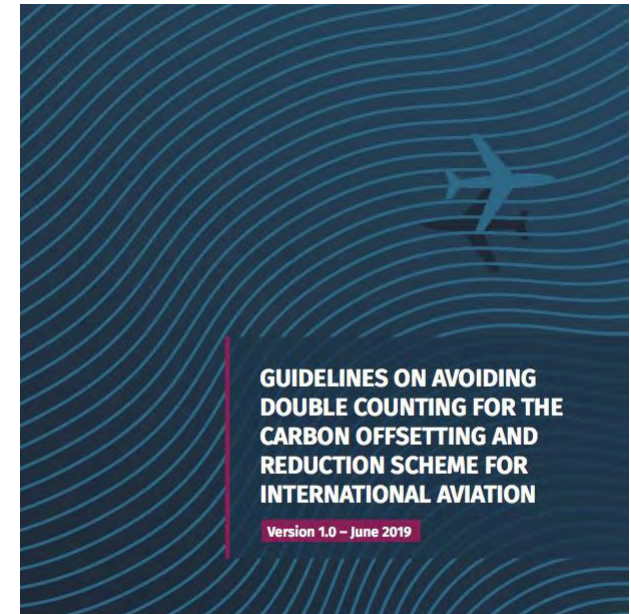


Guidelines on Avoiding Double Counting for CORSIA

Prepared by the Avoiding Double Counting Working Group



These Guidelines are a product of the Avoiding Double Counting Working Group which was convened and funded by Climate Works Foundation. Meridian Institute provided facilitation and logistical support, and subject matter expertise was provided by the Stockholm Environment Institute.



SB50 Side-event by Oeko-Institut and Transport & Environment
22 June 2019

Lambert Schneider (Subject Matter Expert of the working group)

Background on CORSIA

- **Aeroplane operators required to purchase offset credits for emissions increase beyond 2019 / 2020 level**
- **Carbon-crediting programs need to fulfil **Emissions Unit Eligibility Criteria (EUCs)** to become CORSIA eligible**
- **EUCs require avoiding double counting of emission reductions**
- **First application window for carbon-crediting programs just opened by the Technical Advisory Body (TAB)**

Background on Guidelines

Main purpose

- Facilitate avoiding double counting for CORSIA
- Help offset-crediting programs to incorporate CORSIA requirements into their program documents
- Inform the implementation of accounting approaches under the Paris Agreement

Process

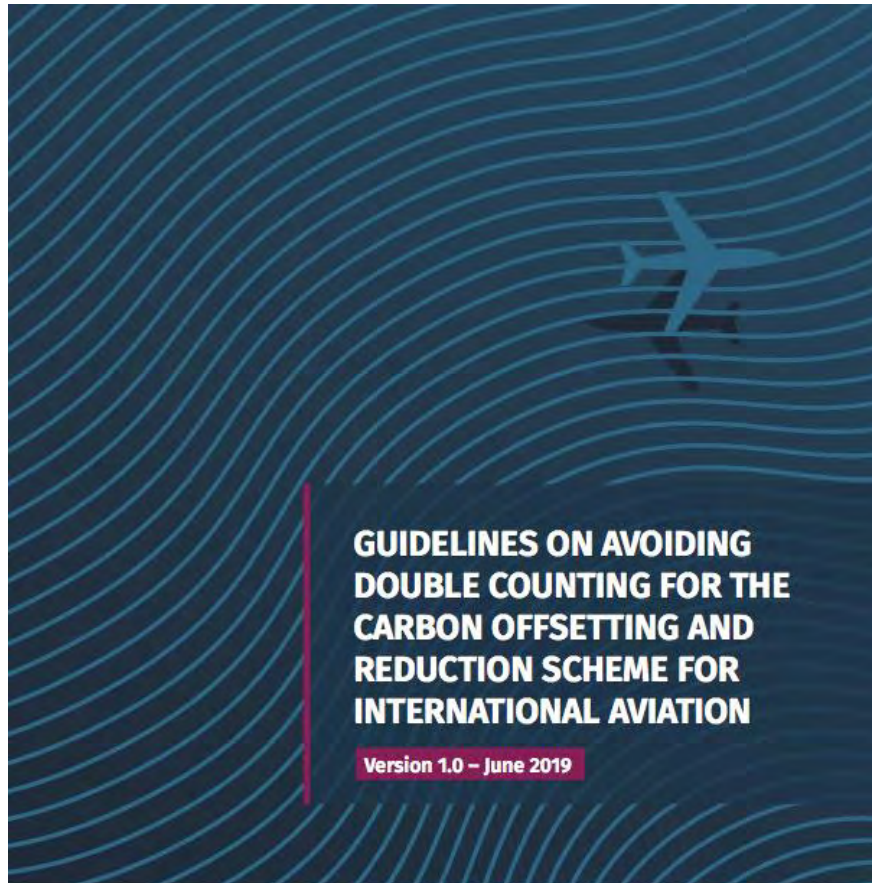
- Initiated by ClimateWorks Foundation and supported by Meridian Institute and Stockholm Environment Institute
- Multi-stakeholder consensus decision process

Members of the Working Group

Avoiding Double
Counting Working Group



Guidelines Website



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www.adc-wg.org

Version 1.0 of the
Guidelines

FAQs

Information about the
working group

Scope of the Guidelines

The Guidelines include

- Provisions programs can adopt to avoid double counting
- Treatment of related accounting issues, such as global warming potential issues, elements of “structured summaries”, etc

The Guidelines currently do NOT address

- Pre-2020 emission reductions
- Voluntary climate action
- Emission reductions *not* covered by NDCs (no consensus)
- Double counting with other intl. frameworks, such as IMO
- Accounting for NDCs in metrics other than GHG emissions
- Potential double counting issues that arise from the use of lower carbon aviation fuels or sustainable aviation fuels

How can double counting occur and be addressed?

Double counting risks

Double issuance

More than one unit is issued for the same reductions



Guidelines' solutions

Protocols for offset issuance

Quantification standards that avoid / address overlap in emission reduction claims

Procedures to avoid double issuance due to double registration of projects

Double use

The same unit is counted twice



Functional capabilities of registry and project database systems

Double claiming

Reductions are claimed by the host country and the user of the credit



A range of steps and procedures to facilitate implementation of “**adjustments**” by countries

Avoiding double issuance

- **Robust quantification standards to avoid double issuance**

=> Avoidance of indirect overlap between projects
(upstream and downstream emissions)

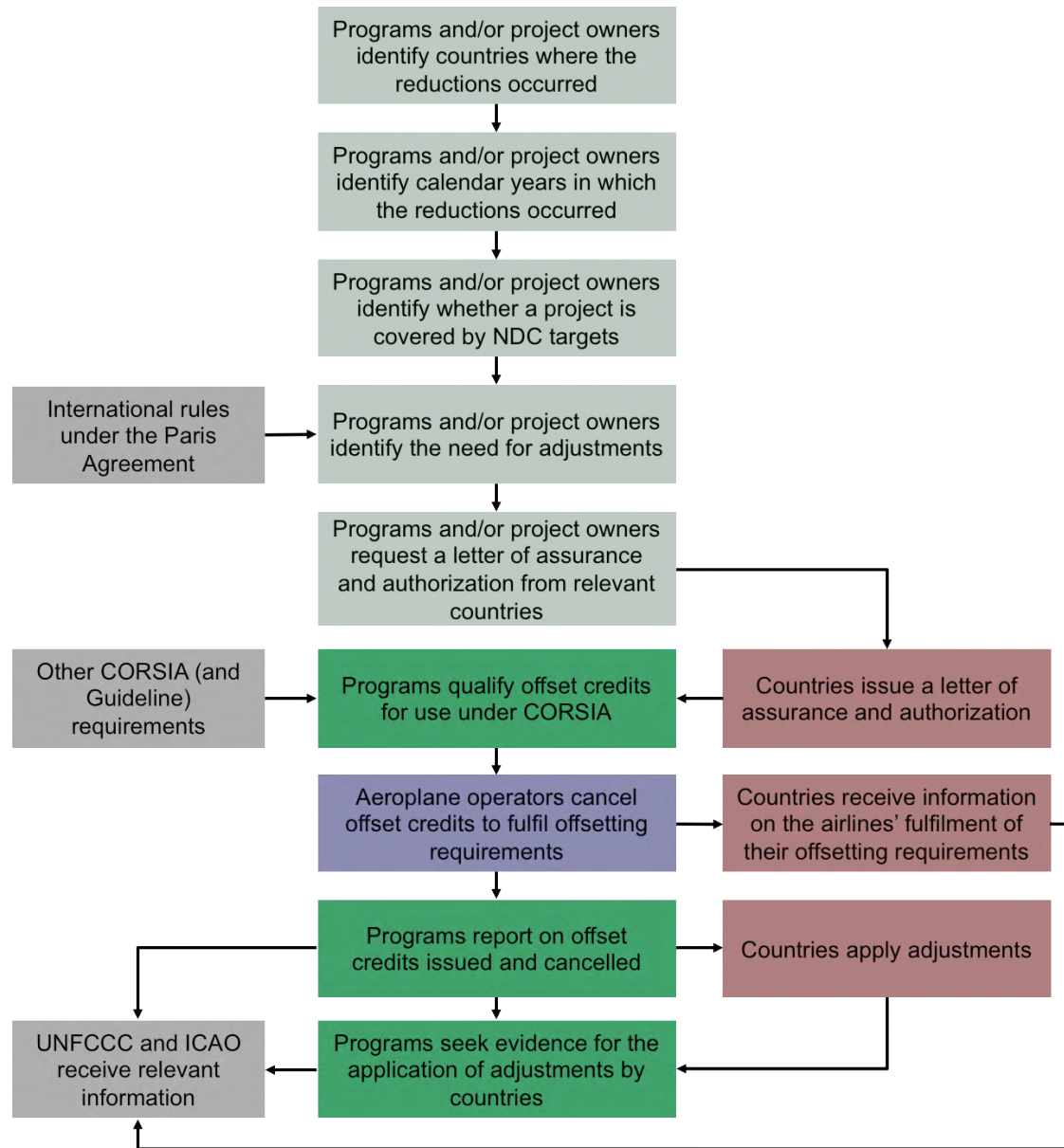
- **Addressing double registration**

=> Same project may be registered under two programs but offset credits must be cancelled by one program before offset credits are issued by another program for the same emission reductions

⇒ Unambiguous cancellation purpose is key

⇒ Means: legal attestations, checks by programs

Avoiding double claiming with the Paris Agreement



Letter of assurance and authorization (1)

- Necessary for emission reductions associated with offset credits qualified for CORSIA
- Once received, programs may qualify offset credits for CORSIA, *before* adjustments are applied

Minimum elements of the letter

- Identify the project
- Acknowledge that project may reduce emissions in the country
- Acknowledge that program issues offset credits for these reductions
- Authorize the use of offset credits under CORSIA
- Declare that the country will not use the project's emission reductions towards achieving its NDC and will account for their use under CORSIA by applying relevant adjustments

Letter of assurance and authorization (2)

Possible further elements of the letter

- Also authorize the use by other countries towards NDCs
- Stipulate maximum number of offset credits to be issued per year
- Include a request to the program to provide information on the use of the offset credits
- Declare that the country will report relevant information in a transparent manner under Article 13 of the Paris Agreement

Global warming potential (GWP) values

Consistent use among programs for CORSIA

- IPCC AR4 values up to 31 December 2020
- IPCC AR5 values as of 1 January 2021

=> Ensure level-playing field and avoids cherry-picking

Countries use different values in their first NDCs!

- Programs to provide information on emission reductions in the GWP values of the host country, in order to facilitate the application of adjustments in appropriate metrics

Annex: Example of structured summary information

The country has communicated in its NDC a GHG target that covers only some sectors or gases. This box illustrates an example in which offset credits are generated from emissions reductions that occur within the coverage of its GHG target. The offset credits are used by two countries A and B as well as by aeroplane operators X and Y under CORSIA:

	Year X
A. Total reported net GHG emissions (A1+A2)	500
A1. Covered by the GHG target	400
A2. Not covered by the GHG target	100
B. Transfers to other Parties	60
B1. From emission reductions or removals covered by the GHG target	60
Transfers to Party A	40
Transfers to Party B	20
C. Acquisitions from other Parties (C1+C2)	0
C1. Acquisitions from Party A	0
C2. Acquisitions from Party B	0
D. Use of offset credits by aeroplane operators under CORSIA	20
D1. From emission reductions or removals covered by the GHG target	20
Offset credits issued and cancelled by program X	5
Offset credits issued and cancelled by program Y	15
E. Total adjusted net GHG emissions covered by the GHG target (A1+B1-C+D1)	480
F. Total national net GHG emissions, including additions for units transferred to other countries or used under CORSIA and subtractions for units acquired from other countries (A+B-C+D)	580



Thank you for your attention!

For further information:

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Structure of the Guidelines

Definitions

I. Introduction

- II.1 Background
- II.2 Intended use of these Guidelines
- II.3 CORSIA requirements for avoiding double counting
- II.4 Scope of these Guidelines

II. Guidelines

- II.1 Overview
- II.2 Incorporation of these Guidelines in program documents and operations
- II.3 Functional capabilities of program **registry** and project database systems
- II.4 Policies on the use of **global warming potentials**
- II.5 Standards and procedures for **avoiding double issuance**
- II.6 Standards and procedures for **avoiding double claiming** with climate change mitigation under the **Paris Agreement**
- II.7 Standards and procedures for avoiding **double claiming** with mandatory **domestic** climate change mitigation targets
- II.8 Procedures for the qualification of offset credits for use under CORSIA
- II.9 Program reporting

III. Annexes

Incorporation of Guidelines in program documents

- Key points:
 - Revisions and amendments to existing program documents and/or adoption of new program documents *before* the program qualifies offset credits for use under CORSIA
 - Check-list (Annex III.2)
 - Updates to reflect new UNFCCC or ICAO decisions
 - Consistent and transparent application across countries and projects

Program registry and project database systems

Offset credit registry capabilities

- Securely effectuating issuance, transfer and cancellation
- Tagging of each offset credits with relevant information
- Make relevant information publicly available
- Cancellation procedures that with unambiguous designation of purpose

Relevant information on offset credits

- Project information
- Country, calendar year, coverage of emission reductions
- Information on adjustments
- Information on authorization by countries
- Information on credit status (cancellation)

II.6.1 General approaches for avoiding double claiming

Programs may apply any of three approaches

Different approaches may apply to emission reductions from the same project

1. Obtain assurances of proper accounting
2. No issuance of offset credits (e.g. upstream emissions in another country)
3. No qualification of offset credits for CORSIA (e.g. authorization can not be obtained from one country in a multi-country project)

II.6.2 Identification of countries

Issues:

- Multi-country projects
- Upstream / downstream emissions: e.g. a hydro project in Bhutan displacing electricity generation in India

Solutions:

- Apportioning of emission reductions to countries
- Assignment of a respective *attribute* to each offset credit, indicating where emission reduction occurred

II.6.3 Identification of calendar years

Issue:

- May be necessary to facilitate appropriate application of adjustments over time

Solutions:

- Proportional allocation or measurement of when emission reductions occurred
- Assignment of a respective *attribute* to each offset credit, indicating when emission reduction occurred

II.6.4 Identification of coverage by NDCs

Issues:

- Transparency on whether/how projects help achieve NDCs
- Information may be needed for the application of adjustments to avoid double claiming with CORSIA

Solutions:

- Identification of relevant NDC targets, their coverage and applicable time periods
 - All target types considered relevant if quantified
 - In the absence of information, relevant period is as of 2021
- Assignment of a respective *attribute* to each offset credit
- Procedure to seek clarification on NDCs
- Documentation requirements

II.6.5 Identification of the need for adjustments

Aim: Facilitate application of adjustments by countries

- Emission reductions *covered* by NDCs: Adjustments needed
- Emission reductions *not covered* by NDCs: No agreement within the working group

Key considerations:

- Whether or not double counting occurs
- Requiring adjustments could make it more difficult for the country to achieve its NDC
- Implications for supply of credits
- Possible disincentives for host countries to broaden the scope of NDC and to only authorize additional projects
- Lack of clarity of NDCs

II.6.7 Evidence of the application of adjustments

- **Programs to verify that**
 - The country operates an accounting system for recording adjustments
 - The relevant adjustments were recorded appropriately
 - Adjustments are reported in the “structured summary” referred the Katowice transparency decision
 - The application of adjustments is representative for the use of offset credits over time
- **Different possible means to obtain information**
- **Assignment of attribute to offset credit whether adjustment has been applied**
- **If adjustments not applied two years after they were due, the program**
 - Ceases qualifying offset credits from the country for CORSIA
 - Informs UNFCCC and ICAO accordingly

II.7 Avoiding double claiming with mandatory domestic mitigation targets

- **Ensure avoidance of double claiming if**
 - Targets are expressed for a defined group of installations, such as an emissions trading system
 - Targets are legally binding through respective laws and regulations
- **Programs may apply any of three approaches to different categories of a project's emission reductions**
 - Not issuing offset credits
 - Not qualifying offset credits for CORSIA
 - Requiring that the project's emission reductions are not counted towards the achievement of these targets (e.g. through cancellation of ETS allowances)

II.8 Procedures for the qualification of offset credits for use under CORSIA

- Dedicated procedure where project owners or offset credit holders can request offset credits to be qualified for CORSIA
- Demonstration that all requirements are met
- Check-list

II.9 Program reporting

- Facilitates application of adjustments by countries

Three main elements

1. Total issued offset credits by country, calendar year, and the need for application of adjustments
 2. Total cancelled offset credits by aeroplane operator
 3. The maximum number of emission reduction, from projects registered with the program, authorized by countries for use by other countries or entities, by country and calendar year
- As needed, provision of information in the country's GWP values