

## Application of the Oeko-Institut/WWF-US/EDF 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 [Site terms and Privacy Policy](#) 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: [www.carboncreditquality.org](http://www.carboncreditquality.org)

Sub-criterion:	<a href="#">2.2.2: Avoiding indirect overlaps between projects</a>
Carbon crediting program:	CDM
Assessment based on carbon crediting program documents valid as of:	<a href="#">30 June 2021</a>
Date of final assessment:	<a href="#">20 May 2022</a>
Score:	<a href="#">Establishment of natural forest: 5</a> <a href="#">Landfill gas utilization: 3</a> <a href="#">Efficient cookstoves: 1</a>

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## Assessment

### Relevant scoring methodology provisions

Double issuance can occur indirectly through overlapping claims by different entities involved in mitigation projects. Indirect overlaps between projects can only occur in cases where projects, in calculating their emission reductions or removals, include emissions sources that occur at other sites than where the project is implemented. This risk is only applicable to some project types. The following table provides examples of project types with or without a risk of indirect overlaps:

Project types with potential indirect overlaps between projects	Project types without potential indirect overlaps between projects
<ul style="list-style-type: none"> <li>· Landfill gas utilization</li> <li>· Renewable electricity generation</li> <li>· Biomass use</li> <li>· Composting</li> </ul>	<ul style="list-style-type: none"> <li>· Landfill gas flaring</li> <li>· Avoidance of N<sub>2</sub>O from nitric or adipic acid production</li> <li>· Energy efficiency improvements in thermal on-site applications</li> </ul>

For project types for which this risk is not relevant, the score is 5. For other project types, the scoring depends on the carbon crediting programs' procedures to address this risk. The scoring approach for carbon crediting program procedures to avoid indirect overlaps between projects is as follows:

Program requirements	Score
The program only credits those types of projects for which overlaps between projects are very unlikely to occur	5
The program has robust provisions in place that effectively identify and avoid overlaps between projects registered within the program <i>and</i> projects registered under other programs (see principles in the methodology)	5
The program has robust provisions in place that effectively avoid overlaps between projects registered <i>within</i> the same program	3
The program does not have robust provisions in place to avoid indirect overlaps between projects	1

### Information sources considered

- 1 Large-scale consolidated methodology: flaring or use of landfill gas, version 19.0, ACM0001, available at <https://cdm.unfccc.int/methodologies/DB/JPYB4DYQUXQPZLBDVPHA87479EMY9M>
- 2 Small-scale methodology landfill methane recovery, version 10.0, AMS-III.G., available at <https://cdm.unfccc.int/methodologies/DB/0KHNES8D09H134V3TZDQ47C3LQL3H2>
- 3 Small-scale methodology methane recovery in wastewater treatment, version 19.0, AMS-III.H, available at <https://cdm.unfccc.int/methodologies/DB/K7FDTJ4FL3432I1UKRNKLDCUFAMBX7>
- 4 CDM Website – Methodologies, available at <https://cdm.unfccc.int/methodologies/index.html>
- 5 Decision 17/CP.7 Modalities and procedures for a clean development mechanism, as defined in Article 12 of the Kyoto Protocol, available at <https://unfccc.int/documents/2518>

## Relevant carbon crediting program provisions

- Provision 1 Source 1, section 2.2, paragraph 3: "The methodology is applicable under the following conditions [...] c) Flare the LFG and/or use the captured LFG in any (combination) of the following ways: (i) Generating electricity; (ii) Generating heat in a boiler, air heater or kiln (brick firing only) or glass melting furnace; and/or (iii) Supplying the LFG to consumers through a natural gas distribution network; (iv) Supplying compressed/liquefied LFG to consumers using trucks; (v) Supplying the LFG to consumers through a dedicated pipeline."
- Provision 2 Source 2, section 2.2, paragraph 3: "Different options to utilise the recovered landfill gas as detailed in paragraph 4 of "AMS-III.H.: Methane recovery in wastewater treatment" (version 19.0) are eligible for use under this methodology. The relevant procedures in AMS-III.H. shall be followed in this regard".
- Provision 3 Source 3, section 2.2., paragraph 4: "The recovered biogas from the above measures may also be utilised for the following applications instead of combustion/flaring
- (a) Thermal or mechanical, electrical energy generation directly;
  - (b) Thermal or mechanical, electrical energy generation after bottling of upgraded biogas, in this case additional guidance provided in the appendix shall be followed; or
  - (c) Thermal or mechanical, electrical energy generation after upgrading and distribution, in this case additional guidance provided in the appendix shall be followed:
    - (i) Upgrading and injection of biogas into a natural gas distribution grid with no significant transmission constraints;
    - (ii) Upgrading and transportation of biogas via a dedicated piped network to a group of end users; or
    - (iii) Upgrading and transportation of biogas (e.g. by trucks) to distribution points for end users;
  - (d) Hydrogen production;
  - (e) Use as fuel in transportation applications after upgrading".

## Assessment outcome

Establishment of natural forest: 5

Landfill gas utilization: 3

Efficient cookstoves: 1

## Justification of assessment

Among the three project types assessed, efficient cookstoves and landfill gas utilization projects include emissions sources in the calculation of emission reductions that occur at other sites than where the project is implemented. This implies a risk of indirect overlaps with other projects.

In the case of efficient cookstove projects, the owner of a cookstove project receives credits for reducing woody biomass consumption, which results in maintaining or increasing carbon stocks on the relevant land areas. An indirect overlap could, for example, happen if at the same time an owner of an improved forest management project implemented on these land areas receives credits from enhanced forest stocks achieved as a result of the cookstove project. For this reason, the scoring for efficient cookstove projects depends on the carbon crediting program's provisions to address the risk of indirect overlaps.

In the case of landfill gas utilization projects, the owner of the landfill gas project may receive carbon credits for generating electricity with the captured gas or for selling the gas, thereby displacing the use of fossil fuels at other sites. An indirect overlap could, for example, happen if the user of the electricity or the gas implements another project and claims the emission reductions from using the electricity or gas. For this reason, the scoring for landfill gas utilization projects depends on the carbon crediting program's provisions to address the risk of indirect overlaps.

In the case of projects to establish natural forest, the risk of indirect overlaps is less relevant. Any extraction of biomass that is extracted from the project area and used under other projects would imply a decline in the amount of biomass stored in the land area, and thus be deducted from future issuances (or accounted for under non-permanence provisions). Moreover, projects to establish natural forest typically do not include any significant emission sources outside the project site in the calculation of emission reductions. Any such emissions, such as from fertilization production or transportation, are relatively small. For this reason, projects establishing natural forest are assigned a score of 5.

The CDM does not have any general provisions to avoid indirect overlaps between projects.

With regard to landfill gas utilization projects, the main risk is that the emission reductions from using the gas, or the electricity generated with the gas, are claimed under another project. Within the CDM such overlaps are effectively avoided, as under the available approved methodologies only the production and use of gas or the production of electricity is eligible as a project activity (Provisions 1, 2 and 3) but no methodology is available for crediting the use of gas or electricity from landfill gas projects (Source 4). However, the CDM does not have procedures to handle such overlaps with other carbon crediting programs. Therefore, for landfill gas utilization projects a score of 3 is assigned.

In the case of cookstove projects, the main risk is that other entities may claim carbon credits from the enhancements of carbon stored on the relevant land areas. Improved forest management or avoided deforestation is not eligible under the CDM (Source 5). However, it is still possible that a CDM afforestation and reforestation activity would claim more carbon credits because less fuel wood is used under a cookstove project. In this case, both projects would claim the same emission reductions. Therefore, in the case of efficient cookstove projects a score of 1 is assigned.