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

17th 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

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?

### Issue

- **Double issuance**
  - Two units issued for the same reduction

- **Double claiming**
  - Reductions are claimed by the seller and buyer country

- **Double use**
  - The same unit is used twice

### Main solution

- **Mechanism design**
  - E.g. checks by verifiers

- **Accounting rules**
  - E.g. corresponding adjustments

- **Tracking transfers**
  - E.g. registries
How can double claiming occur between national targets and CORSIA?

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
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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<th>Approaches</th>
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<td><strong>Double issuance</strong></td>
<td>• Require that programmes have relevant checks for double issuance with other mechanisms</td>
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| **Double claiming** | • Require **letters of approval** from host countries including commitments by the country to apply corresponding adjustments  
                          • Require **evidence of application of corresponding adjustments** for the units used under CORSIA |
| **Double use**    | • Require that mechanisms have systems in place to track unit transfers and their use        |
Already implemented or new activities?

- 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

**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

- Hydro
- Wind
- Biomass
- N2O
- HFCs
- Fugitive
- CMM
- Others

~ 4.7 bn CERs
Total potential CER supply for 2013 - 2020

Project vulnerability
- Generally low
- Generally high
- Variable vulnerability
- Not assessed

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

Controversial and difficult to assess

Plausibility of additionality by ERUs issued

Likelihood of additionality by CER supply potential 2013-2020

Source: Kollmuss/Schneider/Zhezherin (2015)  
Source: Cames et al. (2017)
### Distinguishing new from implemented projects

#### Vintage restrictions

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<th>Date of investment decision</th>
<th>• Most closely reflects whether a project could have been implemented in response to CORSIA</th>
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<td>Registration date</td>
<td>• Projects implemented well in the past could still be registered</td>
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<td>Start of emission reductions</td>
<td>• Not always documented</td>
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<td>Start of crediting period</td>
<td>• Often not related to the start of emission reductions</td>
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Conclusions

- **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