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Application of the Oeko-Institut/WWF-US/ EDF methodology for assessing the quality of carbon credits

This document presents results from the application of version 3.0 of a methodology, developed by Oeko-Institut, World Wildlife Fund (WWF-US) and Environmental Defense Fund (EDF), for assessing the quality of carbon credits. The methodology is applied by Oeko-Institut with support by Carbon Limits, Greenhouse Gas Management Institute (GHGMI), INFRAS, Stockholm Environment Institute, and individual carbon market experts. This document evaluates one specific criterion or sub-criterion with respect to a specific carbon crediting program, project type, quantification methodology and/or host country, as specified in the below table. Please note that the CCQI website Site terms and Privacy Policy apply with respect to any use of the information provided in this document. Further information on the project and the methodology can be found here: www.carboncreditquality.org

Sub-criterion:	2.4.3 Avoiding double claiming with mandatory domestic mitigation schemes
Carbon crediting program:	Gold Standard
Assessment based on carbon crediting program documents valid as of:	30 June 2021
Date of final assessment:	20 May 2022
Score:	5

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Assessment

Relevant scoring methodology provisions

This sub-criterion is assessed at the level of the project type, the host country, and the carbon crediting program. If the carbon crediting program's approaches differ between quantification methodologies, then this sub-criterion should be separately assessed for the relevant quantification methodologies.

The methodology first assesses whether there is a material risk that the project type concerned could overlap with mandatory domestic mitigation schemes (see definition in the methodology) in the relevant host country. Table 25 provides examples for which project types this risk is material. The evaluation may also need to consider the context of the relevant host country. For example, in LDCs it is less likely that mandatory domestic mitigation schemes are in place. For project types and host countries for which this risk is deemed immaterial, the score is 5. For other project types, the scoring depends on the carbon crediting programs’ procedures to address this risk (see paragraph below the table).

Table 1 Examples of project types with and without risks of overlapping with mandatory domestic mitigation schemes

Project types with material risk of overlap with mandatory domestic mitigation schemes	Project types with low risk of overlap with mandatory domestic mitigation schemes
· Renewable power generation · Energy efficiency improvements in industry (e.g. cement, steel) · Use of energy efficient electric devices (e.g. LEDs)	· Efficient cookstoves · Landfill gas flaring

Carbon crediting programs can avoid this form of double counting in two ways, by:

1. Not registering projects or issuing carbon credits that overlap with mandatory domestic mitigation schemes;

2. Establishing provisions that require that the project’s impacts are not counted towards the achievement of the respective mandatory domestic mitigation schemes: Requiring that, if carbon credits are associated with activities or emission reductions/removals that are covered by these schemes, the project’s impacts (e.g., the emission reductions achieved or the kilowatthours of renewable electricity produced) are not counted towards the achievement of these targets or obligations (e.g., by cancelling ETS allowances before issuing carbon credits, to the extent that the project reduces emissions from sources and gases covered by the ETS, or by not counting the renewable electricity generated by the project towards a mandatory quota for renewable electricity generation).

The methodology assigns a score of 5 to carbon crediting programs that have any of these two approaches in place. If a carbon crediting program only addresses overlap with ETSs, for example by cancelling ETS allowances before issuing carbon credits, to the extent that the project reduces emissions from sources and gases covered by the ETS, but not with other potential mandatory domestic mitigation schemes (e.g., renewable electricity generation quotas), then a score of 3 is assigned. If a carbon crediting program does not have such procedures in place but nevertheless registers projects for which the emission reductions or removals may overlap with mandatory domestic mitigation schemes, a score of 1 is assigned (Table 26).

Table 2 Scoring approach for avoiding double claiming with mandatory domestic mitigation schemes

Carbon crediting program requirement	Score
The program has established provisions that do not allow registering projects or issuing carbon credits that overlap with mandatory domestic mitigation schemes.	5
The program allows registering projects and issuing carbon credits that could overlap with mandatory domestic mitigation schemes but it has established robust provisions that, if carbon credits are associated with activities or emission reductions/removals that are covered by these schemes, the project's impacts are not counted towards the achievement of these targets or obligations.	5
The program allows registering projects and issuing carbon credits that could overlap with mandatory domestic mitigation schemes. It has established robust provisions that address overlap with ETSs but it has not established provisions to address overlap with other types of mandatory domestic mitigation schemes.	3
The program allows registering projects and issuing carbon credits that could overlap with mandatory domestic mitigation schemes and has not established provisions to address such overlap.	1

Information sources considered

1 GHG emissions reduction & Sequestration product requirements, version 2.0 (April 2021), available at https://globalgoals.goldstandard.org/standards/501_V2.0_PR_GHG-Emissions-Reductions-Sequestration.pdf

Relevant carbon crediting program provisions

Provision 1 Source 1, section 3.1.1: "VER Projects may be located in any host country or state. However, where host countries or states have mandatory operational schemes to reduce GHG emissions in any form (e.g. cap & trade, carbon tax etc.), Projects shall only be eligible if the Project Developer has either:

a. provided Gold Standard with satisfactory justification that no double counting of emission reductions occur or

b. has committed to retiring eligible units equal to the quantity of Gold Standard VERs. Refer to Annex A of this document".

Provision 2 Source 1, Annex A, section 5: "While Gold Standard will review each project on case by case basis, the following provides guidance as to those countries that would be considered to fall under Double Counting definitions. This list is not exhaustive and may evolve/change over time:

- Any Kyoto Protocol Annex B country
- Any country with an international commitment that includes the potential for trade of emissions with other countries.

- Any country, region or locality that includes for a regulated, domestic level emissions trading scheme or carbon tax that accounts for the Scope of the Gold Standard Activity".

Provision 3 Source 1, Annex A, section 5: "The project owner shall demonstrate with documentary evidence that no Double Counting can occur by fulfilling one of the following options under scenario 1. The project owner shall demonstrate that:

- The GHG emissions reductions/removals scope (e.g. sector or activity) are not accounted within the relevant system of the host country/regional regulator, OR
- Participation in the regulatory scheme is voluntary (e.g. there is not mandated or automatic capture of emissions reduction within the regulators inventory), OR
- The host country/regional regulator does not account for voluntary GHG emissions reduction/removal contributions. This must be demonstrated credibly either through a policy instrument or by the regulator cancelling AAUS/Scheme units in lieu of Gold Standard VERs. Such removal must be demonstrated as permanent.

Scenario 2

If none of the above options under scenario 1 can be demonstrated, then the project owner shall demonstrate that Eligible Cancellation Units (see list below) are cancelled by or on behalf of the project".

Assessment outcome

5 points

Justification of assessment

The above documentation shows the program allows registering projects and issuing carbon credits that could overlap with mandatory mitigation schemes but it has established provisions that, if carbon credits are associated with activities or emission reductions/removals that are covered by these schemes, the project's impacts are not counted towards the achievement of these targets or obligations.