GUIDELINES ON AVOIDING DOUBLE COUNTING FOR THE CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION

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EXECUTIVE SUMMARY

These Guidelines are a product of the Avoiding Double Counting Working Group which was convened and funded by Climate Works Foundation. Meridian Institute provided facilitation and logistical support, and subject matter expertise was provided by the Stockholm Environment Institute.
ABOUT THESE GUIDELINES

These Guidelines are intended to facilitate the avoidance of double counting of greenhouse gas (GHG) emission reductions under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), adopted by the International Civil Aviation Organization (ICAO) in 2016. The Guidelines aim to help entities that manage carbon offset-crediting programs (hereafter referred to as “programs”), as well as project owners, governments, non-governmental organizations, and other stakeholders, identify how and under which conditions double counting can occur, and offer guidance and good practice examples for avoiding different forms of double counting. The Guidelines could also inform the wider implementation of carbon market approaches, including in the context of the Paris Agreement.

The Guidelines were developed through a multi-stakeholder consensus decision-making process, by a working group consisting of representatives of the American Carbon Registry, Carbon Market Watch, Climate Action Reserve, Environmental Defense Fund, the Gold Standard Foundation, the International Emissions Trading Association, Verra, and the World Wildlife Fund, with critical input from outside experts. The “Avoiding Double Counting (ADC) Working Group” defined consensus as no dissent. The entire content of the Guidelines reflects a consensus outcome of the ADC Working Group, with an important exception: ADC Working Group members Carbon Market Watch, Environmental Defense Fund, and World Wildlife Fund stress that while paragraph 77d in the Annex to Decision 18/CMA.1 on “Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement” and paragraph 17 of Decision 4/CMA.1 on “Further guidance in relation to the mitigation section of decision 1/CP.21” provide important foundational elements for avoiding double counting, application of these CMA Decisions: a) does not necessarily represent best practice, b) may not be sufficient to avoid all forms of double counting, and c) could be undermined by future CMA decisions. For example, if the CMA were, in the future, to decide that Parties need not make corresponding adjustments when authorizing the use, for purposes other than towards NDCs, of credits issued for emissions reductions and removals originating outside the scope of NDCs, such a decision, in the view of these Working Group members, would allow double counting of mitigation efforts with CORSIA, undermining CORSIA’s environmental integrity. In such a case, these Working Group members would object to the use of such double counted credits for CORSIA compliance even though the Guidelines could be interpreted to allow such use.

A complete list of the members of the ADC Working Group can be found in Annex III.1. The ClimateWorks Foundation initiated the working group process, provided financial support, and participated in ADC Working Group deliberations. The Meridian Institute served as co-convener of the ADC Working Group, facilitated the meetings of the working group and assisted the group to achieve a consensus outcome. The Stockholm Environment Institute supported the process through the involvement of Derik Broekhoff and Lambert Schneider, two subject matter experts who prepared an initial options paper, followed by successive drafts of the Guidelines based on substantive inputs from Working Group members.
EXECUTIVE SUMMARY

In 2016, the Assembly of the International Civil Aviation Organization (ICAO) established the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to help achieve its aspirational goal of carbon-neutral growth starting in 2021. Under the CORSIA, aeroplane operators will be required to purchase eligible emissions units to meet their carbon offsetting requirements. Carbon offset-crediting programs (hereinafter referred to as “programs”) that wish to provide offset credits for use under CORSIA must be approved by the ICAO Council. One of the criteria for approval is that programs have rules and procedures in place to avoid double counting with respect to these offset credits. These Guidelines intend to assist programs in establishing or revising relevant program documents – such as standards, procedures, guidelines and forms – in order to implement good practices and satisfy the provisions for avoiding double counting under CORSIA.

These Guidelines can also be informative for other users, including project owners, governments, aeroplane operators, civil society organizations, and other stakeholders. The Guidelines provide guidance and good practice examples of the actions that these third parties may need to take in order to satisfy double-counting-related requirements under CORSIA. In addition, the Guidelines can inform the ongoing negotiations on, and the subsequent implementation, of the Paris Rulebook. While these Guidelines focus on avoiding double counting in the context of the CORSIA, many aspects are also relevant if offset credits are used for other purposes, such as for achieving nationally determined contributions (NDCs) under the Paris Agreement.

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Double counting can occur in three ways: (1) double issuance of emissions units; (2) double use of emissions units; and (3) double claiming of the same emission reductions or removals by both the country in which the emission reductions or removals occur and an aeroplane operator using emission units under CORSIA. These Guidelines identify policies, standards, procedures, and operational capabilities that programs should adopt to address all three types of double counting.

Several issues are not addressed in these Guidelines: whether and how double counting should be avoided in the period up to 2020; whether and how offset credits issued for emission reductions or removals that are not covered by NDC targets should be accounted for; potential double counting issues that could arise in relation to other international frameworks that contribute to mitigating climate change, such as under the International Maritime Organization; whether and how NDC targets in non-GHG metrics should be accounted for; and potential double counting issues that arise from the use of lower carbon aviation fuels or sustainable aviation fuels. Likewise, voluntary climate action is outside the scope of these Guidelines. Some of these issues may be addressed in future revisions to these Guidelines.

INCORPORATION OF THESE GUIDELINES IN PROGRAM DOCUMENTS AND OPERATIONS

Programs should incorporate the provisions set forth in these Guidelines into their relevant program documents and operations (section II.2). The relevant program documents typically include standards, procedures, guidelines and forms.
FUNCTIONAL CAPABILITIES OF PROGRAM REGISTRY AND PROJECT DATABASE SYSTEMS

Programs should administer robust registry and project database systems that support offset credit issuance, transfer, and cancellation functions, and make relevant information on projects and offset credits publicly available (section II.3). In particular, a program’s offset credit registry system should be capable of securely and transparently effectuating the issuance, transfer, and cancellation of offset credits; allow the tagging of each offset credit with a unique identifier (e.g., serial number) so that information relevant for avoiding double counting can be assigned to each offset credit; make relevant information on offset credits available to users and the public; and incorporate offset credit cancellation procedures that ensure that cancellation is clearly indicated, irreversible, and unambiguously designated for an intended purpose.

USE OF GLOBAL WARMING POTENTIALS

To convert emissions of greenhouse gases other than CO₂ into CO₂ equivalents, programs should use the 100-year time-horizon global warming potential (GWP) values from the 4th assessment report of the Intergovernmental Panel on Climate Change (IPCC) for emission reductions or removals that occur before 1 January 2021, and the values from the 5th assessment report for emission reductions or removals that occur on or after 1 January 2021 (section II.4).

AVOIDING DOUBLE ISSUANCE

To avoid double issuance, programs should adopt a series of standards and procedures (section II.5), including protocols for offset credit issuance that ensure that offset credits are only issued after final program approval of verification reports and any other supporting documentation related to a project’s asserted emission reductions or removals; quantification standards and project eligibility criteria that ensure that different projects cannot be issued credits for the same emission reductions or removals; and standards and procedures that avoid double issuance due to double registration of projects (both within the same registry system and across multiple registries).

AVOIDING DOUBLE CLAIMING WITH CLIMATE CHANGE MITIGATION UNDER THE PARIS AGREEMENT

To avoid double claiming with climate change mitigation under the Paris Agreement (section II.6), these Guidelines recommend a series of steps to be taken by both programs and countries (see Figure ES-1). To effectively avoid such double claiming, countries need to account for offset credits used by aeroplane operators. Using the terminology of the Paris Agreement, these Guidelines refer to “adjustments” as the effective bookkeeping entries that countries use to account for the use of an offset credit under CORSIA. Programs should adopt standards and procedures that will provide transparency on the use of offset credits under CORSIA and facilitate the transparent application of adjustments by countries.

To facilitate the transparent application of adjustments, as well as transparent reporting by countries on the use of offset credits under CORSIA, programs should adopt standards and procedures to identify for each offset credit:

► The country (or countries) in which emission reductions/removals occurred;
► The calendar years in which the emission reductions/removals occurred;
► Whether associated project activities and/or emission reductions/removals are covered by NDC targets;
► Whether an adjustment is needed to avoid double claiming with regard to the use of the offset credits under CORSIA.

Relevant NDC targets should include GHG targets, including absolute, relative, or intensity-based GHG emissions targets. These targets should be identified regardless of whether a project’s associated emission reductions or removals are covered or not covered by these targets. Relevant NDC targets should also include targets expressed in non-GHG metrics, such as renewable energy targets or energy efficiency targets. These targets only need to be identified if the project’s implementation affects progress towards achieving the target (e.g. it involves or affects activities covered by the target).
Programs should also clearly specify which time period is considered applicable for assessing whether a project and its associated emission reductions or removals are covered by NDC targets. If relevant decisions under the Paris Agreement specify the time periods that are applicable for avoiding double counting for different types of NDC targets, then programs should apply these time periods. If relevant decisions under the Paris Agreement do not specify the applicable time periods, then programs should use the time periods communicated by countries in their NDCs or, if these are not available, use a time period that extends from 2021 until the year for which the target is specified (e.g., 2025 or 2030). Emission reductions or removals that occur outside the identified time period(s) should be treated as not covered, even if they occur at sources or sinks otherwise included within relevant NDC targets.

FIGURE ES-1. Steps for programs and countries for avoiding double claiming with climate change mitigation under the Paris Agreement

KEY:
- Programs and/or project owners
- Countries
- Programs
- Aeroplane operators
- UNFCCC, ICAO and ADC Guideline information requirements

International rules under the Paris Agreement

Other CORSIA (and Guideline) requirements

UNFCCC and ICAO receive relevant information

Programs and/or project owners identify countries where the reductions occurred

Programs and/or project owners identify calendar years in which the reductions occurred

Programs and/or project owners identify whether a project is covered by NDC targets

Programs and/or project owners identify the need for adjustments

Programs and/or project owners request a letter of assurance and authorization from relevant countries

Programs quality offset credits for use under CORSIA

Aeroplane operators cancel offset credits to fulfill offsetting requirements

Programs report on offset credits issued and cancelled (II.9)

Programs seek evidence for the application of adjustments by countfles

Countries issue a letter of assurance and authorization

Countries receive information on the aeroplane operators’ fulfilment of their offsetting requirements

Countries apply adjustments

Programs and/or project owners identify countries where the reductions occurred

Programs and/or project owners identify calendar years in which the reductions occurred

Programs and/or project owners identify whether a project is covered by NDC targets

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Programs report on offset credits issued and cancelled (II.9)

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Countries issue a letter of assurance and authorization

Countries receive information on the aeroplane operators’ fulfilment of their offsetting requirements

Countries apply adjustments
As it will take some time until countries will apply and report on adjustments – because the relevant accounting systems still have to be developed and implemented and because the first biennial transparency reports under Article 13 may only be submitted in 2024 – the Guidelines envision that countries can, as long as this does not infringe future decisions under the Paris Agreement, publicly declare in a “letter of assurance and authorization” that they will apply relevant adjustments later. These letters should, inter alia:

- Authorize the use of the project’s emission reductions or removals, issued as offset credits, by aeroplane operators in order to meet offsetting requirements under CORSIA;
- Declare that the country will not use the project’s associated emission reductions or removals to track progress towards, or for demonstrating achievement of, its NDC and will account for their use by aeroplane operators by applying relevant adjustments.

Once such a letter is received, programs may qualify offset credits from projects referenced in the letter for use under CORSIA, as long as all other CORSIA requirements and provisions in these Guidelines have been met.

Finally, programs should establish procedures to follow up on whether countries have applied adjustments.

**AVOIDING DOUBLE CLAIMING WITH MANDATORY DOMESTIC MITIGATION TARGETS**

Programs should also adopt standards and procedures to avoid double claiming with mandatory domestic climate change mitigation targets (section II.7). In general, programs may address potential double counting or overlap related to these targets through any of the following options:

- Requiring that, if offset credits are associated with activities or emission reductions/removals covered by these targets, the activities or emission reductions/removals are not counted towards achievement of the targets;
- Not issuing offset credits for activities or emission reductions or removals that are covered by the targets; or
- Not qualifying offset credits for use under CORSIA if the associated activities or emission reductions or removals are covered by the targets.

**PROCEDURE FOR THE QUALIFICATION OF OFFSET CREDITS FOR USE UNDER CORSIA**

If a program intends to issue, or has already issued, offset credits for which not all double counting requirements set out in these Guidelines are initially satisfied (e.g. because meeting such requirements is not necessary for their use outside of CORSIA), then the program should establish a procedure under which project owners or offset credit holders can request that offset credits be qualified for meeting offsetting requirements under the CORSIA (section II.8). The procedure should ensure that offset credits are not qualified by a program for use under CORSIA unless all CORSIA-related program requirements have been satisfied. The fulfilment of program requirements should be demonstrated through appropriate supporting documentation that is made publicly available.

**PROGRAM REPORTING TO SUPPORT TRANSPARENCY**

To facilitate transparency, these Guidelines establish provisions for programs to report on the issuance and use of offset credits (section II.9). Annually reported information should include, at a minimum:

- Total issued offset credits by country, calendar year, and the need for application of adjustments;
- Total cancelled offset credits by aeroplane operator; and
- The maximum number of emission reductions or removals, from projects registered with the program, authorized by countries for use by other countries or entities, by country and calendar year.

The regular publication of reports with aggregated information can facilitate the avoidance of all forms of double counting, and assist countries in applying adjustments. In addition, program reporting can assist countries to track more generally the use of a project’s emission reductions or removals by other countries or entities, and to report the authorization and use of the emission reductions or removals in conjunction with national inventory reports.
Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation