

**A6.4-SBM013-AA-A15**

Concept note

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Repurposing the clean development  
mechanism voluntary cancellation platform  
to serve the Article 6.4 mechanism

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

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## 1. Procedural background

1. The Supervisory Body of the Article 6.4 mechanism (SBM), at its sixth meeting, requested the secretariat to prepare a concept note on repurposing the clean development mechanism (CDM) voluntary cancellation platform (hereinafter referred to as the platform) to serve the Article 6.4 mechanism, for consideration at a future meeting.<sup>1</sup>

## 2. Purpose

2. The purpose of this concept note is to provide recommendations for repurposing the platform to serve the Article 6.4 mechanism.

## 3. Key issues and proposed solutions

### 3.1. The CDM voluntary cancellation platform

3. The platform<sup>2</sup> was launched in September 2015 to facilitate the voluntary cancellation of certified emission reductions (CERs) issued to projects under the CDM.
4. The platform is an online e-commerce service that enables project participants to offer CERs for voluntary cancellation to the public. Immediately after an order is placed and paid for on the platform, the CERs are cancelled in the CDM registry, which is connected to the platform via an application programming interface (API),<sup>3</sup> and a cancellation certificate is sent to the purchaser.
5. The platform actively promotes climate action, highlighting not only the positive mitigation impact of CDM projects, but also their contribution to sustainable development. Consequently, CERs available on the platform tend to hold a higher value compared to those traded for compliance purposes.
6. Since its launch until end of May 2024, 12.9 million CERs have been voluntarily cancelled through the platform by organizations and individuals seeking to offset their emissions, and as of May 2024, CERs from 74 projects are offered on the platform.
7. Since September 2015, the platform has been visited by users from 196 countries.<sup>4</sup> A total of 220 CDM activities, in 31 host countries, have opened a provider account on the platform.

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<sup>1</sup> Meeting Report of the Supervisory Body, sixth meeting of the Article 6.4 mechanism, Agenda item 2.3, paragraph 27: [https://unfccc.int/sites/default/files/resource/a64-sb006\\_0.pdf](https://unfccc.int/sites/default/files/resource/a64-sb006_0.pdf).

<sup>2</sup> The platform can be accessed at: <https://offset.climateneutralnow.org>.

<sup>3</sup> An API is a set of programming code that enables data transmission between one software product and another.

<sup>4</sup> See [https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20240403181108670/VC\\_Platform\\_AnnualReport\\_2023.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20240403181108670/VC_Platform_AnnualReport_2023.pdf).

### **3.2. Benefits of the platform**

8. The platform offers several benefits for those providing or purchasing CERs, including:
  - (a) Use of the platform is free of charge for providers who wish to offer their CERs and those who are seeking CERs to purchase;
  - (b) The platform has a global reach, offers language options in English, French and Spanish, and is accessible from both desktop and mobile devices;
  - (c) CER providers can choose which CERs to offer and the amount, set prices and receive payment directly via bank transfer or PayPal;
  - (d) Purchasers can select CERs based on host country, project technology type, vintage and/or price, purchase and pay for them and receive customizable certificates of cancellation.<sup>5</sup>
9. The platform's users mainly consist of individuals and organizations/companies. In recent reporting periods, companies and organizations continue to cancel the majority of CERs, a change in profile since the early operations of the platform, when individuals were more active. In the last four reporting periods, companies and organizations accounted for upwards of 90 per cent of cancellations on the platform, a change from the earlier reporting periods when individuals accounted for as much as 32 per cent of cancellations (see Appendix, figure 1).
10. Since the platform's launch, the majority of cancelled CERs have been from projects in the energy industries sector, followed by waste handling and disposal, and the chemical industry (see Appendix, figure 2).
11. From launch to 2022, the number of cancelled CERs increased steadily, and by more than 40 per cent from 2021 to 2022. However, in 2023, while the number of orders increased, the number of cancelled CERs decreased compared to the previous year, by 6.80 per cent (see Appendix, figure 3).
12. Further details can be found in the annual report of the platform for voluntary cancellation for 2023.<sup>6</sup>

### **3.3. Options for the establishment of an Article 6.4 voluntary cancellation platform**

#### **3.3.1. Repurposing of the CDM platform**

13. The CDM platform offers three payment methods: payment by bank transfer and payment through PayPal Adaptive Payments plugin that allows payment with credit card or PayPal directly. The platform is designed to ensure that the secretariat is not involved in the collection of payments and that payments go directly to the CER providers.

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<sup>5</sup> See: <https://offset.climateneutralnow.org/vchistory>.

<sup>6</sup> See: [https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20240403181108670/VC\\_Platform\\_AnnualReport\\_2023.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20240403181108670/VC_Platform_AnnualReport_2023.pdf).

14. The CDM platform's e-commerce system is relatively old. No investment has been made to upgrade it to the latest software version.
15. Repurposing the platform for the Article 6.4 mechanism will require investing in software upgrades for improved functionality, security and scalability. Under this option, only the Article 6.4 platform would run on the upgraded software, thereby ensuring a clear separation of data between the CDM and Article 6.4 platforms.
16. However, according to the software vendor, due to recent developments with PayPal, there is a risk of shutdown of the PayPal Adaptive Payments plugin. Therefore, it may be necessary to consider replacing PayPal with other payment options. Currently, there is no other payment plugin with the global coverage offered by PayPal and the ability to connect with the platform while ensuring payment goes directly to the CER provider and not through the secretariat.

### **3.3.2. New platform based on Article 6.4 mechanism registry APIs**

17. Two options for creating a new voluntary cancellation platform:
  - (a) The vendor of the Article 6.4 mechanism registry creates a voluntary cancellation and e-commerce front-end functionality with a separate database and authentication system for public users, that can be integrated with the mechanism's registry through an API. This option will ensure the correct use of the API of the registry and the same high level of security of the VCP functionality as the one of the registry itself. At the same time, this task is not part of requirements in the ongoing procurement and requesting this additional functionality may involve additional unknown and potentially significant costs. It may also restrict creative uses of the API that members of the industry might come up with to attract further investment and encourage voluntary cancellation of A6.4ERs;
  - (b) The voluntary cancellation API is made publicly available, so public and private entities can develop their own voluntary cancellation platforms or build voluntary cancellation functionality into their applications. This option might increase transparency, liquidity and recognizability to A6.4ERs on the market.

## **4. Impacts and key considerations**

18. Repurposing the CDM platform might prove to be the least cost-efficient option, as it will require the registry administrator to operate and interact with two separate systems (the mechanism registry and the platform) and engage with two separate vendors. Moreover, this option will entail upgrade investments to meet security parameters as stated under 3.3.1.
19. Building a front-end solution by the provider of the mechanism registry to accommodate platform features (a marketplace feature for voluntary cancellation and e-commerce ability) might be the most feasible approach in terms of resource efficiency. Additionally, this option provides utmost flexibility towards future decisions for the final layout and functionality of such a feature as specified under 3.3.2 (a).
20. In relation to the option presented under 3.3.2 (b), the level of industry's interest is currently difficult to predict, and it cannot be excluded that no such voluntary cancellation platforms will emerge.

## **5. Subsequent work and timelines**

21. The first phase of the mechanism registry development is focused on ensuring the delivery of a fully functional registry. Add-on features related to a potential front end that would provide services as a voluntary cancellation platform would be developed in a subsequent phase. Once the registry is operational, the SBM may wish to request the secretariat to conduct a survey to understand the potential demand for voluntary cancellation of A6.4 ERs prior to making an investment decision.
22. The SBM may also request the secretariat to explore the costs of operationalizing the options in paragraph 17 (a) and (b) above.

## **6. Budget and costs for development and maintenance of the platform**

23. Initial cost estimates for repurposing the existing CDM platform includes both development and maintenance expenses. As of May 2024, development would cost between EUR 200,000 and EUR 300,000 and maintenance would cost EUR 84,000 per year.
24. Costs for developing and deploying the voluntary cancellation API for the mechanism registry will need to be determined at a future date in collaboration with the registry vendor.

## **7. Recommendations to the Supervisory Body**

25. The secretariat recommends that the SBM take note of the information contained in this documenta and revisit this matter once the mechanism registry is operational.

## Appendix. The platform in figures

Figure 1. Proportion of CERs cancelled by type of purchaser, by reporting period

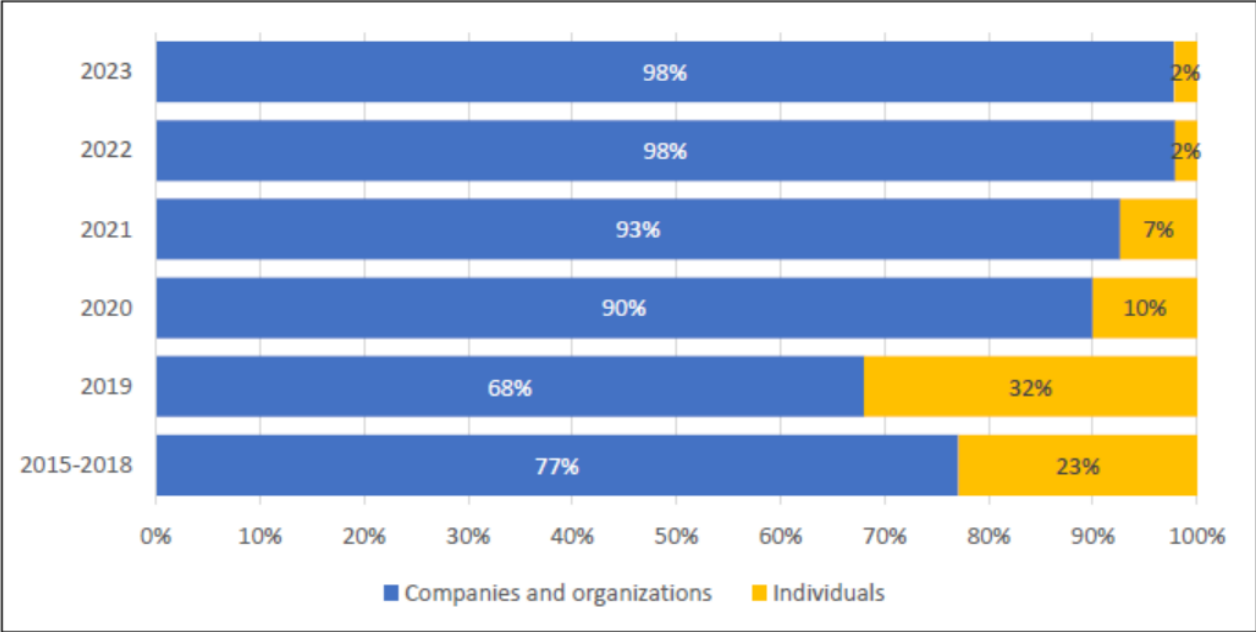
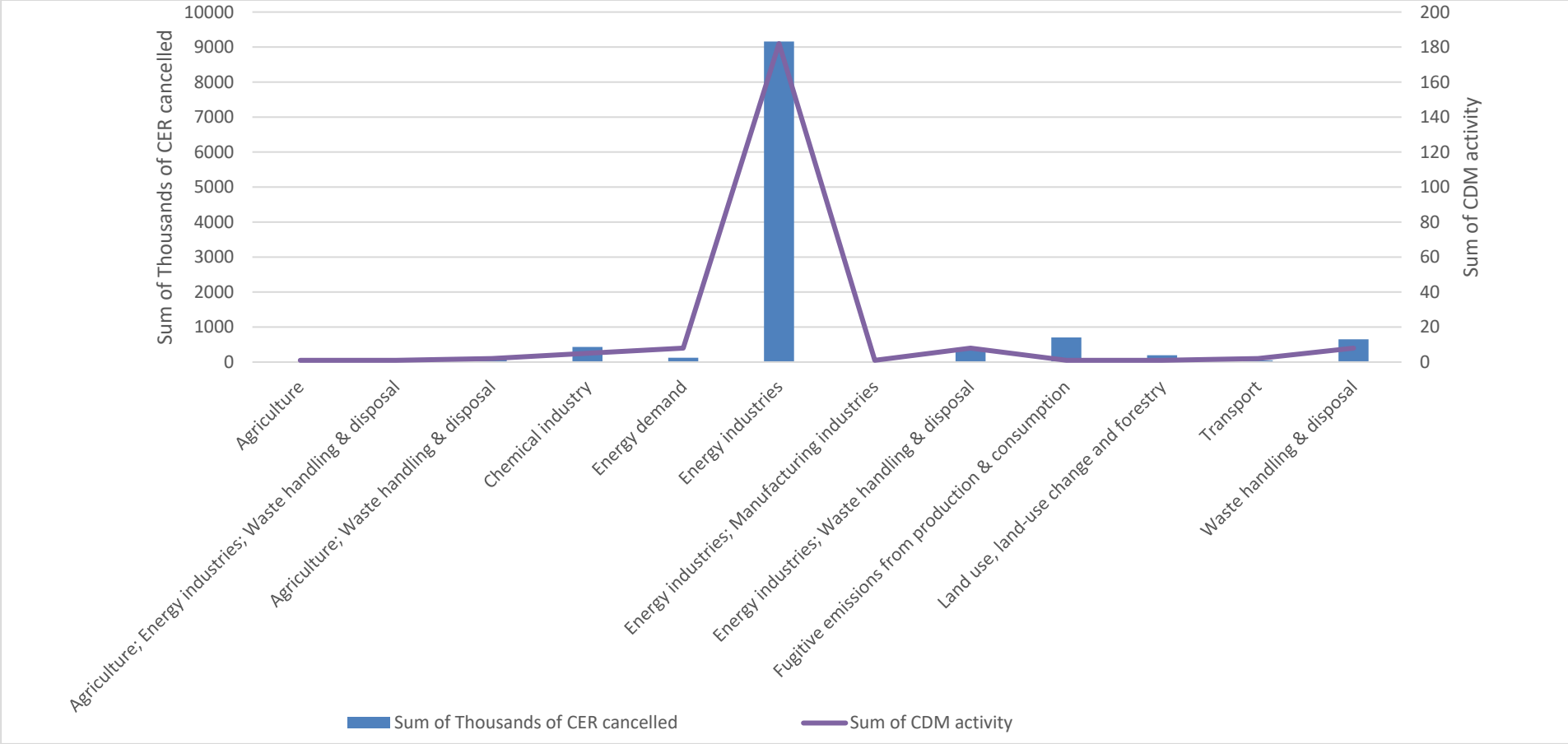


Figure 2. CERs cancelled by sectoral scope for CDM activities





**Figure 3. Orders (cancellations) and CERs cancelled, by reporting period**



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**Document information**

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