

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:	2.2.2: Avoiding indirect overlaps between projects
Carbon crediting program:	CAR
Assessment based on carbon crediting program documents valid as of:	30 June 2021
Date of final assessment:	31 January 2023
Scores:	Establishment of natural forest: 5 Industrial biodigesters fed with livestock manure: 5 Landfill gas utilization: 5

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Assessment

Relevant scoring methodology provisions

Double issuance can occur indirectly through overlapping claims by different entities involved in mitigation projects. Indirect overlaps between projects can only occur in cases where projects, in calculating their emission reductions or removals, include emissions sources that occur at other sites than where the project is implemented. This risk is only applicable to some project types. The following table provides examples of project types with or without a risk of indirect overlaps:

Project types with potential indirect overlaps between projects	Project types without potential indirect overlaps between projects
<ul style="list-style-type: none"> • Landfill gas utilization • Renewable electricity generation • Biomass use • Composting 	<ul style="list-style-type: none"> • Landfill gas flaring • Avoidance of N₂O from nitric or adipic acid production • Energy efficiency improvements in thermal on-site applications

For project types for which this risk is not relevant, the score is 5. For other project types, the scoring depends on the carbon crediting programs' procedures to address this risk. The scoring approach for carbon crediting program procedures to avoid indirect overlaps between projects is as follows:

Program requirements	Score
The program only credits those types of projects for which overlaps between projects are very unlikely to occur	5
The program has robust provisions in place that effectively identify and avoid overlaps between projects registered within the program <i>and</i> projects registered under other programs (see principles in the methodology)	5
The program has robust provisions in place that effectively avoid overlaps between projects registered <i>within</i> the same program	3
The program does not have robust provisions in place to avoid indirect overlaps between projects	1

Information sources considered

- 1 Reserve Offset Program Manual, March 2021, available at https://www.climateactionreserve.org/wp-content/uploads/2021/03/Reserve_Offset_Program_Manual_March_2021.pdf
- 2 CAR Landfill Project Protocol, Version 5.0, 24 April 2019.
- 3 CAR U.S. Livestock Protocol, Version 4.0, 23 January 2013.
- 4 CAR Mexico Livestock Protocol, Version 2.0, 29 September 2010.

Relevant carbon crediting program provisions

Provision 1 Source 1, section 2.9: "The first layer of safeguards to avoid double counting is applied at the level of protocols. The initial safeguard is through the process for screening

protocols for development and adoption by the Reserve. Section 4.1 provides details regarding the selection of project types with low risk of double counting. The next safeguard to avoid double counting is via the act of protocol development. During this process, decisions are made regarding the determination of additionality and the defining of the GHG Assessment Boundary. Both of these processes can reduce the risk of double counting where project activities or GHG sources are covered by other programs”.

Provision 2 Source 1, section 3.10.1: “Registration of projects using protocols developed by the Reserve is limited to the Reserve’s voluntary offset program and other carbon offset programs that have pre-existing agreements in place with the Reserve. If a project developer is seeking crediting under a protocol developed by the Reserve under a different program, it is the project developer’s responsibility to notify the Reserve and to ensure that there is such a pre-existing agreement in place. **It may be possible for a voluntary Reserve offset project to be simultaneously listed under another voluntary offset program, provided that there is no overlap in the GHG Assessment Boundaries of the relevant protocol(s) or methodology.** All project developers wishing to take advantage of any such opportunity should seek guidance from the Reserve, and staff of the other voluntary offset program, as early as possible in that process, to ensure best chances for approval and avoidance of any double counting. Reserve staff will work directly with the project developer, and likely also staff from the other voluntary program in question, to ensure there is no double counting in such circumstances. Generally speaking, where GHG accounting boundaries do not overlap, it may be possible for a project to enroll in multiple offset programs, undertake one set of activities, and receive crediting from those multiple programs. However, such a determination shall be made on a case-by-case basis for each combination of Reserve protocol and external protocol or methodology”.

Assessment outcome

The carbon crediting program’s approach to avoid indirect overlaps between projects is assigned the following scores:

- Establishment of natural forest: 5
- Industrial biodigesters fed with livestock manure: 5
- Landfill gas utilization: 5

Justification of assessment

Among the nine project types assessed, the following project types are eligible under CAR: establishment of natural forest, industrial biodigesters fed with livestock manure, and landfill gas utilization.

For two out of these three project types, the relevant quantification methodologies do not include emission sources in the calculation of emission reductions that occur at other sites than where the project is implemented. For this reason, these project types are assigned a score of 5:

- **Establishment of natural forest:** Under this project type, the risk of indirect overlaps is low, except for overlaps with jurisdictional REDD+ activities which are not yet addressed under the

scoring methodology. Any extraction of biomass that is extracted from the project area and used under other projects would imply a decline in the amount of biomass stored in the land area, and thus be deducted from future issuances (or accounted for under non-permanence provisions). Moreover, projects to establish natural forest typically do not include any significant emission sources outside the project site in the calculation of emission reductions. Any such emissions, such as from fertilization production or transportation, are relatively small and therefore considered immaterial.

- **Landfill gas utilization:** Different from most other carbon crediting programs, CAR's methodologies do not allow claiming emission reductions from using the landfill gas, which may reduce fossil fuels consumption elsewhere (Source 2). Emission reductions are only claimed from the avoidance of methane emissions at the project site. Therefore, no indirect overlaps may occur with other project activities.

For one out of the three project types, the relevant quantification methodologies include emissions sources in the calculation of emission reductions that occur at other sites than where the project is implemented; however, there is no known practice by carbon crediting programs to issue carbon credits to other entities for these emission reductions. For this reason, this project types is also assigned a score of 5:

- **Industrial biodigesters fed with livestock manure:** Under this project type, a risk could potentially occur if a landowner received carbon credits for the reduced application of manure in addition to issuing credits for the generation of biogas from the manure. However, there is no known practice by carbon crediting programs to issue carbon credits to these entities for these types of actions. Furthermore, different from most other carbon crediting programs, CAR's methodologies do not allow claiming emission reductions from using the biogas, which may reduce fossil fuels consumption elsewhere (Source 3 and 4). Therefore, there is no risk of indirect overlaps if carbon credits were issued to consumers utilizing the biogas or even to fossil fuel fired power plants for reducing or stopping their electricity generation or to fossil fuel producers or users for reducing or stopping fossil fuel production or use.

It should also be noted that CAR addresses the risk of indirect overlaps through two approaches. First, risks due to claims from indirect emission sources are considered in a screening process when deciding to develop a protocol (Provision 1). Furthermore, a project may only be listed under another offset program provided that there is no overlap in the GHG assessment boundaries of the relevant methodologies (Provision 2). Indeed, many CAR protocols are applicable to project types that mainly or only address direct emission sources at the project site; however, a few protocols allow projects to claim emission reductions from indirect emission sources or other entities to claim the emission reductions at the project site.

Annex: Summary of changes from previous assessment sheet versions

The following table describes the main substantive changes implemented in comparison to the assessment from 31 May 2022.

Topic	Rationale
Scores	Scores have been amended to accommodate one new project type: industrial biodigesters fed with livestock manure.
Justification of the assessment	<p>The justification for the assessment was updated. Project types are now categorized in three ways:</p> <ul style="list-style-type: none"> • A first category includes project types for which the relevant quantification methodologies do not include emission sources in the calculation of emission reductions that occur at other sites than where the project is implemented. As in the previous assessment, for these project types a score of 5 is assigned. • The second category includes project types for which relevant quantification methodologies include emissions sources in the calculation of emission reductions that occur at other sites than where the project is implemented; however, there is no known practice by carbon crediting programs to issue carbon credits to other entities for these emission reductions. For this reason, these project types are also assigned a score of 5. • The third category includes project types for which the relevant quantification methodologies include emissions sources in the calculation of emission reductions that occur at other sites than where the project is implemented and, at the same time, there is a material risk that these emission reductions may also be issued carbon credits under a different project and therefore claimed by other entities. For this reason, the scoring of these project types depends on the carbon crediting program's provisions to address the risk of indirect overlaps. This is consistent with the previous assessment. This category is currently not relevant for CAR. <p>Moreover, it was clarified that the current version of the scoring methodology does not yet address indirect overlaps with jurisdictional REDD+ activities. Overlaps with jurisdictional REDD+ activities could be relevant for the project type establishment of natural forest.</p>