



Call for Input on related annexes of the fourteenth meeting of the Article 6.4 Supervisory Body

Drax response – 1st October 2024

Supervisory Body members

Drax is grateful for the opportunity to provide input on the materials being considered at the fourteenth Supervisory Body meeting. The following document provides feedback on Annex 8 concerning requirements for removals activities under the Article 6.4 mechanism (“the Requirements”).

As with previous submissions on the topic, Drax welcomes the Supervisory Body’s willingness to receive views from a range of stakeholders, particularly developers. For the mechanism to succeed in supporting the delivery of the Paris goal, it must provide a commercially viable framework for developers to bring forward projects, in addition to ensuring environmental integrity.

Specific comments on the draft text can be found below. Overall, Drax would stress that consideration should be made to the variety of removals activities under the mechanism. The Requirements for removals must recognise those differences and avoid homogenous approaches. Such differences include the risk of reversal, the need for post-crediting monitoring and the need for measures for reversal remediation.

Bioenergy with Carbon Capture and Storage activities such as those planned by Drax will provide readily quantifiable carbon removals with demonstrably low risk of reversal. The Requirements should welcome this by regulating those activities in a proportionate manner which encourages, not deters, their deployment for the benefit of the climate.

COMMENTS

Section	Paragraph	Comments
Definitions (2.2)	8 (d)	The definition of reversals is unnecessarily vague and risks conflating reversal events with other project emissions or deductions in the net removals quantification. A more precise definition is recommended, with the associated project consequence of a reversal (i.e. a deduction from the net removals outcome) elaborated elsewhere in the Requirements. Such a definition could be: “the migration of greenhouse gases from an activity’s storage reservoir back to the atmosphere.”

Monitoring (3.1)	13	The use of default values, even if conservative, risks inaccurate monitoring and therefore inaccurate verification and crediting. The veracity of outcomes is paramount for the reputation and success of the mechanism. Therefore it is recommended that the use of default values be permitted only on an interim basis, with the corresponding need to confirm real values and make appropriate adjustments to net removals balances at a later date.
Post-crediting monitoring & reporting (3.3)	30-31	Drax strongly supports linking the need for post-crediting monitoring and reporting to the scientific risk of reversal, i.e. activities with negligible reversal risks that can be proven should not be subject to onerous post-crediting monitoring and reporting. For activities utilising geological storage of removals, the post crediting monitoring period should be kept to the minimum duration necessary to know that the activity termination has not precipitated a reversal event. Where applicable, activity participants should be permitted to transfer responsibility for post-crediting monitoring to the Host Party, subject to domestic regulations and the sovereign guarantees envisaged under paragraph (66)(a).
Accounting for removals (3.4)	32	Of the options presented, Option 2 offers a clear and accessible sequence of logic for accounting for removals. Suggestions for improvements include clarifying in subparagraph (a)(ii) that an emissions increase outside the activity boundary is what is commonly known as leakage. Furthermore, the use of the cumulative net removal totals across multiple monitoring periods, although allowing for activities to operate and reflect reversals in their quantification of net removals outcomes, could lead to projects issuing single monitoring reports without reversals being adequately calculated (since the text majors on the cumulative differences between more than one monitoring report and does not make explicit that reversals are included in all net removals calculations.) This could be made clearer by adding a reversal deduction (iii) to the subparagraphs under (a), to follow the existing project emissions and leakage subparagraphs.
“ “	35	It should be clarified that emissions reductions and removals should not represent duplicate mitigation i.e. that through the adjustment of project boundaries and the selection of baselines the same GHG mitigation

		cannot be concurrently credited as both an emission reduction and a removal.
Reversal risk assessment (3.6.1.)	38 (g)	Such release of GHGs is likely to constitute a project emission, not a reversal event, given the GHGs are yet to have been durably sequestered in their designated storage medium. This again points to the benefit in having a more precise definition of reversals as suggested above.
“ “	40	Drax welcomes the intention to produce a percentage-based risk score and for this to inform the requirements for the buffer pool. Although Drax disagrees with the need for a buffer pool for those activities with a demonstrably negligible risk of reversal, if the percentage-based risk score can be accurately aligned to reflect that negligible risk, it is less likely to place onerous requirements on the project developer.
“ “	43	In keeping with the above comment, Drax has significant concerns with default minimum risk ratings where such ratings arbitrarily raise the risk profile of a project that can otherwise scientifically demonstrate negligible risk of reversal.
Remediation of reversals (3.6.3)	56-57	These provisions effectively combine to place uncapped liability for reversals on developers, despite the developers' risk-based contributions to upfront collateral in the form of the buffer pool. Such a liability will present disproportionate risk on developers and make financially constrained or capital-intensive projects more challenging to deploy. It should also be noted that project developers such as Drax operating in the UK or EU would already be subject to remediation measures under domestic CCUS regulation, which require reversal events to be compensated with a commensurate surrender of emissions allowances under emissions trading systems. As such the buffer requirements of the mechanism risk double regulation and should provide for derogation from buffer requirements where appropriate regulatory regimes exist.