Brussels, 14 March 2023

CMW inputs on removal activities in Article 6.4, in response to the invitation for observer comments

Carbon Market Watch (CMW) welcomes the opportunity to comment on activities involving removals. We encourage both SBSTA and the 6.4 Supervisory Body to continue inviting stakeholders to submit views. CMW is also keen to participate in the "structured consultation process" on removals and other subjects that will take place this year (para 22, 6.4 decision at COP27).

CMW welcomed the COP27 decision deferring adoption of recommendations on removal activities, until at least the next COP. Parties correctly judged that the proposed recommendations of the Article 6.4 Supervisory Body (SB) on removal activities were not sufficiently mature to warrant adoption at COP27. This is not surprising given that it was not a realistic task for the SB to deliver recommendations on such a complex topic in only 3 months.

The intersection of removals and carbon crediting is a highly important and complex topic that requires proper consideration to get the details right. We strongly urge the 6.4SB to take its time in developing its recommendations, taking account of stakeholder inputs via "the structured consultation process". The recommendations on methodological requirements should be adopted together with those on removals since these issues overlap. Doing this correctly may mean it will not be possible to finalise both sets of recommendations by COP28 – if they must be delayed again for the sake of quality, this is better than taking shortcuts to satisfy a mandate. These recommendations will have direct consequences for what is permitted under the 6.4 mechanism for years to come, as well as knock-on effects on the voluntary carbon market, compliance markets, and future legislation such as the European Commission's proposed Carbon Removal Certification Framework.

Apart from the procedural aspects, the issue of impermanence is closely tied to any discussion of removals. In general, emission reductions and removals should not be considered equivalent, as addressing the climate breakdown means focusing first on emission reductions and second on upscaling removals. Emission reductions and removals should therefore be developed as

complements rather than substitutes. However, since offsetting is likely to occur under Article 6.4, at the very least temporary storage and permanent emissions should not be equated. **Simply put, the SB must not allow crediting of temporary carbon storage if this is used for offsetting purposes**.

It is worth recalling that essentially no carbon credits available on the voluntary carbon market are based on truly permanent anthropogenic removals, and the SB would similarly be unlikely to deliver truly permanent anthropogenic removals at scale even if desired.

Of the 1.7 billion credits ever issued by the four biggest voluntary carbon market standards, 41% are from the forestry and land-use sector (UC Berkeley) – most are from REDD+ projects (424,000,000 credits), followed by improved forest management projects (195,800,000) and afforestation/reforestation projects (56,000,000). In addition to suffering from inadequate quantification (e.g. CMW 2021, West et al. 2020, The Guardian 2023), these projects cannot guarantee the permanence of their impacts on a time frame of at least 2-3 centuries, and not even for 100 years.

There are many reversal risks – fire, drought, disease, insects, logging – that can cause the temporarily sequestered carbon to be re-released to the atmosphere decades or even centuries later. Many of these risks are increasing dramatically due to the exacerbating impacts of the climate breakdown itself - this trend will continue in the coming decades even if emissions are rapidly reduced. Reversals undermine any offset claim made on the back of a credit involving temporary sequestration.

Buffer pools have been proposed as a solution to impermanence, but buffer contribution rates are not necessarily scientifically robust and buffer pools have only been in existence for little over a decade, with research suggesting California's buffer is heavily undercapitalised. In addition, their effectiveness is limited in time because, in order to be able to counter reversals by drawing from the buffer reserves, one needs to observe the reversal in question. This requires close monitoring of the project, which is currently only required until the end of a project's crediting period(s). Reversals on a former project area could occur decades after the end of a project's crediting period on a scale eclipsing the share of cancelled buffer credits, but would never be detected (for more on buffer pools see pp. 4-7 here).

The CDM approach to address reversals - temporary crediting - is an interesting concept as it underlines the temporary nature of the benefit achieved by the mitigation activity. This approach is largely incompatible with an "offsetting" model (whether it is for countries or the private sector), because it is not realistic to expect an entity to continuously replace credits that have been purchased, in perpetuity. It is even less realistic to expect that any governance system, or external observers, will be able to monitor whether and how expired credits have been replaced. Temporary credits would

hence be a useful asset under a financial contribution model, but are incompatible with the idea of offsetting.

In addition, we would like to reiterate, as mentioned in our previous submission, that tonne-year accounting must not be included under the 6.4 mechanism or in the SB's recommendations on removals. We are very concerned by its resurgence in the information note prepared by the UNFCCC secretariat ahead of the SB's 4th meeting and the way in which legitimate scientific concerns about this approach seem to have been brushed aside as insignificant by the UNFCCC secretariat without clear grounding or scientific justification. Please also see recent inputs made to the SB by Professor Meinshausen and Mr Broekhoff, Mr Brander and Mr Schneider, which align with our view that tonne-year accounting must not be allowed under Article 6.4.

Tonne-year accounting is a dangerous idea to incorporate under Article 6.4 since it creates a false equivalence between temporary carbon storage and (permanent) reductions or removals. Tonne-year accounting is inaccurate and at odds both with the IPCC and the Paris Agreement's long-term temperature goals: from a carbon budget perspective, storing carbon for the short-term makes no difference whatsoever for climate action, since cumulative CO_2 emissions are the metric that matters. While storage of carbon over a few decades has benefits, this is not equivalent to permanent emission reductions/removals and must not in any way be used to offset ongoing/future fossil emissions which will on the other hand have long-term consequences. There are also significant doubts about additionality associated with tonne-year accounting: e.g. one approach is centred around the deferral of timber harvests for one year, which is extremely unlikely to satisfy real additionality tests.

Finally, we would like to highlight a few particular issues regarding the SB's proposed recommendations on removals at COP27:

- products were problematically included in the definition of removals: "*For the purpose of this guidance, "removals" are processes or outcome of processes to remove greenhouse gases (GHGs) from the atmosphere through anthropogenic activities and durably store in geological, terrestrial, or ocean reservoirs,* ***or in products***" (emphasis added).
    - Products should not be used in any definition of removals as a basis for crediting, due to impermanence risks outlined previously. Under such a definition, all wood products could qualify, yet these will not be able to satisfy permanence on the necessary time scale of at least 2-3 centuries. Similarly, such a definition could also allow crediting for synthetic fuels emanating from CCUS, even though these would be used at some point and hence the emissions would be re-released to the atmosphere

(this is also because "durably store" is not specific enough in the definition and is open to interpretation).

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    - Removals should not be defined as processes, but rather only as outcomes of processes. This is because if removals are defined as the processes themselves, then potentially it could be argued that CCS alone on a fossil fuel point source (coal plant, industrial facility) would qualify even though this is not removing atmospheric CO_2.
- reversals (and linked liability) were not adequately addressed in this document, and were put as a placeholder with phrasing that the issue would later be addressed by the SB. Any recommendation on removals and/or methodological requirements would need to adequately address the issue of reversals if the underlying envisaged mitigation activity types bear impermanence and reversal risks. This should not be delegated to a future decision, since there is a risk that agreement may not be reached in the future and could be indefinitely stalled, possibly meaning no policy for reversals would be put in place.

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