4th ICROA workshop on increased voluntary action under the Paris Agreement

Katowice, Poland
7th December 2018
Moderator

Ana Aires Carpinteiro

Business Development Director, Nexus for Development
## Agenda

1. Welcome and introductions  
   **10.00 – 10.05**

2. Opening remarks from ICROA  
   **10.05 – 10.30**

3. Updates from voluntary market Standards  
   **10.30 – 10.50**

4. Updates from C2ES and Wuppertal Institute  
   **10.50 – 11.10**

5. General discussion and closing remarks  
   **11.10 – 11.30**
What is ICROA?

The International Carbon Reduction and Offset Alliance (ICROA) is an international industry association housed within IETA

- ICROA's primary aim is to deliver quality assurance in carbon management and offsetting, through adherence to the ICROA Code of Best Practice
- ICROA ensures credibility and quality for corporates using voluntary carbon credits to reduce their greenhouse gas emissions
- ICROA provides a unified voice for the voluntary carbon market
Our Members are leading global service providers
## Agenda

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Speakers

Jonathan Shopley
Managing Director, Natural Capital Partners

Jeff Swartz
Director for Climate Policy & Carbon Markets, South Pole
Accounting treatment for voluntary action by non-state actors to avoid double counting

- **Non-state actors accelerate climate ambition under the Paris Agreement when:**
  - They fund additional emission reductions that are not required by regulation, and
  - The country in which the emission reductions are generated benefits from the emission reductions funded by the non-state actors.

- **This is the case in all instances where:**
  - Action by non-state actors is voluntary and free of any regulatory requirement.
  - Emission reductions are accounted for only once, in the host country.
  - Credible standards establish the emission reductions using accurate baselines that reflect changing regulatory requirements in the host country.

- **These conditions remain true until** mitigation instruments for voluntary action by non-state actors are sourced from an ETS or from regulated sectors inside an NDC or from outside an NDC.
ICROA’s thinking is evolving

FROM...

0 CORSIA

FROM...

...TO

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Voluntary action post 2020: spectrum of options

**CONTRIBUTION CLAIM**

- Emission reductions financed by non-state actors contribute to the host country’s NDC.
- End-buyers claim a contribution toward the host country’s climate goals. Change from ownership of an emission reduction to the attribution of an emission reduction.
- Gold Standard’s Alternative VER Claims solution / Verra’s DCC unit.

**NET-ZERO CLAIM IN REGULATED SECTORS**

- Emission reductions financed by non-state actors in regulated sectors inside an NDC can be used for net-zero claims if an adjustment is applied to the host country’s NDC to avoid ‘hot air’.*
- If reductions originate from regulated sectors outside the NDC, appropriate baseline adjustments are required.*

* Subject to requirements in the Paris Rulebook.

**NET-ZERO CLAIM IN UNREGULATED SECTORS**

- Emission reductions financed by non-state actors can be used for net-zero claims when they are additional, i.e. go beyond a credible baseline.
- These emissions reductions may originate from sectors inside or outside the NDC.
Key considerations in ICROA’s evolving position

→ The IPCC SR15 brings new emphasis to the goal of net-zero, and we must ensure that alternatives do not undermine or detract from maintaining that option for non-state entities.

→ Until the NDC accounting processes under the Paris Agreement are clarified and implemented, alternative claims may not always result in raised ambition in host countries.

→ Breaking the link between a non-state actor’s carbon footprint and its compensating actions may not lead to raised ambition across the private sector.
Further work is needed to...

- Unpack each of the 3 options
- Simulate how each option would work in host countries with different types of inventories
- Understand how a (bottom-up) transition would look like
- Understand how to design and implement GHG registries that can account for both compliance and voluntary action
- Explore how a voluntary market account could work in the broader Article 6 framework
- Credible standards need to establish emission reductions using baselines that reflect changing regulatory requirements in the host countries
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 Updates from voluntary market Standards

Interventions

• Owen Hewlett, Chief Technical Officer, Gold Standard
• David Antonioli, CEO, Verra
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Updates from C2ES and Wuppertal Institute

**Interventions**

- **Nancy Meyer**, Director of Corporate Engagement, C2ES
- **Wolfgang Obergassel**, Project Coordinator, Wuppertal Institute
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Discussion
Thank you

International Carbon Reduction and Offset Alliance (ICROA)

IETA Secretariat
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Mail: diemert@ieta.org
www.icroa.org
**Option 1: Contribution Claim**

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<td>• Emission reductions financed by non-state actors contribute to the host country’s NDC.</td>
<td>✓ Use of credible standards to determine mitigation impacts.</td>
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<td>• End-buyers claim a contribution toward the host country’s climate goals. Change from ownership of an emission reduction to the attribution of an emission reduction.</td>
<td>✓ Not dependent on markets unless claims are transacted.</td>
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<td>• Gold Standard’s Alternative VER Claims solution / Verra’s DCC unit.</td>
<td>✓ Voluntary action is not directly tied to non-state actor footprint, so does not support claims of net-zero.</td>
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## Option 2: Net-zero claim in regulated sectors

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<td>• Emission reductions financed by non-state actors in regulated sectors inside an NDC can be used for net-zero claims if a corresponding adjustment (CA) is applied to the host country’s NDC to avoid ‘hot air’.*</td>
<td>✓ Use of credible standards to determine mitigation impacts.</td>
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<td>• If reductions originate from regulated sectors outside the NDC, appropriate baseline adjustments are required.*</td>
<td>✓ Creates instruments that can be traded and retired to support claims of net zero.</td>
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* Subject to requirements in the Paris Rulebook.

- Requires voluntary action to be tied to a non-state actor’s footprint.
- Dependent on markets.
- Regulatory requirements taken into account through adjustments that protect the integrity of the claim by ensuring raised ambition (avoid hot air).
**Option 3: Net-zero claim in unregulated sectors**

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<td>✓ Dependent on markets.</td>
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<td>✓ Applies where regulatory requirements do not need to be taken into consideration because there are none, or they are already factored into baselines.</td>
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