

Application of the CCQI 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 <u>Site terms and Privacy Policy</u> 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: <u>www.carboncreditquality.org</u>

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Sub-criterion:	1.1.2: Consideration of carbon credits before the decision to proceed with the project and restrictions on the eligibility of existing projects
Carbon crediting program:	VCS
Assessment based on carbon crediting program documents valid as of:	15 May 2022
Date of final assessment:	12 September 2023
Score:	See next page



Scores

Project Type	Methodology	Additionality Tool	Score
Efficient Cookstoves	CDM AMS-II.G:	CDM TOOL19	1
		CDM TOOL21	2
		CDM TOOL32	1
		No tool	1
Establishment of natural forests	AR-ACM0003		2
Household biodigesters	All methodologies		2
Industrial biodigester fed with	CAR U.S. Livestock Protocol		1
livestock manure	CAR Mexico Livestock Protocol		1
	ACM0010	CDM TOOL02	2
	AMS.III.D	No tool	2
		CDM TOOL21	1
		CDM TOOL32	1
Landfill gas utilization	CAR U.S. Landfill		1
	ACM0001	CDM TOOL02	2
	AMS-III.G	CDM TOOL32	1
Leak repair in natural gas transmission and distribution systems	AM0023	CDM TOOL02	2
Recovery of associated gas from oil fields	AM0009	CDM TOOL02	2
Solar photovoltaic power	ACM0002	CDM TOOL01	2
		CDM TOOL32	1
	AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	1



Wind power (onshore)	ACM0002	CDM TOOL01	2
		CDM TOOL32	1
	AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	1
Hydropower (dams)	ACM0002	CDM TOOL01	2
		CDM TOOL32	1
	AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	1
Hydropower (run-of-river)	ACM0002	CDM TOOL01	2
		CDM TOOL32	1
	AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	1



Assessment

Indicator 1.1.2.1

Relevant scoring methodology provisions

The methodology assesses whether a carbon crediting program requires project owners to publicly document their intent to register a project and? the amount of time that can lapse after a project owner makes an investment decision before any form of public documentation of the intent to use carbon credits must be made. The scores are applied as follows:

The program requires public documentation of intent of registering a project:		
Before the decision to proceed with the project is made		
Within six months after the decision to proceed with the project is made		
No such requirement, or more than six months are allowed to pass after the decision to proceed with the project is made		

Information sources considered

- 1 VCS Program Guide Version 4.0 (19 September 2019) <u>https://verra.org/wp-content/uploads/2019/09/VCS Program Guide v4.0.pdf</u>
- 2 VCS Standard Version 4.1 (22 April 2021) <u>https://verra.org/wp-content/uploads/2021/04/VCS-Standard v4.1.pdf</u>
- 3 VCS Methodology Requirements Version 4.0 (19 September 2019) <u>https://verra.org/wp-content/uploads/2019/09/VCS_Methodology_Requirements_v4.0.pdf</u>
- 4 VCS Program Definitions Version 4.1 (9 April 2020) <u>https://verra.org/wp-content/uploads/2021/04/Program_Definitions_v4.1.pdf</u>
- 5 VMR0006 Methodology for Installation of High Efficiency Firewood Cookstoves Version 1.0 (8 September 2020) <u>https://verra.org/wp-content/uploads/2020/09/VMR0006-Methodology-for-Installation-of-High-Efficiency-Firewood-Cookstovev-v1.0.pdf</u>
- 6 Catalogue of Approved Methodologies, Modules & Tools <u>https://verra.org/project/vcs-program/methodologies/methodology-catalog/</u>
- 7 Registration and Issuance Process, Version 4.0 (19 September 2019) <u>https://verra.org/wp-content/uploads/2019/09/Registration_and_Issuance_Process_v4.0.pdf</u>

Relevant carbon crediting program provisions

Provision 1 Source 2, section 3.16.2 "Local Stakeholder Consultation", page 40: "The project proponent shall conduct a local stakeholder consultation prior to validation as a way to inform the design of the project and maximize participation from stakeholders. Such



consultations allow stakeholders to evaluate impacts, raise concerns about potential negative impacts and provide input on the project design."

Assessment outcome

The carbon crediting program is assigned a score of 1.

Justification of assessment

The carbon crediting program's provisions do not include any requirements for public documentation of intent before the investment decision. Local stakeholder consultations, which could be interpreted as a public documentation of intent, are only required prior to validation (Provision 1).

Indicator 1.1.2.2

Relevant scoring methodology provisions

The methodology assesses whether carbon crediting programs place a limit on the time that can lapse after a mitigation activity starts reducing or removing emissions for a project to be eligible under the program. If the program has any restrictions in place, it receives an upgrade of 1 score point to the score received under indicator 1.1.2.1 otherwise this score is retained.

The program has time restrictions until when validation or registration needs to be completed for projects that already started the mitigation activity	Upgrade to score received under indicator 1
Yes	+1 score point
No	No change

Information sources considered

- 1 VCS Program Guide Version 4.0 (19 September 2019) <u>https://verra.org/wp-content/uploads/2019/09/VCS_Program_Guide_v4.0.pdf</u>
- 2 VCS Standard Version 4.1 (22 April 2021) <u>https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf</u>
- 3 VCS Methodology Requirements Version 4.0 (19 September 2019) <u>https://verra.org/wp-content/uploads/2019/09/VCS_Methodology_Requirements_v4.0.pdf</u>
- 4 VCS Program Definitions Version 4.1 (9 April 2020) <u>https://verra.org/wp-content/uploads/2021/04/Program_Definitions_v4.1.pdf</u>
- 5 VMR0006 Methodology for Installation of High Efficiency Firewood Cookstoves Version 1.0 (8 September 2020) <u>https://verra.org/wp-content/uploads/2020/09/VMR0006-Methodology-for-Installation-of-High-Efficiency-Firewood-Cookstovev-v1.0.pdf</u>
- 6 Catalogue of Approved Methodologies, Modules & Tools <u>https://verra.org/project/vcs-program/methodologies/methodology-catalog/</u>
- 7 Registration and Issuance Process, Version 4.0 (19 September 2019) <u>https://verra.org/wp-content/uploads/2019/09/Registration_and_Issuance_Process_v4.0.pdf</u>



Relevant carbon crediting program provisions

- Provision 1 Source 2, section 3.7 "Project Start Date Concept", page 25: "The project start date of a non-AFOLU project is the date on which the project began generating GHG emission reductions or removals. The project start date of an AFOLU project is the date on which activities that led to the generation of GHG emission reductions or removals are implemented (e.g., preparing land for seeding, planting, changing agricultural or forestry practices, rewetting, restoring hydrological functions, or implementing management or protection plans). Projects shall complete validation within specific timeframes from the project start date."
- Provision 2 Source 2, sections 3.7.1 3.7.2 "Project Start Date Requirements Non-AFOLU Projects", page 25: "Non-AFOLU projects shall complete validation within two years of the project start date. Additional time is granted for non-AFOLU projects to complete validation where they are applying a new VCS methodology. Specifically, projects using a new VCS methodology and completing validation within two years of the approval of the methodology by Verra may complete validation within four years of the project start date.

Note that new VCS methodology in this context refers to both newly issued VCS methodologies and newly issued VCS revisions to approved GHG program methodologies. The grace period does not apply in relation to any subsequent versions of such new methodologies and new methodology revisions that may be issued."

- Provision 3 Source 2, section 3.7.3 "Project Start Date Requirements AFOLU Projects", page 25: "AFOLU projects shall complete validation within five years of the project start date."
- Provision 4 Source 2, sections 3.7.4 and 3.7.5 "Project Start Date Requirements ODS Projects", page 26: "ODS projects shall comply with at least one of the following in relation to project start date:

1) The project start date shall not be before the Montreal Protocol production phaseout deadline (except for critical/essential uses) for the relevant ODS as it applies to the host country and/or any country from which ODS destroyed by the project is imported (as applicable); or

2) The project start date shall not be before the date the host country and/or any country from which ODS destroyed by the project is imported (as applicable) implements the production phase-out, or consumption phase-out where such country does not produce the relevant ODS, of the relevant ODS (critical/essential uses exempted). Such phase-outs shall be implemented in combination with an import ban on the relevant ODS (critical/essential uses exempted). This project start date requirement accounts for countries that phase-out the relevant ODS in advance of their Montreal Protocol production phase-out deadline.

Note – The project can destroy ODS that has not been phased out under either of the two options in above (e.g., if one ODS has contaminated another), but it shall receive no credit for the destruction of such ODS. Note also that the relevant production



phase-out deadlines are those of the individual substances and not the substance groups.

Note – The relevant production phase-out deadlines are those of the individual substances and not the substance groups."

Where the project imports ODS, it shall provide documentary evidence, such as shipping manifests and bills of lading, to demonstrate that the ODS originates from a country meeting with the above."

- Provision 5 Source 2, section 3.7.6 "Project Start Date Standardized Methods, page 26: "Notwithstanding the requirements set out in Sections 3.7.1 – 3.7.5 above, projects applying a standardized method for determining additionality shall initiate the project pipeline listing process set out in the VCS Program document Registration and Issuance Process within the project validation timelines set out above. Validation may be completed any time thereafter. For example, a non-AFOLU project applying a standardized method for determining additionality shall initiate the project pipeline listing process within two years of the project start date, and may complete validation any time thereafter."
- Provision 6 Source 2, section 3.7.6 "Project Start Date Projects registered with Other GHG Programs", page 26: "For projects registered under an approved GHG program which are seeking registration with the VCS Program, further specification with respect to the validation deadline is set out in Sections 3.19.5 and 3.19.6."
- Provision 7 Source 2, section 3.19.5 "Approved GHG Programs", page 46: "The approved GHG program validation (or verification, where the approved GHG program does not have a validation step) or VCS validation shall be completed within the relevant validation deadline as set out in Section 3.7. Validation (or verification) is deemed to have been completed when the validation (or verification) report that is submitted to the relevant program to request registration has been issued."
- Provision 8 Source 2, section 3.19.6 "Other GHG Programs", page 47: "The validation or verification that is submitted to request registration under the other GHG program shall be completed within the relevant validation deadline set out in Section 3.7. Validation or verification is deemed to have been completed when the validation or verification report that is submitted to the other GHG program to request registration has been issued."

Assessment outcome

The program receives an upgrade to the score achieved for indicator 1.1.2.1 for projects using nonstandardized methods to demonstrate additionality. Projects applying a standardized methods to demonstrate additionality do not receive an upgrade to the score achieved for indicator 1.1.2.1.

Justification of assessment

The carbon crediting program has time restrictions in place until when validation needs to be completed for projects that already started the mitigation activity (Provisions 1-4). This however only applies to projects not applying a standardized method for determining additionality (Provision 5).



Projects using a standardized method for determining additionality can complete validation any time after listing with VCS (Provision 5).

Whether a standardized or non-standardized approach can be applied for demonstrating additionality is defined in the quantification methodology applied by the project owner. Scoring for this subcriterion is therefore differentiated by quantification methodology.

Next to VCS methodologies, project owners may also apply CAR and CDM methodologies under the VCS.

The table below displays the options that project owners can chose for demonstrating additionality for the quantification methodologies applicable under the VCS for the combination of project types and carbon crediting programs assessed.

Project Type	Program	Methodology	Available methods to demonstrate additionality	Type of method
	CAR	U.S. Landfill Protocol	Performance Standard Test	Standardized
			TOOL02	Non-Standardized
Landfill Gas Utilization		ACM0001	TOOL32	Standardized
Othization	CDM			(positive list)
			TOOL32	Standardized
		AMS-III.G		(positive list)
	CDM	AMS-II.G	No tool	Standardized
			TOOL19	Standardized
Efficient Cookstoves				(positive list)
			TOOL21	Non-standardized
			TOOL32	Standardized
				(positive list)
Establishment of Natural Forests	CDM	CDM AR-ACM0003	A/R combined tool	Non-standardized
Household biodigesters	CDM	AMS-III.R	TOOL21	Non-standardized
Industrial biodigester fed	CAR	U.S. Livestock		Standardized

Table 1 Methods for demonstrating additionality



with livestock manure	CAR	Mexico Livestock		Standardized
		ACM0010	CDM TOOL2	Non-standardized
		AMS-III.D	No tool	Non-standardized
	CDM		CDM TOOL21	Non-standardized
				Standardized
			CDM TOOL32	(Positive list)
Leak repair in natural gas transmission and distribution systems	CDM	AM0023	CDM TOOL02	Non-Standardized
Recovery of associated gas from oil fields	CDM	AM0009	CDM TOOL02	Non-Standardized
Solar	notovoltaic	ACM0002	CDM TOOL01	Non-Standardized
photovoltaic power			CDM TOOL32	Standardized (Positive list)
	CDM	AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	Standardized (includes positive list option)
Wind power		ACM0002	CDM TOOL01	Non-Standardized
(onshore)			CDM TOOL32	Standardized (Positive list)
	СДМ	AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	Standardized (includes positive list option)
Hydropower	СДМ АСМО		CDM TOOL01	Non-standardized
(dams)		ACM0002	CDM TOOL32	Standardized (Positive list)



		AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	Standardized (includes positive list option)
Hydropower (run-of-river)		ACM0002	CDM TOOL01	Non-standardized
(run-of-river)			CDM TOOL32	Standardized (Positive list)
	СДМ	AMS-I.D	General guidelines for SSC CDM methodologies, information on additionality	Standardized (includes positive list option)

Source: Own representation.

Scoring results

According to the above assessment, the carbon crediting program achieves the following scores for this sub-criterion:

Projects applying:

- CAR U.S. Landfill Protocol: 1
- CAR U.S. Livestock: 1
- CAR Mexico Livestock :1
- CDM ACM0001
 - With TOOL02: 2
 - With TOOL32: 1
- CDM ACM0002:
 - With TOOL01: 2
 - With TOOL32: 1
- CDM AMS-I.D: 1
- CDM AMS-II.G:
 - \circ $\,$ With TOOL 19: 1 $\,$
 - \circ $\,$ With TOOL 21: 2 $\,$
 - With TOOL32: 1
 - \circ No tool: 1



- CDM AMS-III.G: 1
- CDM AR-ACM0003: 2
- CDM AMS-III.R: 2
- CDM ACM0010: 2
- CDM AMS-III.D
 - \circ No tool: 2
 - TOOL21: 1
 - TOOL32: 1
- CDM AM0023: 2
- CDM AM0009: 2



Annex: Summary of changes from previous assessment sheet versions

The following table describes the main substantive changes implemented in comparison to the assessment from 31 January 2023.

Торіс	Rationale
Score on cover sheet	Scores have been updated to include assessments of the project types hydropower (dams) and hydropower (run-of-river).
	Typos in name methodology ACM0002 (omission of one zero) has been corrected.
Indicator 1.1.2.2	Table 1 has been updated by adding additional methodologies for the new project types.