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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

Sub-criterion:	2.4.2: Carbon crediting program provisions for avoiding double claiming with NDCs
Carbon crediting program:	VCS
Assessment based on carbon crediting program documents valid as of:	30 June 2021
Date of final assessment:	25 May 2022
Score:	1

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Assessment

This sub-criterion is only applicable to carbon credits used for purposes for which double claiming with the host country NDC should be avoided (see methodology for further information).

Indicator 2.4.2.1

Relevant scoring methodology provisions

"The program either does not allow registering multi-country projects (i.e., projects which implement the mitigation measures in more than one country, such as under a programmatic approach) or, if the carbon crediting program allows registering multi-country projects, it has established provisions to identify for each carbon credit the relevant host country, through an attribute to each issued credit (e.g., in the serial number of the credit or through an identifier in the relevant registry)."

Information sources considered

1 Verra registry for VCUs, available at https://registry.verra.org/app/search/VCS/VCUs

2 VCS Registration and issuance process v4.0 (September 2019), available at https://verra.org/wp-content/uploads/2019/09/Registration_and_Issuance_Process_v4.0.pdf

Relevant carbon crediting program provisions

Assessment outcome

No (0 Points)

Justification of assessment

The program does not explicitly exclude multi-country projects. It is not clear how any multi-country projects are treated, given that only one country is assigned to each project and carbon credit in the registry (source 1). In the absence of further information, the indicator is therefore not fulfilled.

Indicator 2.4.2.2

Relevant scoring methodology provisions

"The program either does not allow registering projects that are implemented in one country but may (partially) reduce emissions or enhance removals in other countries (e.g., in the case of a multi-country electricity grid) or it has established provisions to identify whether such situations occur and, if yes, to identify in which country each carbon credit's associated emission reductions or removals occurred. For each carbon credit, the country where the carbon credit's associated emission reductions or removals occurred is identifiable, either through an attribute to each issued credit (e.g., in the serial number of the credit or through an identifier in the relevant registry)."

Information sources considered

1 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

2 Verra registry for VCUs, available at https://registry.verra.org/app/search/VCS/VCUs

Relevant carbon crediting program provisions

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Assessment outcome

No (0 points).

Justification of assessment

The VCS allows for the registration of project types where the emission reduction could occur in another country (e.g. a renewable electricity generation project implemented in one country but displacing electricity in other countries). The VCS has, however, no explicit provisions to account for effects on emissions in other countries than the host country.

Indicator 2.4.2.3

Relevant scoring methodology provisions

"The program has established provisions that allow project owners to voluntarily identify for each carbon credit the calendar year in which the associated emission reductions or removals occurred, and to assign to each issued carbon credit an attribute indicating the calendar year, ensuring that only one calendar year is assigned to each carbon credit

OR

The program has established provisions that require project owners to identify, for each carbon credit that is eligible to be used for purposes for which double claiming with the host country NDC should be avoided, the calendar year in which the associated emission reductions or removals occurred, and to assign to each issued carbon credit an attribute indicating the calendar year, ensuring that only one calendar year is assigned to each carbon credit.

In addition, the carbon crediting program has established provisions that require that carbon credits are allocated proportionally to calendar years based on when the project caused emission reductions or removals to occur."

Information sources considered

1 VCS Registration and issuance process v4.0 (September 2019), available at https://verra.org/wp-content/uploads/2019/09/Registration_and_Issuance_Process_v4.0.pdf

2 VCS Monitoring report template v4.0 (September 2019), available at https://verra.org/project/vcs-program/rules-and-requirements/

3 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

Relevant carbon crediting program provisions

Provision 1 Source 1, section 4.1.2: "The Verra registry can display separate vintages within one verification period.

For example, where the verification period is 1 January 2012 to 30 June 2013, the project proponent **may wish** to have one VCU issuance record for the 2012 VCUs and a separate VCU issuance record for the 2013 VCUs. The creation of such separate VCU issuance records in respect of one verification period is only possible where the monitoring report and associated verification report specify the vintage breakdown. Thus, the monitoring report and associated verification report will need to specify the number of GHG emission reductions or removals generated in 2012 and the number generated in 2013. Vintage breakdown may be specified at a finer granularity than calendar years, and where vintage dates are specified with day, month and year, corresponding VCU issuance records can be created in the Verra registry accordingly. Where the vintage breakdown or the day, month and year start and end dates for the vintage period are not provided, there can only be one VCU issuance record in respect of the verification report (i.e., the Verra registry shall not arbitrarily assign a vintage breakdown where none is specified in the verification report)".

Provision 2 Source 2, section 5.4: "Quantify the net GHG emission reductions and removals, summarizing the key results using the table below. Specify breakdown of GHG emission reductions and removals by vintages where the intent is to issue each vintage separately in the VCS registry system.

For non-AFOLU projects, use the following table:

Year	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	Net GHG emission reductions or removals (tCO_2e)
Year A				
Year…				
Total				

For AFOLU projects, include quantification of the net change in carbon stocks. Also, state the non-permanence risk rating (as determined in the AFOLU non-permanence risk report) and calculate the total number of buffer credits that need to be deposited into the AFOLU pooled buffer account. Attach the non-permanence risk report as either an appendix or a separate document.

For AFOLU projects, use the following table:"

Year	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	Net GHG emission reductions or removals (tCO_2e)	Buffer pool allocation	VCUs eligible for issuance
Year A						
Year…						
Total						

Provision 3 Source 3, section 3.4.5: Where a monitoring report and associated verification report divide a monitoring period into vintages, separate VCU issuance records in accordance with vintage periods **may** be issued, as set out in the VCS Program document *Registration and Issuance Process"*.

Assessment outcome

The first option is fulfilled (1 Point).

The program has not established provisions that require that carbon credits are allocated proportionally to calendar years (0 Points).

Justification of assessment

The VCS has a procedure in place that allows project owners to earmark carbon credits with the calendar years in which the emission reductions or removals occurred. However, the application of the procedure is voluntary (provisions 1-3). The first option of the indicator is therefore fulfilled.

The VCS has not established provisions that require carbon credits to be allocated proportionally to calendar years based on when the project caused emission reductions but it is up to the project owners how to specify a vintage breakdown by calendar year.

Indicator 2.4.2.4

Relevant scoring methodology provisions

"The program has established provisions for project owners or the program to obtain and publicly report Article 6 authorizations from host countries (or, where applicable, the country where the project will cause emission reductions or removals), consistent with relevant decisions under the Paris Agreement."

Information sources considered

1 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

2 VCS's CORSIA application, available at https://www.icao.int/environmental-protection/CORSIA/Pages/TAB2019.aspx

Relevant carbon crediting program provisions

Provision 1 Source 1: "With respect to Paragraph 3.7.9, Verra would be willing to consider introducing new requirements for proponents to receive relevant attestations from host countries, in accordance with relevant guidelines or requirements set out under CORSIA.

With respect to *Paragraph 3.7.10*, Verra would be willing to consider introducing new requirements which would require any national government decisions related to accounting for VCUs used under the CORSIA to be publicly available on the Verra Project Database, in accordance with relevant guidelines or requirements set out under CORSIA. Such information could be updated as often as necessary to avoid double claiming".

Assessment outcome

No (0 points)

Justification of assessment

Verra's program documents do not include any provisions on this issue so that the indicator is not fulfilled. In its application for CORSIA (provision 1), Verra communicated that they would be willing to consider introducing new requirements for proponents to receive relevant attestations from host countries. This indicates that VCS does not *currently* have procedures in place to meet these conditions but is willing to enact them upon approval and adoptions of Article 6 rules.

Indicator 2.4.2.5

Relevant scoring methodology provisions

"The program has established provisions that require its own employees, sub-contractors, as well as project owners to commit to anti-corruption policies and practices with regards to obtaining Article 6 authorization."

Information sources considered

1 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

Relevant carbon crediting program provisions

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Assessment outcome

No (0 points).

Justification of assessment

No relevant provisions were identified in the program documents so that the indicator is not fulfilled.

Indicator 2.4.2.6

Relevant scoring methodology provisions

The program has established provisions for reporting relevant information on authorized carbon credits to the host country, including on the cancellation or use of authorized carbon credits.

Information sources considered

1 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

2 VCS's CORSIA application, available at https://www.icao.int/environmental-protection/CORSIA/Pages/TAB2019.aspx

Relevant carbon crediting program provisions

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Assessment outcome

No (0 Points).

Justification of assessment

The program does not have established provisions for reporting relevant information on authorized carbon credits to the host country, including on the cancellation or use of authorized carbon credits. The indicator is therefore not fulfilled.

Indicator 2.4.2.7

Relevant scoring methodology provisions

"The program has established provisions to obtain evidence of the appropriate application of adjustments from the host country (or, where applicable, the country in which the carbon credit's associated emission reduction or removal occurred)."

Information sources considered

1 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

2 VCS's CORSIA application, available at https://www.icao.int/environmental-protection/CORSIA/Pages/TAB2019.aspx

Relevant carbon crediting program provisions

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Assessment outcome

No (0 points)

Justification of assessment

Verra's program documents do not include any provisions on this issue so that the indicator is not fulfilled.

However, in its application for CORSIA, Verra communicated that they would be willing to consider introducing new requirements for proponents to receive relevant attestations from host countries. Such procedures have, however, not yet been adopted.

Indicator 2.4.2.8

Relevant scoring methodology provisions

"The program has established provisions to qualify and earmark carbon credits as eligible for uses for which double claiming with the host country NDC needs to be avoided, once all relevant requirements have been satisfied."

Information sources considered

1 Verra website on VCU labels, available at https://verra.org/project/vcs-program/vcu-labeling-participating-standards-required-documents/

2 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

Relevant carbon crediting program provisions

Provision 1 Source 1: "Verra plans to make an Article 6 label and associated guidance available when Article 6 of the Paris Agreement is finalized, anticipated at COP26 in November 2021. We consulted on a proposal for this in late 2020 and produced a summary of comments received".

Provision 2 Source 2, section 3.20.1: "VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA shall meet any and all relevant requirements established under such mechanisms and programs. This includes, in particular, any requirements relating to double counting and corresponding adjustments. Project proponents shall demonstrate adherence to such requirements by applying the relevant VCU label to their VCUs in the Verra registry. The criteria for VCU labels are set out on the Verra website".

Assessment outcome

No (0 Points).

Justification of assessment

The VCS does not have any provisions in place for qualifying and earmarking credits as eligible for purposes for which double claiming with the host country NDC needs to be avoided. However, it states that it will develop a label for credits that can be used under Article 6 in the context of the Paris Agreement which can be attached to credits if they fulfil certain criteria (provisions 1 and 2). This label would make it possible to distinguish credits that fulfil this indicator.

Indicator 2.4.2.9

Relevant scoring methodology provisions

The program has established provisions to cease qualifying and earmarking carbon credits as eligible for uses for which double claiming with the host country NDC needs to be avoided in the event that evidence for the appropriate application of corresponding adjustments cannot be obtained within two years after the country was due to provide information on the appropriate application of corresponding in according to decisions by the CMA.

Information sources considered

1 Verra website on VCU labels, available at https://verra.org/project/vcs-program/vcu-labeling-participating-standards-required-documents/

2 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

Relevant carbon crediting program provisions

Provision 1 Source 2: "Verra plans to make an Article 6 label and associated guidance available when Article 6 of the Paris Agreement is finalized, anticipated at COP26 in November 2021. We consulted on a proposal for this in late 2020 and produced a summary of comments received".

Provision 2 Source 2, section 3.20.1: "VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA shall meet any and all relevant requirements established under such mechanisms and programs. This includes, in particular, any requirements relating to double counting and corresponding adjustments. Project proponents shall demonstrate adherence to such requirements by applying the relevant VCU label to their VCUs in the Verra registry. The criteria for VCU labels are set out on the Verra website".

Assessment outcome

No (0 points)

Justification of assessment

The VCS does not have any provisions in place for qualifying and earmarking credits as eligible for purposes for which double claiming with the host country NDC needs to be avoided. Neither are provisions in place to case qualifying and earmarking such credits if evidence for the application of corresponding adjustments cannot be obtained. Therefore, the indicator is not fulfilled. However, the VCS states that it will develop a label for credits that can be used under Article 6 in the context of the Paris Agreement which can be attached to credits if they fulfil certain criteria (provisions 1 and 2).

Indicator 2.4.2.10

"The program has established robust provisions for replacing carbon credits for which the evidence of the appropriate application of corresponding adjustments cannot be provided within two years after the country was due to report on the application of corresponding adjustments in accordance with decisions by the CMA. The replacement provisions ensure that the relevant credits are only replaced by credits issued for emission reductions or removals that have been qualified by the program as eligible for uses for which double claiming with the host country NDC needs to be avoided."

Information sources considered

1 Verra website on VCU labels, available at https://verra.org/project/vcs-program/vcu-labeling-participating-standards-required-documents/

2 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

Relevant carbon crediting program provisions

Provision 1 Source 1: "Verra plans to make an Article 6 label and associated guidance available when Article 6 of the Paris Agreement is finalized, anticipated at COP26 in November 2021. We consulted on a proposal for this in late 2020 and produced a summary of comments received".

Provision 2 Source 2, section 3.20.1: "VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA shall meet any and all relevant requirements established under such mechanisms and programs. This includes, in particular, any requirements relating to double counting and corresponding adjustments. Project proponents shall demonstrate adherence to such requirements by applying the relevant VCU label to their VCUs in the Verra registry. The criteria for VCU labels are set out on the Verra website".

Assessment outcome

No (0 points)

Justification of assessment

The VCS does not have any provisions in place for replacing carbon credits if the evidence for the appropriate application of corresponding adjustments cannot be provided. However, it states that it will develop a label for credits that can be used under Article 6 in the context of the Paris Agreement which can be attached to credits if they fulfil certain criteria. This label might include such requirements in the future (provisions 1 and 2).

Indicator 2.4.2.11

Relevant scoring methodology provisions

"The program's registry and project database system provides the following information:

a. The country where each carbon credit's associated emission reductions or removals occurred (which in some instances may be different from the host country);

b. Whether Article 6 authorization has been obtained from the host country (or, where applicable, the country where the project will cause emission reductions or removals) and documentation of this authorization, consistent with relevant international decisions under the Paris Agreement;

c. Whether a "first transfer", as defined by the host country in accordance with paragraph 2b of the Article 6.2 guidance, has occurred in relation to the carbon credit;

d. Whether the country has applied the necessary corresponding adjustment related to the use of the carbon credit;

e. An attribute indicating whether the carbon credit has been ear-marked by the program as eligible for uses for which double claiming with the host country NDC needs to be avoided."

Information sources considered

1 Verra website on VCU labels, available at https://verra.org/project/vcs-program/vcu-labeling-participating-standards-required-documents/

2 VCS Standard v4.1 (April 2021), available at https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf

3 Verra registry for VCUs, available at https://registry.verra.org/app/search/VCS/VCUs

Relevant carbon crediting program provisions

Provision 1 Source 1: "Verra plans to make an Article 6 label and associated guidance available when Article 6 of the Paris Agreement is finalized, anticipated at COP26 in November 2021. We consulted on a proposal for this in late 2020 and produced a summary of comments received" (Verra website on VCU labels).

Provision 2 Source 2, section 3.20.1: "VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA shall meet any and all relevant requirements established under such mechanisms and programs. This includes, in particular, any requirements relating to double counting and corresponding adjustments. Project proponents shall demonstrate adherence to such requirements by applying the relevant VCU label to their VCUs in the Verra registry. The criteria for VCU labels are set out on the Verra website".

Assessment outcome

a. No (0 Points)

b. No (0 Points)

c. No (0 Points)

d. No (0 Points)

e. No (0 Points)

Justification of assessment

The program's registry does not provide information on the country where each carbon credit's associated emission reductions or removals occurred. The VCS has also no explicit provisions to account for effects on emissions in other countries than the host country. Requirement a. is therefore not fulfilled.

Furthermore, the registry does not provide information yet on whether Article 6 authorization has been obtained, whether a "first transfer" has occurred, whether the country has applied the necessary corresponding adjustments or whether the carbon credit has been ear-marked by the program as eligible for uses for which double claiming with the host country NDC needs to be avoided (except for use for CORSIA). However, the program has stated that it will develop a label for credits that can be used under Article 6 in the context of the Paris Agreement which can be attached to credits if they fulfil certain criteria. This label might address requirements b., c., d. and e. in the future. At the moment, they are not fulfilled though.

Scoring results

According to the above assessment, the carbon crediting program receives 1 out of 25 achievable points. Applying the scoring approach in the methodology, this results in a score of 1.