

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: | 20 May 2022 |
| Score: | 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.

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 a score of 5.

Justification of assessment

Among the three project types assessed, landfill gas utilization projects and projects establishing natural forests are eligible under the CAR.

In the case of landfill gas utilization projects, a risk could potentially occur if the owner of the landfill gas project would receive carbon credits for generating electricity with the captured gas or for selling the gas, thereby displacing the use of fossil fuels at other sites. An indirect overlap could, for example, happen if the user of the electricity or the gas implements another project and claims the emission reductions from using the electricity or gas. For this reason, the scoring for efficient landfill gas projects depends on the carbon crediting program’s provisions to address the risk of indirect overlaps.

In the case of projects to establish natural forest, the risk of indirect overlaps is less relevant. 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. For this reason, projects establishing natural forest are assigned a score of 5.

CAR addresses risks due to 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). 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.

Second, potential overlaps are addressed in specific protocols. In the case of landfill gas utilization projects, the CAR protocol does not allow the project owners to claim credits from selling the captured gas or from selling energy generated from the captured gas (Source 2). CAR is therefore assigned a score of 5 for landfill gas utilization projects.