



# Quality of units and double counting: What matters for CORSIA?

17<sup>th</sup> CTI workshop "Climate Action in International Aviation: Challenges and Opportunities for the New Global Market-Based Measure CORSIA "

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# EUCs: three critical issues

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1. Risk of **double claiming** with international mitigation targets
2. For **new projects**, the **additionality** of the projects
3. For **already implemented** projects, their **vulnerability of discontinuing GHG abatement**

# How can double counting occur and be addressed?

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## Issue

## Main solution

### Double issuance

Two units issued for the same reduction



### Mechanism design

E.g. checks by verifiers

### Double claiming

Reductions are claimed by the seller and buyer country



### Accounting rules

E.g. corresponding adjustments

### Double use

The same unit is used twice



### Tracking transfers

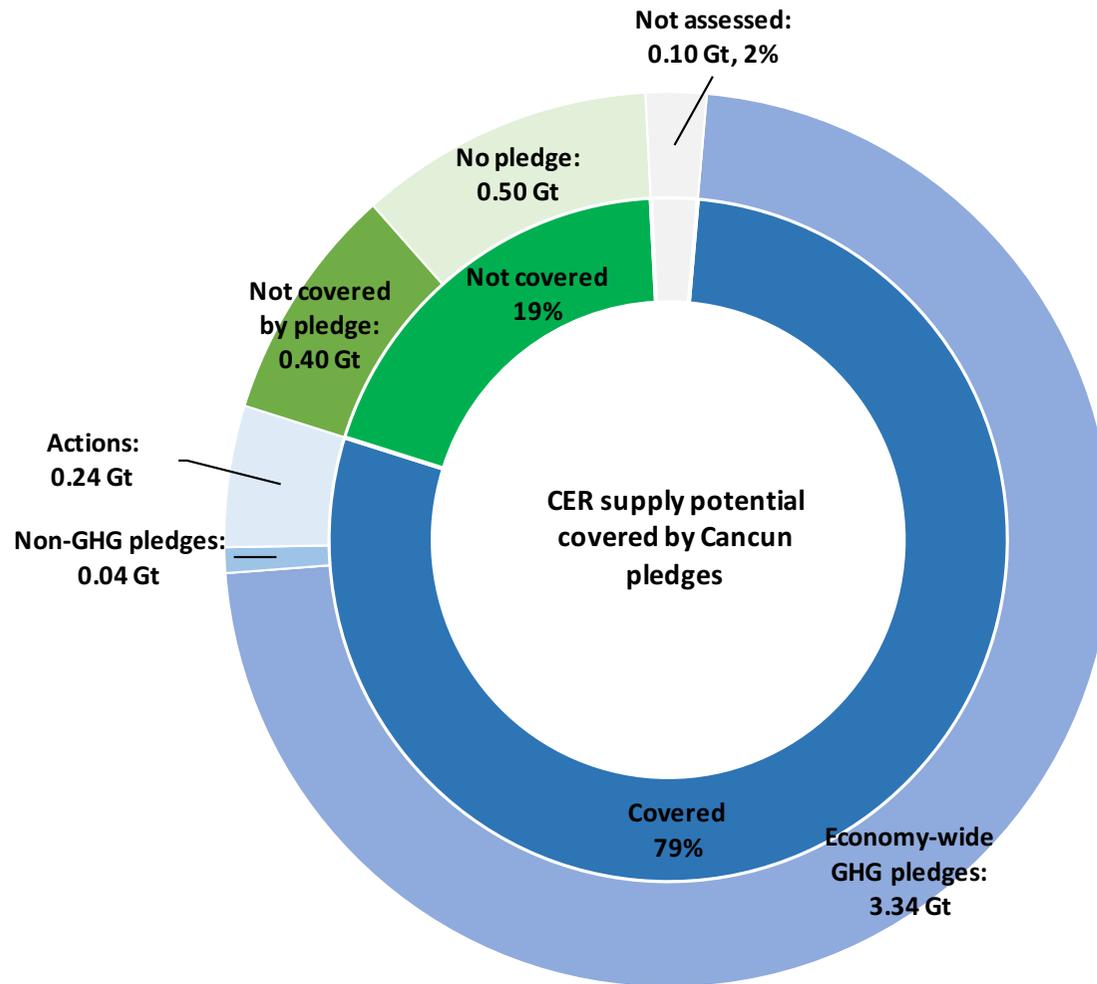
E.g. registries

# How can double claiming occur between national targets and CORSIA?

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- 1. Country A has an international mitigation target**
  - 2. An offset unit is generated in country A and used by airline X under CORSIA**
  - 3. The offset units generates real emission reductions which show up in the GHG inventory of country A**
- ⇒ **Country A uses the reductions, through its GHG inventory, to achieve its mitigation target**
- ⇒ **Airline X uses the reductions to achieve its target**

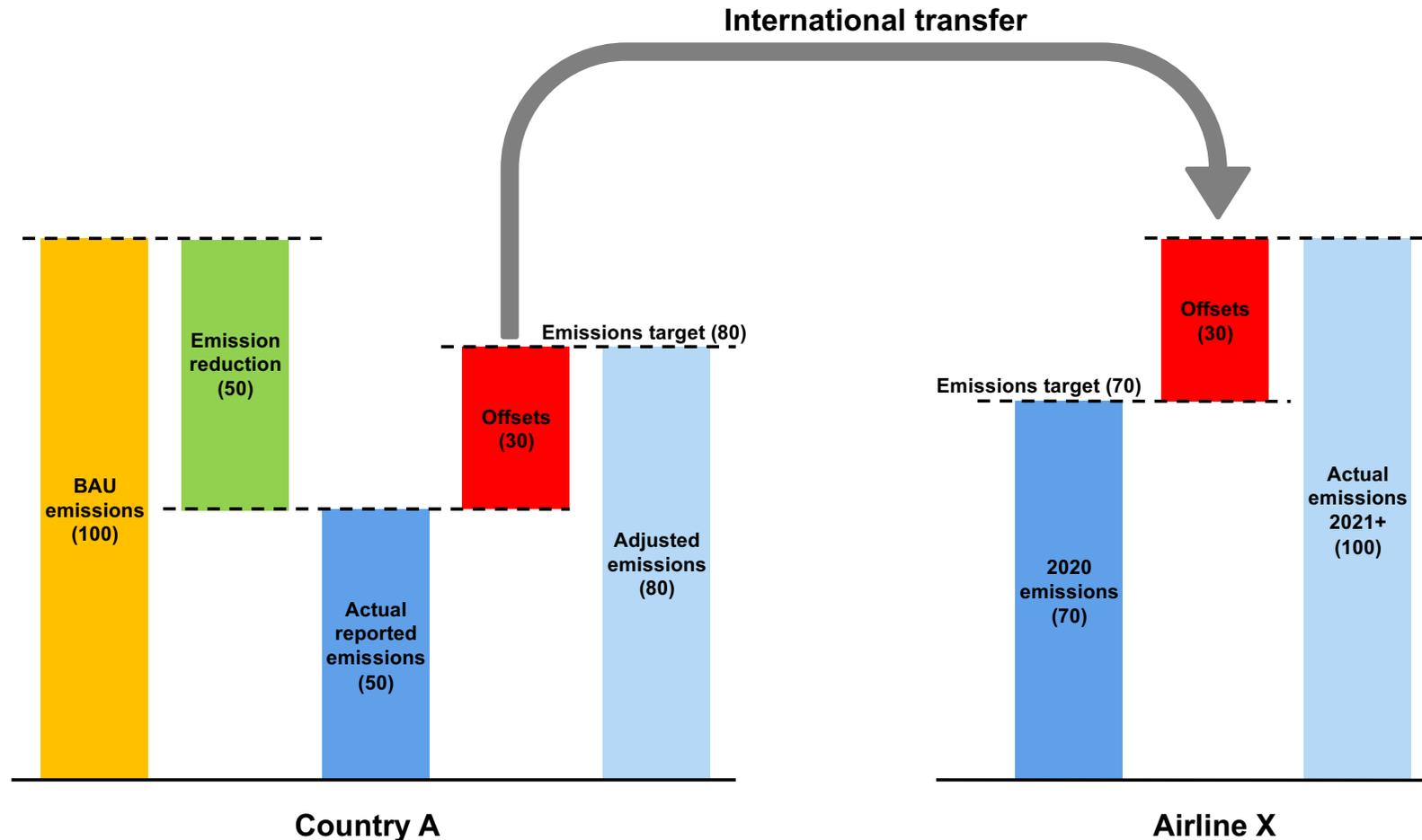
# CER potential covered by Cancun pledges



Preliminary numbers. Source: Schneider, La Hoz Theuer, Warnecke (forthcoming)

- ⇒ A large share of the reductions from the CDM fall within the scope of mitigation targets communicated in Cancun
- ⇒ So far, CDM host countries do not voluntarily report or adjust for emission reductions used by other countries

# Avoiding double claiming with CORSIA



**=> Host country should apply “adjustments” to reported emissions (or emission budgets)**

# How could CORSIA address double counting?

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	Approaches
<b>Double issuance</b>	<ul style="list-style-type: none"><li>• Require that programmes have relevant checks for double issuance with other mechanisms</li></ul>
<b>Double claiming</b>	<ul style="list-style-type: none"><li>• Require <b>letters of approval</b> from host countries including commitments by the country to apply corresponding adjustments</li><li>• Require <b>evidence of application of corresponding adjustments</b> for the units used under CORSIA</li></ul>
<b>Double use</b>	<ul style="list-style-type: none"><li>• Require that mechanisms have systems in place to track unit transfers and their use</li></ul>

# Already implemented or new activities?

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- **CDM: imbalance between supply and demand**
- **Using credits from already implemented activities rewards project developers which had expectations**
- **But CORSIA only triggers further emission reductions if credits are from**
  - New projects implemented in response to CORSIA
  - Projects that are vulnerably of discontinuing abatement
- **Examples of programs focussing on vulnerable projects**
  - World Bank's Pilot Auctioning Facility
  - Norwegian CDM purchase program
  - German Nitric Acid Initiative

# Unit Quality: New and implemented projects

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## ALREADY IMPLEMENTED PROJECTS

**Vulnerability of  
discontinuing  
GHG abatement**

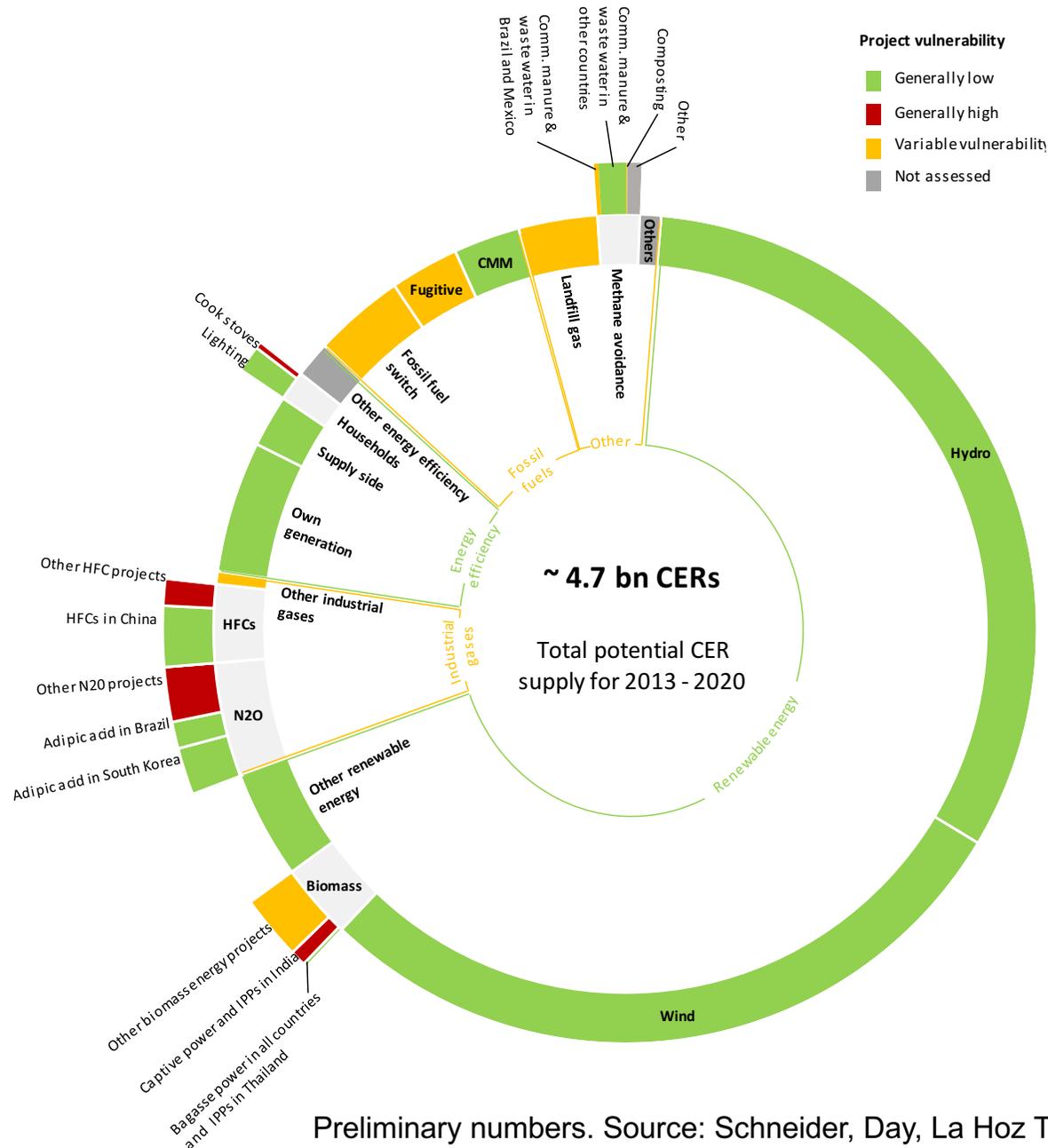
**Quantification of  
emission  
reductions**

## NEW PROJECTS (implemented in response to CORSIA)

**Additionality**

**Quantification of  
emission  
reductions**

# Vulnerability of registered CDM projects



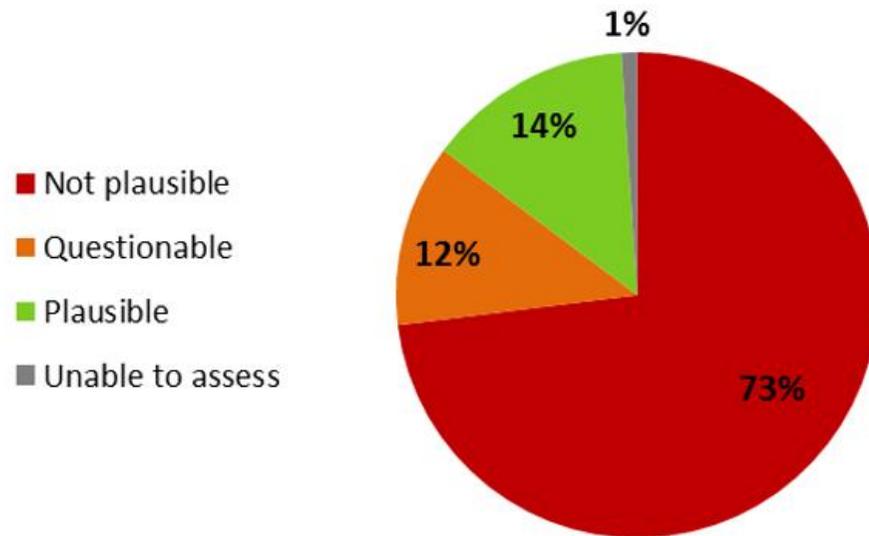
Preliminary numbers. Source: Schneider, Day, La Hoz Theuer, Warnecke (forthcoming)

# Additionality

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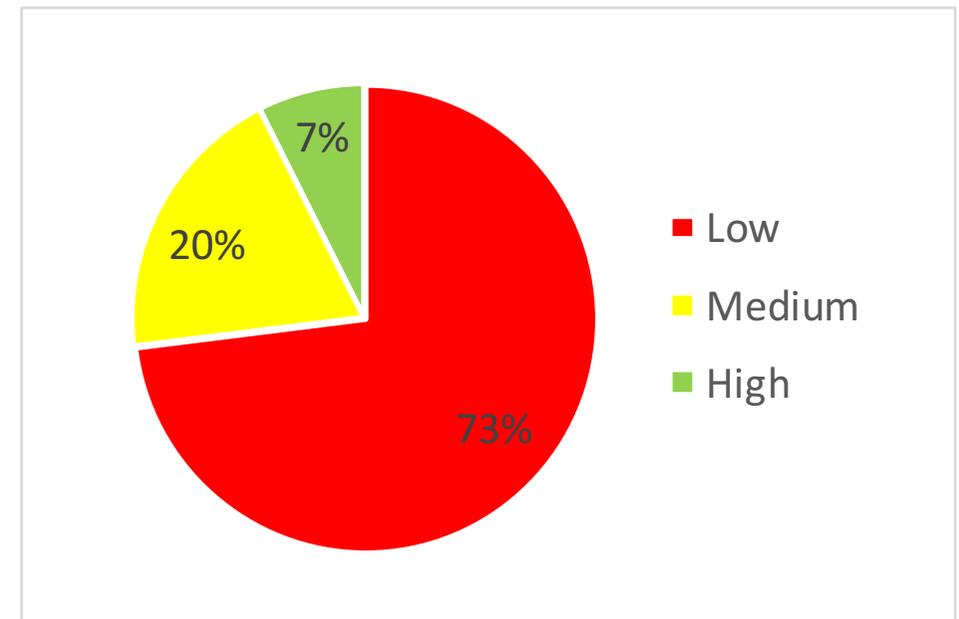
## Controversial and difficult to assess

Plausibility of additionality by ERUs issued



Source: Kollmuss/Schneider/Zhezherin (2015)

Likelihood of additionality by CER supply potential 2013-2020



Source: Cames et al. (2017)

# Distinguishing new from implemented projects

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## Vintage restrictions

**Date of investment decision**

- Most closely reflects whether a project could have been implemented in response to CORSIA

**Registration date**

- Projects implemented well in the past could still be registered

**Start of emission reductions**

- Not always documented

**Start of crediting period**

- Often not related to the start of emission reductions

# Conclusions

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- **Double claiming**
  - Critical to address between UNFCCC and CORSIA
  - Corresponding adjustments can address double claiming
  - Should be addressed for ALL international targets
  - Diversity of mitigation targets a practical challenge
- **Prioritization of projects**
  - New projects: Project types more likely to be additional
  - Implemented projects: Project types more likely to be vulnerable of discontinuing GHG abatement
- **Appropriate vintage criteria to differentiate new and existing projects is critical**

# Thank you for your attention!

Relevant publications:

[Supply and sustainability of carbon offsets and alternative fuels for international aviation](#)

(Stockholm Environment Institute Working Paper)

[Environmental Integrity under Article 6 of the Paris Agreement](#)

(Discussion paper for the German Environment Agency)

[Environmental Integrity under Article 6 of the Paris Agreement](#)

(Stockholm Environment Institute Policy Brief)

[Robust Accounting of International Transfers under Article 6 of the Paris Agreement - Preliminary Findings](#)

(Discussion paper for the German Environment Agency)

[Addressing double counting of emissions reductions under UNFCCC](#)