

## 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](http://www.carboncreditquality.org)

|   |  |
|---|--|
| Sub-criterion:  | 1.1.2 Consideration of carbon credits before project implementation and restrictions on the eligibility of existing projects   |
| Carbon crediting program:   | VCS  |
| Assessment based on carbon crediting program documents valid as of: | 30 June 2021   |
| Date of final assessment:   | 20 May 2022  |
| Score:  | CAR U.S. Landfill Protocol: 1<br>CDM ACM0001 <ul style="list-style-type: none"> <li>· With TOOL02: 2</li> <li>· With TOOL32: 1</li> </ul> CDM AMS-II.G: <ul style="list-style-type: none"> <li>· With TOOL19: 1</li> <li>· With TOOL21: 2</li> <li>· With TOOL32: 1</li> <li>· No tool: 1</li> </ul> CDM AMS-III.G: 1<br>CDM AR-ACM0003: 2 |

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## Assessment

### Indicator 1.1.2.1

#### Relevant scoring methodology provisions

The methodology assesses whether a carbon crediting program requires project owners to publicly document their intent to register a project the time that can lapse after the investment decision before any form of public documentation of the intent of using carbon credits must be made. The scores are applied as follows:

| <b>The program requires public documentation of intent of registering a project:</b>                                    | <b>Score</b> |
|---|--------------|
| Before the decision to proceed with the project is made   | 5            |
| Within six months after the decision to proceed with the project is made  | 2            |
| No such requirement, or more than six months are allowed to pass after the decision to proceed with the project is made | 1            |

#### Information sources considered

- 1 VCS Program Guide – Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/VCS\\_Program\\_Guide\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/VCS_Program_Guide_v4.0.pdf)
- 2 VCS Standard – Version 4.1 (22 April 2021) [https://verra.org/wp-content/uploads/2021/04/VCS-Standard\\_v4.1.pdf](https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf)
- 3 VCS Methodology Requirements – Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/VCS\\_Methodology\\_Requirements\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/VCS_Methodology_Requirements_v4.0.pdf)
- 4 VCS Program Definitions – Version 4.1 (9 April 2020) [https://verra.org/wp-content/uploads/2021/04/Program\\_Definitions\\_v4.1.pdf](https://verra.org/wp-content/uploads/2021/04/Program_Definitions_v4.1.pdf)
- 5 VMR0006 Methodology for Installation of High Efficiency Firewood Cookstoves – Version 1.0 (8 September 2020) <https://verra.org/wp-content/uploads/2020/09/VMR0006-Methodology-for-Installation-of-High-Efficiency-Firewood-Cookstovev-v1.0.pdf>
- 6 Catalogue of Approved Methodologies, Modules & Tools <https://verra.org/project/vcs-program/methodologies/methodology-catalog/>
- 7 Registration and Issuance Process, Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/Registration\\_and\\_Issuance\\_Process\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/Registration_and_Issuance_Process_v4.0.pdf)

#### Relevant carbon crediting program provisions

- Provision 1 Source 2, section 3.16.2 “Local Stakeholder Consultation”, page 40: “The project proponent shall conduct a local stakeholder consultation prior to validation as a way to inform the design of the project and maximize participation from stakeholders. Such

consultations allow stakeholders to evaluate impacts, raise concerns about potential negative impacts and provide input on the project design.”

### Assessment outcome

The carbon crediting program is assigned a score of 1.

### Justification of assessment

The carbon crediting program’s provisions do not include any requirements for public documentation of intent before the investment decision. Local stakeholder consultations, which could be interpreted as a public documentation of intent, are only required prior to validation (Provision 1).

### Indicator 1.1.2.2

#### Relevant scoring methodology provisions

The methodology assesses whether carbon crediting programs place a limit on the time that can lapse after a mitigation activity starts reducing or removing emissions for a project to be eligible under the program. If the program has any restrictions in place, it receives an upgrade of 1 score point to the score received under indicator 1.1.2.1 otherwise this score is retained.

| The program has time restrictions until when validation or registration needs to be completed for projects that already started the mitigation activity | Upgrade to score received under indicator 1 |
|---|---|
| Yes   | +1 score point                              |
| No  | No change                                   |

#### Information sources considered

- 1 VCS Program Guide – Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/VCS\\_Program\\_Guide\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/VCS_Program_Guide_v4.0.pdf)
- 2 VCS Standard – Version 4.1 (22 April 2021) [https://verra.org/wp-content/uploads/2021/04/VCS-Standard\\_v4.1.pdf](https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf)
- 3 VCS Methodology Requirements – Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/VCS\\_Methodology\\_Requirements\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/VCS_Methodology_Requirements_v4.0.pdf)
- 4 VCS Program Definitions – Version 4.1 (9 April 2020) [https://verra.org/wp-content/uploads/2021/04/Program\\_Definitions\\_v4.1.pdf](https://verra.org/wp-content/uploads/2021/04/Program_Definitions_v4.1.pdf)
- 5 VMR0006 Methodology for Installation of High Efficiency Firewood Cookstoves – Version 1.0 (8 September 2020) <https://verra.org/wp-content/uploads/2020/09/VMR0006-Methodology-for-Installation-of-High-Efficiency-Firewood-Cookstovev-v1.0.pdf>
- 6 Catalogue of Approved Methodologies, Modules & Tools <https://verra.org/project/vcs-program/methodologies/methodology-catalog/>
- 7 Registration and Issuance Process, Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/Registration\\_and\\_Issuance\\_Process\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/Registration_and_Issuance_Process_v4.0.pdf)

## Relevant carbon crediting program provisions

Provision 1 Source 2, section 3.7 “Project Start Date – Concept”, page 25: “The project start date of a non-AFOLU project is the date on which the project began generating GHG emission reductions or removals. The project start date of an AFOLU project is the date on which activities that led to the generation of GHG emission reductions or removals are implemented (e.g., preparing land for seeding, planting, changing agricultural or forestry practices, rewetting, restoring hydrological functions, or implementing management or protection plans). Projects shall complete validation within specific timeframes from the project start date.”

Provision 2 Source 2, sections 3.7.1 – 3.7.2 “Project Start Date – Requirements Non-AFOLU Projects”, page 25: “Non-AFOLU projects shall complete validation within two years of the project start date. Additional time is granted for non-AFOLU projects to complete validation where they are applying a new VCS methodology. Specifically, projects using a new VCS methodology and completing validation within two years of the approval of the methodology by Verra may complete validation within four years of the project start date.

Note that new VCS methodology in this context refers to both newly issued VCS methodologies and newly issued VCS revisions to approved GHG program methodologies. The grace period does not apply in relation to any subsequent versions of such new methodologies and new methodology revisions that may be issued.”

Provision 3 Source 2, section 3.7.3 “Project Start Date – Requirements AFOLU Projects”, page 25: “AFOLU projects shall complete validation within five years of the project start date.”

Provision 4 Source 2, sections 3.7.4 and 3.7.5 “Project Start Date – Requirements ODS Projects”, page 26: “ODS projects shall comply with at least one of the following in relation to project start date:

1) The project start date shall not be before the Montreal Protocol production phase-out deadline (except for critical/essential uses) for the relevant ODS as it applies to the host country and/or any country from which ODS destroyed by the project is imported (as applicable); or

2) The project start date shall not be before the date the host country and/or any country from which ODS destroyed by the project is imported (as applicable) implements the production phase-out, or consumption phase-out where such country does not produce the relevant ODS, of the relevant ODS (critical/essential uses exempted). Such phase-outs shall be implemented in combination with an import ban on the relevant ODS (critical/essential uses exempted). This project start date requirement accounts for countries that phase-out the relevant ODS in advance of their Montreal Protocol production phase-out deadline.

Note – The project can destroy ODS that has not been phased out under either of the two options in above (e.g., if one ODS has contaminated another), but it shall receive no credit for the destruction of such ODS. Note also that the relevant production

*phase-out deadlines are those of the individual substances and not the substance groups.*

Note – The relevant production phase-out deadlines are those of the individual substances and not the substance groups.”

Where the project imports ODS, it shall provide documentary evidence, such as shipping manifests and bills of lading, to demonstrate that the ODS originates from a country meeting with the above.”

- Provision 5 Source 2, section 3.7.6 “Project Start Date – Standardized Methods, page 26: “Notwithstanding the requirements set out in Sections 3.7.1 – 3.7.5 above, projects applying a standardized method for determining additionality shall initiate the project pipeline listing process set out in the VCS Program document Registration and Issuance Process within the project validation timelines set out above. Validation may be completed any time thereafter. For example, a non-AFOLU project applying a standardized method for determining additionality shall initiate the project pipeline listing process within two years of the project start date, and may complete validation any time thereafter.”
- Provision 6 Source 2, section 3.7.6 “Project Start Date – Projects registered with Other GHG Programs”, page 26: “For projects registered under an approved GHG program which are seeking registration with the VCS Program, further specification with respect to the validation deadline is set out in Sections 3.19.5 and 3.19.6.”
- Provision 7 Source 2, section 3.19.5 “Approved GHG Programs”, page 46: “The approved GHG program validation (or verification, where the approved GHG program does not have a validation step) or VCS validation shall be completed within the relevant validation deadline as set out in Section 3.7. Validation (or verification) is deemed to have been completed when the validation (or verification) report that is submitted to the relevant program to request registration has been issued.”
- Provision 8 Source 2, section 3.19.6 “Other GHG Programs”, page 47: “The validation or verification that is submitted to request registration under the other GHG program shall be completed within the relevant validation deadline set out in Section 3.7. Validation or verification is deemed to have been completed when the validation or verification report that is submitted to the other GHG program to request registration has been issued.”

### **Assessment outcome**

The program receives an upgrade to the score achieved for indicator 1.1.2.1 for projects using non-standardized methods to demonstrate additionality. Projects applying a standardized methods to demonstrate additionality do not receive an upgrade to the score achieved for indicator 1.1.2.1.

### **Justification of assessment**

The carbon crediting program has time restrictions in place until when validation needs to be completed for projects that already started the mitigation activity (Provisions 1-4). This however only applies to projects not applying a standardized method for determining additionality (Provision 5).

Projects using a standardized method for determining additionality can complete validation any time after listing with VCS (Provision 5).

Whether a standardized or non-standardized approach can be applied for demonstrating additionality is defined in the quantification methodology applied by the project owner. Scoring for this sub-criterion is therefore differentiated by quantification methodology.

Next to VCS methodologies, project owners may also apply CAR and CDM methodologies under the VCS.

The table below displays the options that project owners can chose for demonstrating additionality for the quantification methodologies applicable under the VCS for the combination of project types and carbon crediting programs assessed.

**Table 1**                      **Methods for demonstrating additionality**

| Project Type                     | Program | Methodology            | Available methods to demonstrate additionality | Type of method                  |
|----------------------------------|---------|------------------------|--|---------------------------------|
| Landfill Gas Utilization         | CAR     | U.S. Landfill Protocol | Performance Standard Test                      | Standardized                    |
|                                  | CDM     | ACM0001                | TOOL02   | Non-Standardized                |
|                                  |         |                        | TOOL32   | Standardized<br>(positive list) |
|                                  |         | AMS-III.G              | TOOL32   | Standardized<br>(positive list) |
| Efficient Cookstoves             | CDM     | AMS-II.G               | No tool  | Standardized                    |
|                                  |         |                        | TOOL19   | Standardized<br>(positive list) |
|                                  |         |                        | TOOL21   | Non-standardized                |
|                                  |         |                        | TOOL32   | Standardized<br>(positive list) |
| Establishment of Natural Forests | CDM     | CDM AR-ACM0003         | A/R combined tool                              | Non-standardized                |

Source: Own representation.

## Scoring results

According to the above assessment, the carbon crediting program achieves the following scores for this sub-criterion:

Projects applying:

- CAR U.S. Landfill Protocol: 1
- CDM ACM0001
  - With TOOL02: 2
  - With TOOL32: 1
- CDM AMS-II.G:
  - With TOOL 19: 1
  - With TOOL 21: 2
  - With TOOL32: 1
  - No tool: 1
- CDM AMS-III.G: 1
- CDM AR-ACM0003: 2