

## IETA SUBMISSION – ARTICLE 6.4 SUPERVISORY BODY CALL FOR INPUT: FURTHER INPUT - REQUIREMENTS FOR METHODOLOGIES AND ACTIVITIES INVOLVING REMOVALS – APRIL 2024

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IETA appreciates the efforts of the Article 6.4 Supervisory Body (A6.4 SB), the UNFCCC Secretariat, Parties, Observer Organizations and Non-party stakeholders in operationalising the Article 6.4 mechanism and deeply regrets the failure of Parties to adopt A6.4 SB recommendations on requirements for methodologies and activities involving removals at COP28. In our view, the lack of consensus represented a missed opportunity to rapidly operationalise a high-integrity crediting mechanism under the UNFCCC.

IETA believes that the recommendation on “Requirements for the development and assessment of Article 6.4 mechanism methodologies” is comprehensive and supported by Parties, so no further amendments are required. The A6.4 SB should complete the work to develop standards, tools, and guidance as identified in the recommendation for adoption by Parties at COP29.

IETA considered the recommendation on “Activities involving removals under the Article 6.4 mechanism” as an acceptable compromise that would provide Parties, activity participants and other stakeholders with sufficient elements to continue their work, while further deliberation would take place on key outstanding issues. However, we take note of the outcome of COP28 and urge the A6.4 SB to reach a consensus on a revised recommendation as well as being the development of the necessary standards, tools, and further guidance for adoption by Parties at COP29. While further technical work is necessary to develop the reversal risk assessment tool, the buffer pool design, and specific measures to address non-permanence, these technical items are best managed by subject matter experts and should avoid further politicisation by Parties.

IETA has already provided technical input on these recommendations in past submissions ([August 2023 on methodologies](#); [June 2023 on removals](#); [March 2023 on removals](#); [October 2022 on removals](#)), which we refer to and reiterate.

IETA believes that guidance produced by the A6.4 SB should, to the extent possible, be applicable to all types of removal activities without additional provisions or requirements which may favour or oppose specific activity types, creating further complexity for project developers and impeding investments. The science is clear – while urgent, large-scale reductions of GHG emissions remain the utmost priority to tackle climate change, we need to rapidly scale up a diverse array of solutions to address any residual emissions from hard-to-abate sectors and stabilise then reduce atmospheric concentrations of CO<sub>2</sub> in order to limit further warming.



IETA also believes it is of utmost importance to make the Article 6.4 mechanism a functional, attractive crediting mechanism for market participants and, in doing so, provide important signposts to governments and the voluntary carbon market in respect of robust carbon credit origination.

Please find specific input on the text in the template below.

IETA and its members look forward to further engaging with the Secretariat on these topics. Do not hesitate to contact Andrea Bonzanni ([bonzanni@ieta.org](mailto:bonzanni@ieta.org)), Björn Fondén ([fonden@ieta.org](mailto:fonden@ieta.org)), or Pedro Venzon ([venzon@ieta.org](mailto:venzon@ieta.org)) if you would like to discuss further.

### **ABOUT IETA**

IETA is a non-profit business organisation with a membership of over 300 leading international organisations operating in compliance and voluntary carbon markets. Since its foundation in 1999, IETA has been the leading voice of business on market-based ambitious solutions to climate change. We are a trusted adviser to governments to support them build international policy and market frameworks to reduce greenhouse gases at lowest cost, increase ambition, and build a credible path to net-zero emissions. See [www.ieta.org](http://www.ieta.org) for more information.



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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

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
A6.4-SB009-A02	3.1	11	The conservativeness of default value should be demonstrated and not arbitrary.	“Calculation of removals may employ default values <i>that are demonstrated to be conservative and appropriately address uncertainty</i> , to allow flexibility in monitoring.”
A6.4-SB009-A02	3.1	12	Methodologies should favour the use of higher tier methods to enhance accuracy and robustness in removals estimates. Default values should be secondary options that can only be used when demonstrated to be conservative and appropriately address uncertainty.	“Methodologies may <i>shall strive to</i> include provisions for the use of higher tier methods such as the use of measured values in lieu of conservative default values in the instance that the default values are demonstrated to underestimate an activity’s net removals.”
A6.4-SB009-A02	3.1	13	A normative reference is missing in the sentence “methodologies contain provisions that require appropriate quality assurance and quality control measures...”	“methodologies <i>shall</i> contain provisions...”
A6.4-SB009-A02	3.2	16	This requirement may overlap with regulations that govern monitoring requirements for geological storage.	We recommend including a reference to relevant geologic storage regulations, where applicable.
A6.4-SB009-A02	3.3	16, 18	The use of the double preposition “and/or” may be confusing. We support the use of “or” as this would allow crediting of a diverse type of removal activities, which may either reduce the risk of reversals to a “negligible” level or deploy any appropriate remedies. We note that multiple such remedies exist and some solutions (such as contractual obligations or insurance policies) are still nascent, but they may be more widely available in the near future.	“to ensure that the residual risk of reversals of removals for which 6.4ERs were issued is negligible <i>or</i> that potential future reversals are remediated.
A6.4-SB009-A02	3.3	18	A word appears to be missing in the following sentence: “evidence that the removals will be stored with negligible risk of reversal and/or that potential future reversals of removals for which 6.4ERs have been issued have been remediated as though a reversal has occurred”.	“have been remediated as though a reversal has <i>not</i> occurred”
A6.4-SB009-A02	3.3	21	This requirement may overlap with regulations that govern monitoring reports for geological storage.	We recommend including a reference to relevant geologic storage regulations, where applicable.

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
A6.4-SB009-A02	3.6.2.1	38(b)	The difference between a “verified monitoring report” vs. a “full monitoring report” is not clear.	We recommend defining “verified monitoring report”.
A6.4-SB009-A02	3.6.2.1	38(c)	It appears that there should be an “and” instead of “as” in the following sentence: “A reversal notification as a full monitoring report referred to in paragraph 22 above shall be provided within 360 days of the observed event;”	“A reversal notification <b>and</b> a full monitoring report referred to in paragraph 22 above shall be provided within 360 days of the observed event;”
A6.4-SB009-A02	3.6.2.1	39	The term “activity participants” in these documents is broad but seems to be synonymous with project developer, in which case, the project developer should maintain arms’ length of the ability to issue, transfer, or cancel ERs. Should this refer to the “mechanism registry administrator”, as in the RMP?	“Upon submitting a preliminary notification as per paragraph 38(a) above, the <i>mechanism registry administrator</i> will be unable to issue, transfer, or cancel ERs from the activity...”
A6.4-SB009-A02	3.6.2.1	40	The use of term “activity participants” vs. “activity proponents” is not consistent.	“...to confirm, among other things, that the activity <i>participants</i> have accurately characterized...”
A6.4-SB009-A02	3.6.2.4	46	The term “activity participants” in these documents is broad but seems to be synonymous with project developer, in which case, the project developer should maintain arms’ length of the ability to issue, transfer, or cancel ERs. Should this refer to the “mechanism registry administrator”, as in the RMP?	“ <i>The mechanism registry administrator</i> shall only be permitted to issue, transfer, and/or cancel 6.4ERs related to the activity...”
A6.4-SB009-A02	3.6.3	48	The concept of “reversal of removals for which 6.4 ERs have been issued” should be better defined. In our view, this only refers to situations in which the amount of the reversal exceeds the amount of the monitored removal. In other cases, there are no consequence on issued 6.4 ERs.	
A6.4-SB009-A02	3.6.3	49	Reference of the related sections would be helpful to improve the reading and understanding of the type of remediation detailed in sections 3.6.3.1 and 3.6.3.2. The use the double preposition “and/or” may be confused. The section 3.6.3.1 and 3.6.3.2 refers to conditions to apply. The two types of measures may be used in combination.	“Measures for effecting the cancellation include <i>are either</i> the cancellation of the Reversal Risk Buffer Pool <i>as per section 3.6.3.1</i> , and/or the direct cancellation of 6.4 ERs from other 6.4 activities for this purpose <i>as per section 3.6.3.2</i> , or <i>a combination of the two.</i> ”
A6.4-SB009-A02	3.6.3.1	51(b)	The development of further guidance should be prioritised. Clear rule-based processes on how the Reversal Risk Buffer Pool will be operated are necessary, or activity participants may face excessive uncertainty and risk.	
A6.4-SB009-A02	3.6.3.1	56	A stress test of the Reversal Risk Buffer Pool every three year appears too frequent. It may increase risk and uncertainty for activity participants and weigh on the Supervisory Body’s limited resources without significantly enhancing the environmental integrity of the mechanism. We consider stress testing every six years to be sufficient.	“The Supervisory Body shall oversee a periodic stress-test of the Reversal Risk Buffer pool at least every <i>six</i> years”
A6.4-SB009-A02	3.6.3.1	56	Information about the amount of the cancelled 6.4 ERs by each activity participant and the associated vintage, region and country, activity type, methodology or a cumulative aggregate amount of cancelled 6.4 ERs) may be in the general public interest and enhance transparency in carbon markets.	“In addition to regular stress-testing, the composition of the buffer pool <i>and the amount of cancelled 6.4 ERs for the remediation of each unavoidable reversal</i> , including the share of 6.4 ERs by vintage, region and country, activity type, methodology, should be published annually.”

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Meths or Removals	Section no.	Para. no.	Comment	Proposed change (Include proposed text)
A6.4-SB009-A02	3.6.3.2	57	The text should clarify that circumstances (a) and (b) are not cumulative.	“Reversals of removals for which 6.4 ERs have been issued shall be remediated through the cancellation of an equivalent amount of 6.4 ERs from other 6.4 activities in <u>one</u> of the following circumstances:”
A6.4-SB009-A02	3.6.3.2	57(a)	The activity participant may have an interest in deciding to opt out of the Reversal Risk Buffer Pool only for one or more crediting periods, or only for the post-crediting monitoring period. This will provide more flexibility to accommodate diverse types of activity and business models of activity participants.	“Activity participants implementing an activity with negligible reversal risk, as evidenced by the risk assessment, indicate in the project design document that the activity will forego use of the Reversal Risk Buffer Pool for <u>either</u> one or more throughout all active crediting periods, and the post-crediting monitoring period, <u>or a combination of them;</u> ”
A6.4-SB009-A02	3.6.3.2	57(b), 59	We understand this section is intended to describe the treatment of reversals that are considered “avoidable”. However, activity participants and market actors would benefit for more clarity as it is not clear what “6.4 ERs from other 6.4 activities” will be cancelled and who will be liable (the activity participant who suffered the reversals, other market participants, or the host Party?).	
A6.4-SB009-A02	3.6.3.3	60	The development of further guidance should be prioritised. Clear rule-based processes to determine whether a reversal is “avoidable” or “unavoidable” are necessary, or activity participants may face excessive uncertainty and risk. Individual methodologies shall identify what would be considered as “avoidable” with the implementation of the proper measures and allow participants to propose specific measures.	
A6.4-SB009-A02	3.7	61	The A6.4 SB should also give consideration to the occurrence of positive leakage (for example, as restoration of degraded agricultural lands may shift the landscape developmental path towards a greener, forest-based economy, which may generate removals beyond the accounting boundary of the activity) as a path for reversal risk mitigation.	
A6.4-SB009-A02	3.9	64	We believe that Parties other than the host Party may decide to voluntarily require activity participants to comply with additional regulation as per para. 64(a) in order to accept the use A6.4 ERs related to the activity towards its NDC or in its domestic policies. Likewise, a Party other than the host Party may assume the role of an activity participant in the post-crediting monitoring period to derisk investment in the activity. This guidance should not unnecessarily restrict these options as Parties may develop innovative arrangement under cooperative approaches.	Remove the word “host” (used in the section title and three times in para. 64). “Host Party” should become “Party”.