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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

Criterion:	7.2 Stringency and coverage of the host country's current NDC
Host country:	China
Date of final assessment:	20 May 2022
Score:	Efficient cookstoves: 1 Establishment of natural forest: 1 Landfill gas utilization: 1

Assessment

Relevant scoring methodology provisions

The scoring approach assesses the stringency and coverage of the host country's current NDC. The scoring consists of several steps. First, it is determined whether the emission reductions or removals of the project or project type are covered by the host country's NDC. If this is the case, the second step is to assess the extent to which the NDC target deviates from the level of emissions that would most likely occur in the target year or period with current policies. The third step is optional and includes an evaluation of the likelihood that the emission reductions from the project or project activity are visible in the GHG emissions reported by the country to track progress towards its NDC. Finally, it is assessed if any reversals are likely to be accounted and compensated for by the host country. See more details on the scoring approach in the methodology.

Information sources considered

1   China's first updated NDC which has been communicated to the UNFCCC secretariat on 28 October 2021.
     https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/China%20First/China%E2%80%99s%20Achievements,%20New%20Goals%20and%20New%20Measures%20for%20Nationally%20Determined%20Contributions.pdf

2   Climate Action Tracker assessment for the NDC of China.
     https://climateactiontracker.org/countries/china

Assessment outcome

The host country is assigned the following scores for the respective project types:

·   Efficient cookstoves: 1

·   Establishment of natural forest: 1

·   Landfill gas utilization: 1

Justification of assessment

This evaluation includes steps 1, 2 and 4 of the methodology, noting that step 3 is optional. The methodology is applied at the level of project types (efficient cookstoves, establishment of natural forest, landfill gas utilization), and not at the level of individual projects.

Step 1

The coverage of China's first updated NDC is economy-wide but its emission target is limited to CO_2 emissions (Source 1). The main NDC targets include:

·   Peaking carbon dioxide emissions "before 2030";

·   Lowering carbon dioxide emissions per unit of GDP by "over 65%" in 2030 compared to 2005 levels;

- Increasing the share of non-fossil fuels in primary energy consumption to "around 25%" in 2030;

- Increasing forest stock volume by around 6 billion cubic metres in 2030 from 2005 levels;

- Bringing its total installed capacity of wind and solar power to a total of 1.2 billion kilowatts by 2030.

The first updated NDC of China (Source 1) is limited to CO_2 emissions. Therefore, we assume for our analysis that efficient cookstove projects and projects establishing natural forest are covered by the updated first NDC of China, but that landfill gas utilization is not covered. As a result, landfill gas utilization projects receive a final score of 1.

Step 2

Data from Climate Action Tracker (Source 2) is used to assess the degree to which the NDC target deviates from the emissions level that would most likely occur in the target year or period with policies in place at the time of communicating the NDC.

China submitted its first updated NDC on 28 October 2021.We use the policies and action projections for China from the Climate Action Tracker assessment dated 4 November 2021, with emissions projection data from 17 September 2021 (Source 2).

The assessment by the Climate Action Tracker does not provide emission projections for LULUCF emissions. Indeed, emission projections from the LULUCF sector can be associated with large uncertainties. Due to this uncertainty and the unavailability of data with LULUCF emissions, the ambition of the NDC target is here assessed based on emissions data without the LULUCF sector. As a consequence, the overall level of ambition for the NDC target, which includes LULUCF emissions, will not be fully reflected in this assessment.

The Climate Action Tracker estimated that BAU emissions for 2030 (excluding LULUCF) are likely to correspond to an emissions range between 13,205 and 14,451 $MtCO_2e$ (Source 2). We use here the average of these two values (13,828 $MtCO_2e$) as the most likely BAU emissions. According to Climate Action Tracker, the NDC target for 2030 corresponds to an emissions range between 13,205 and 14,045 $MtCO_2e$ (excluding LULUCF) (Source 2). We use here the average of these two values (13,625 $MtCO_2e$) as the most likely emissions under the NDC target (excluding LULUCF). This is about 1% below the likely BAU emissions (excluding LULUCF). Applying the scoring approach set out in the methodology, this results in a score of 2.

Step 4

Information in the first updated NDC of China (Source 1) is used to assess whether the country fully accounts for natural disturbances and whether the country has a multi-year target or uses a multi-year trajectory or budget for NDC accounting purposes.

- Consideration of natural disturbances: There is no information included in the first updated NDC of China on how to account for natural disturbances. It can therefore be concluded that provisions are not currently in place to address emission changes due to natural disturbances.

- Use of multi-year approaches: No reference is made to the establishment of a multi-year trajectory or budget. In this regard, the NDC only accounts for emissions in 2030.

Since both questions have been answered negatively, the score from the previous step would be downgraded by one point; however, based on Step 2, China already receives the lowest grading resulting in a final score of 1.