposed change
Removals				(Include proposed text)
Meths	6	87 (a)	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 10.5 QUANTIFICATION OF LEAKAGE EMISSIONS
				a) The following approaches are considered to enable conservativeness and robust quantification:1) the quantification methodology or related program documents ensure that all relevant potential sources of leakage associated with the type of mitigation activity are considered;
				the quantification methodology or related program documents ensure that all relevant potential sources of leakage associated with the type of mitigation activity are considered;
				2) the quantification methodology or related program documents includes all material sources of leakage in the quantification of emission reductions or removals, except where the omission of leakage sources is conservative, and consider the following potential sources of leakage, where material:
				i. Upstream/downstream emissions;
				ii. Activity-shifting;
				iii. Market leakage;
				iv. Ecological leakage;
Meths	6	87 (b)	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 10.5 QUANTIFICATION OF LEAKAGE EMISSIONS
				a) The following approaches are considered to enable conservativeness and robust quantification:1) the quantification methodology or related program documents ensure that all relevant potential sources of leakage associated with the type of mitigation activity are considered;
				[] 3) the quantification methodology or related program documents ensure minimization of any material sources of leakage emissions through requirements in the respective quantification methodologies (e.g., through requirements that avoid leakage);
				4) the quantification methodology or related program documents ensure estimation and deduction of any residual leakage emissions in the quantification of emission reductions or removals including through specific tools or standardized approaches; and

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Meths	6	87 (c)	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 10.5 QUANTIFICATION OF LEAKAGE EMISSIONS
				a) The following approaches are considered to enable conservativeness and robust quantification:1) the quantification methodology or related program documents ensure that all relevant potential sources of leakage associated with the type of mitigation activity are considered;
				the quantification methodology or related program documents ensure that all relevant potential sources of leakage associated with the type of mitigation activity are considered;
				2) the quantification methodology or related program documents includes all material sources of leakage in the quantification of emission reductions or removals, except where the omission of leakage sources is conservative, and consider the following potential sources of leakage, where material:
				i. Upstream/downstream emissions;
				ii. Activity-shifting;
				iii. Market leakage;
				iv. Ecological leakage;

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Meths or	Section no.	Para. no.	Comment	Proposed change
Removals				(Include proposed text)
Meths	7	93	The ICVCM directly identifies categories where permanence requirements apply, including assessing reversal risk and measures to monitor and address it.	CRITERION 9.1 CATEGORIES TO WHICH PERMANENCE REQUIREMENTS APPLY
			Illustrative language from the ICVCM AF on this requirement is contained in column 4.	a) The CORSIA requirements relating to permanence19 shall be met.
				b) The following Categories of mitigation activity are considered to have a material risk of reversal. Carbon credits issued for mitigation activities in the Categories below may only be CCP-Approved if all the requirements in criteria 9.2 to 9.5 related to permanence are met:
				storage and protection of carbon in biogenic reservoirs, including:
				i. conservation and avoided conversion (e.g., grassland/rangeland management, avoided deforestation);
				ii. agriculture soil carbon sequestration;
				iii. forestry sequestration (improved forest management, afforestation/reforestation, agroforestry);
				iv. wetland and marine ecosystem restoration/management (including seagrasses, saltmarshes, mangroves, peatlands).
				c) The carbon-crediting program shall assess the risk of reversals and where material risk is identified, have appropriate measures to avoid material risks of reversals for the following Categories:
				mitigation activities involving the displacement of non-renewable biomass;

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Removals	3.2	10	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 5.2: REQUIREMENTS FOR QUANTIFYING GHG EMISSION REDUCTIONS OR REMOVALS  a) In addition to CORSIA requirements, the carbon-crediting program shall  []  5) assess the overall uncertainty of emission reductions or removals associated with an activity type and/or require that the mitigation activity proponent assess the overall uncertainty in accordance with an approved methodology. In estimating overall uncertainty all causes of uncertainty shall be considered, including assumptions (e.g., baseline scenario), estimation equations or models, parameters (e.g., representativeness of default values); and measurements (e.g., the accuracy of measurement methods). The overall uncertainty shall be assessed as the combined uncertainty from individual causes;  CRITERION 10.1 ROBUST QUANTIFICATION OF EMISSION REDUCTIONS OR REMOVALS  []  c) The overall uncertainty to be taken into account per criterion 10.1 b) 1) above shall include all causes of uncertainty, including in assumptions (e.g., baseline scenario), estimation equations or models, parameters (e.g., representativeness of default values) and in measurement approaches (e.g., the accuracy of measurement methods)
Removals	3.2	13	The requirement lacks an operative verb.	and overall uncertainty is required to be assessed as the combined uncertainty from individual causes.

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
				(melade proposed text)
Removals	3.2	16-19	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 9.3 MONITORING AND COMPENSATION PERIOD
				a) The carbon-crediting program shall in relation to Categories listed in criterion 9.1 b) 1) above:
				require a monitoring and compensation period for such mitigation activities of at least forty years from the start of the first crediting period or to at least the end of the crediting period, whichever is the later;
				require mitigation activity proponents20 to monitor and report any reversals for the full monitoring and compensation period and compensate for avoidable reversals;
				refrain from issuing further carbon credits until avoidable reversals have been compensated;
				4) draw upon the pooled buffer reserve if avoidable reversals are not compensated per a) 2) above;
				5) treat cessation of monitoring and verification as an avoidable reversal.

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Meths or	Section no.	Para. no.	Comment	Proposed change
Removals				(Include proposed text)
Removals	3.6	33-36	Illustrative language from the ICVCM AF on this requirement is contained in column 4.	CRITERION 9.1 CATEGORIES TO WHICH PERMANENCE REQUIREMENTS APPLY
				a) The CORSIA requirements relating to permanence19 shall be met.
				b) The following Categories of mitigation activity are considered to have a material risk of reversal. Carbon credits issued for mitigation activities in the Categories below may only be CCP-Approved if all the requirements in criteria 9.2 to 9.5 related to permanence are met:
				storage and protection of carbon in biogenic reservoirs, including:
				i. conservation and avoided conversion (e.g., grassland/rangeland management, avoided deforestation);
				ii. agriculture soil carbon sequestration;
				iii. forestry sequestration (improved forest management, afforestation/reforestation, agroforestry);
				iv. wetland and marine ecosystem restoration/management (including seagrasses, saltmarshes, mangroves, peatlands).
				c) The carbon-crediting program shall assess the risk of reversals and where material risk is identified, have appropriate measures to avoid material risks of reversals for the following Categories:
				mitigation activities involving the displacement of non- renewable biomass;
				2) biochar;
				3) CCS with geological storage;
				4) enhanced weathering;
				5) CCS with mineralization;
				6) CO2 in concrete utilization.
				CRITERION 9.4 COMPENSATION MECHANISM
				a) The carbon-crediting program shall, in relation to Categories listed in criterion 9.1 b) 1), above:
				require estimation of the reversal risk using a clearly defined methodology that is made publicly
				available;

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
Removals	3.6	52-56		a) The carbon-crediting program shall, in relation to Categories listed in criterion 9.1 b) 1), above: []  4) implement a pooled buffer reserve to compensate for reversals to which all relevant mitigation activities contribute, and from which reversals from any contributing mitigation activities may be compensated (in order to meet the requirements of criterion 9.2);  5) with respect to the pooled buffer reserve: i. ensure that the proportion of carbon credits placed in the pooled buffer reserve are at least twenty percent of the total carbon credits issued to contributing mitigation activities; OR ii. ensure that the carbon credits placed in the pooled buffer reserve are proportional to the reversal risk of the mitigation activity over the full length of the monitoring and compensation period and account for the risk that the mitigation activity proponents do not compensate for avoidable reversals; AND iii. make publicly available information on the pooled buffer reserve contents, including origin of carbon credits (e.g., mitigation activity, activity type and vintage).
Removals	3.8	62	The ICVCM sets out sustainable development requirements for all types of activities in CRITERION 7. SUSTAINABLE DEVELOPMENT BENEFITS AND SAFEGUARDS. For each of the criteria 7.2-7.8 (listed in column 4), the AF requires a risk assessment, measures to minimize or avoid risk and inclusion of that information in validated design documents prior to registration and monitoring reports.  For JREDD+ activities, the AF requires adherence to the Cancun Safeguards.  For details on how the ICVCM AF approaches sustainable development benefits and safeguards, please refer to ICVCM submission to the Article 6.4. Supervisory Body related to the SD Tool, submitted on 1 December 2023.	CRITERION 7.2: LABOUR RIGHTS AND WORKING CONDITIONS CRITERION 7.3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION CRITERION 7.4: LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT CRITERION 7.5: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES CRITERION 7.6: INDIGENOUS PEOPLES, LOCAL COMMUNITIES, AND CULTURAL HERITAGE CRITERION 7.7: RESPECT FOR HUMAN RIGHTS, STAKEHOLDER ENGAGEMENT CRITERION 7.8: GENDER EQUALITY