

Responses to Call for input 2024 - Issues included in the annotated agenda and related annexes of the fourteenth meeting of the Article 6.4 Supervisory Body

To the Chair and Members of the Supervisory Board,

Cc: UNFCCC Secretariat

Prepared by SilviCarbon

SilviCarbon welcomes the progress made by the Methodologies Expert Panel and the SBM in preparing for the operationalisation of the Art6.4 Crediting Mechanism. We are grateful for the opportunity to provide inputs into the public comments process.

SilviCarbon, as a specialist developer of AFOLU CDR's operating in today's emerging Net Zero carbon markets, would like to emphasise the importance of a well-designed art 6.4 that incentivises the development of nature based removal projects that the IPCC has highlighted as one of the key solutions to combat climate change:

- 1) Without nature based removals of at least 210 GtCO₂e the IPCC Net Zero or 1.5 degree scenario cannot be achieved (IPCC's Special Report on Global Warming of 1.5 degrees)
- 2) Among all large-scale removal options the IPCC recognises that the AFOLU sector as the only one in which large-scale CDR's may currently and at short term be possible (Ch.7 of IPCC AR6);
- 3) This requires the emergence of a well-functioning global carbon market that can mobilise the trillions of dollars of private and public finance to implement this amount of removals by 2050.

This is where the importance of art 6.4 comes in. A well-designed art 6.4 crediting mechanism for removals could form the backbone for such a global carbon market. We therefore encourage the SBM to take the necessary decisions that support and prioritises the adoption of removals in Art 6.4 methodologies. In particular we encourage the SBM to:

- Follow the IPCC definition of physical flow of carbon for accounting of removals. For Annex 8 (Requirements for activities involving removals) this would be consistent with:
 - Rejection of the definition of creditable removals in para 8.c (p.7)
 - Selection of option 1 in Section 3.4 Para 32 (p.11)
- For Annex 9 (Requirements for the development and assessment of Article 6.4 mechanism methodologies) we recommend the SVB to:
 - Select Option 1, Reject Option 2 in Para 18;
 - In Option 1, Para 18: to delete "both from emission reductions and removals".
 - To insert, if Option 2 were selected for Para 18: "for emission reductions but not for removals) after "Mechanism Methodologies".

Justification for these decisions are provided below.

Annex 08 - Draft Standard: Requirements for activities involving removals under the Article 6.4 mechanism Version 01.0

Para 8.c, p.7: Creditable removal: We suggest this to be removed.

Section 3.4 Para 32 (p.11) We suggest selecting Option 1

JUSTIFICATION:

Applying this definition for creditable removals would deviate from the IPCC's definition of net zero and removals. According to the IPCC emissions and removals represent a physical flow of emissions or absorption of emissions over a specific period of time. This is in contrast with emission reductions, which are per definition the difference between a project scenario with a counterfactual baseline. Host countries and investor countries would wish to include the removals issued under Art 6.4 in their Net Zero GHG accounting system. For this to happen they have to be defined consistently with the IPCC definition.

For removals in an art 6.4 removal project to reflect the physical definition of the IPCC the creditable net removals achieved by the project activity shall be equal to the total removals achieved by the activity minus the baseline minus the activity emissions minus the leakage emissions, whereby the baseline for the purpose of accounting of removals¹ will have to be defined as the carbon stock prior to the beginning of the project activity (the pre-project carbon stock). No further accounting of removals or emissions in a counterfactual baseline scenario after t=0 shall be added to this.

Adopting the definition "creditable removal" (Para 8.c, p.7) would not be consistent with this and would have a number of negative consequences that should be avoided:

- Transparency and consistency between art 6.4 and other UNFCCC GHG accounting standards for removals such as IPCC and NIRs would be lost;
- There is a risk of crediting avoided emissions as removals (in the scenario where carbon stocks in the baseline further decrease, which is quite common in degrading landscapes).
- It would contradict the art 33 requirements of the RMP that real, credible and represent actual tons removed that are consistent with the Paris Agreement's objectives.

¹ Note that for the purpose of additionality a baseline scenario may include removals or emissions.

The importance of this last point is difficult to overstate. Many stakeholders that have defined Net Zero targets (countries, companies) are expecting the Art 6.4 Crediting Mechanism to be a transparent crediting mechanism that impartially and objectively credit removals for the climate change benefit they bring, ie 1 CDR issued under Art 6.4 represents 1 tCO₂e physically removed, so a Art6.4 removal can be counted as a removal in a Net Zero GHG accounting framework. Without this clarity the credibility will be harmed and an opportunity missed to create a clear investment mechanism to channel Net Zero driven investments in nature based removals that are required to meet the ambitions of the Paris Agreement.

Draft Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies

Para 18. Select Option 1, Reject Option 2

Para 18, Option 1: delete in “both from emission reductions and removals”.

Para 18, Option 2: If selected: Insert “for emission reductions but not for removals) after “Mechanism Methodologies”.

JUSTIFICATION: Removals are different from emission reductions. While there is an argument that over time in most countries emission reduction offsets could over time be replaced by or integrated in domestic action, nature based removals are critical in achieving Net Zero by 2050 and then in a Net Negative world thereafter in three important ways:

- 1) Without nature based removals of at least 210 GtCO₂e the IPCC Net Zero or 1.5 degree scenario cannot be achieved (IPCC's Special Report on Global Warming of 1.5 degrees, Rogelj J., et al. (2018), p.122)
- 2) Among all large-scale removal options the IPCC recognises that the AFOLU sector as the only one in which large-scale CDR's may currently and at short term be possible (Ch.7 of IPCC AR6, (Nabuurs et al, 2022, p.753);
- 3) A well-designed art 6.4 can be the foundation of a well-functioning global carbon market that the world needs to mobilise the trillions of dollars of private and public finance to implement this amount of removals by 2050.