

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

Criterion:	2.3: Avoiding double use
Carbon crediting program:	ACR
Assessment based on carbon crediting program documents valid as of:	15 May 2022
Date of final assessment:	08 November 2022
Score:	3.75

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Assessment

Indicator 2.3.1

Relevant scoring methodology provisions

“To address the risk of double use due to the cancellation of one carbon credit for more than one purpose, the registry system has functionalities to document the purposes for which carbon credits are used.”

Information sources considered

- 1 ACR Operating Procedures, April 2022, available at https://americancarbonregistry.org/how-it-works/membership/acr-operating-procedures/acr-operating-procedures_april-2015.pdf.
- 2 The American Carbon Registry Standard. Requirements and specifications for the quantification, monitoring, reporting, verification, and registration of project-based GHG emissions reductions and removals. Version 7.0, December 2020, available at https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard/acr-standard-v7-0_final_dec2020.pdf
- 3 Public registry reports, available at <https://americancarbonregistry.org/how-it-works/registry-reports>.

Relevant carbon crediting program provisions

Provision 1 Source 1, section 4.4 (Group Retirement Sub-Accounts): “In cases where an Account Holder has received permission from ACR to retire Offset Credits in their account on behalf of others (as described in Section 6 of the Terms of Use), a group retirement sub-account should be established. An Account Holder will create a retirement sub-account and name the sub-account beginning with “Group - [Insert Customized Name]”. For all retirements in the group retirement sub-account, the Indirect Owners must have provided written authorization to the Account Holder prior to the Account Holder completing the retirement on their behalf. ACR may audit these sub-accounts and request documentation to support the holdings. In addition, upon retirement of Offset Credits on behalf of an Indirect Owner, the Account Holder must select/enter:

Retirement Reason: Select from dropdown list

Retirement Reason Details: Name/description of Indirect/Beneficial Owner

Email Notification: Email address(es) of Indirect/Beneficial Owner”.

Provision 2 Source 1, section 8.1 (Mechanism for Credit Retirement): “To retire an Offset Credit or block of Offset Credits, an Account Holder needs only to transfer the Offset Credit(s) to a retirement sub-account. **Account Holders can retire Offset Credits by logging in with their credentials and following these steps:** [...]”

6. **Select the retirement reason from the dropdown list.**

7. **Enter any retirement reason details** such as an GHG inventory year or the name or description of an indirect/beneficial owner [...].”

Provision 3 Source 2, section B.3: “ACR’s registry platform is operational with all functionality and transparency needed to avoid double counting for CORSIA including: [...] **Retirement and cancelation procedures that ensure the removal of the unit is clearly indicated, irreversible, and unambiguously designated for an intended purpose.** For cancellations of units for the CORSIA, the cancellation information will specify the aero-plane operator for which the offset credits were cancelled and the calendar year for which an offsetting requirement is fulfilled through the cancellation.”

Provision 4 Source 2, section B.4: “ACR Annual Reporting on the qualification and use of Units for CORSIA. ACR will publish annual reports that provide aggregated information related to the issuance, CORSIA qualification and cancellation of offset credits. ACR will publish these reports within six months after the end of a calendar year and will transmit the reports to ICAO and to all countries in which the emission reductions or removals associated with issued and CORSIA qualified off-set credits occurred. Reported information will include: (i) **Quantity of CORSIA qualified offset credits issued by country, calendar year, cancelled for CORSIA and cancelled for other purposes.**”

Provision 5 Source 2, definitions: “Cancel or cancelation: The **permanent removal of an offset credit from the Registry so that it cannot be transferred, transacted, retired** or applied towards any emissions reduction targets as an ACR offset credit unit. The **exception** to this is for airplane operators who cancel units to surrender them towards their **CORSIA** compliance obligations. If the offset credit has been canceled so that the equivalent can be reissued on another offset program, ACR no longer tracks the credit ownership and permanence (if applicable).

Retire: The permanent removal of an offset credit from circulation as a transactable unit so that it represents a **permanent reduction or removal of CO₂e** from the atmosphere. A retired credit may be applied toward the emissions reduction target of the ACR account holder that retired the credit, or on behalf of a third party.”

Assessment outcome

Yes (2 Points).

Justification of assessment

The above documentation specifies that the registry system has functionalities to document the purposes for which carbon credits are used.

ACR uses the term “retirements” for the use of credits for offsetting or making a claim by a buyer. The term “cancellation” is used for credits that are permanently removed from the registry so that they cannot be transferred, retired or used towards an emission reduction target any more. Cancellations are primarily done in order to convert ACR credits to credits that can be used in

California’s regulatory market. Credits used under CORSIA are handled as “cancellations” as well (provision 5 and communication with ACR).

In order to retire credits to their retirement sub-account (provision 2), account holders need to provide information on the reason for the retirement from a dropdown list (e.g., “On Behalf of Third Party”, “Environmental Benefit” or “Retail Program Retirements”) and can additionally enter specific details on the reason for retirement in a separate field (provisions 1 and 2). Similarly, provisions in ACR’s standard (Source 2) also clarify that the purpose of a retirement needs to be indicated for the cancellation of units for CORSIA (Provisions 3 and 4). For almost all entries in the registry, a retirement reason is available (Source 3). The indicator is therefore considered to be fulfilled.

Indicator 2.3.2

Relevant scoring methodology provisions

“The program *requires* users of carbon credits (and/or their representatives) to transparently and unambiguously specify, either within the registry system or in another information system, the following information in relation to a cancellation:

- a. The voluntary goal or requirement that is achieved through the cancellation of the carbon credits (e.g., "for voluntary offsetting purposes" or "CORSIA offsetting obligation")
- b. The beneficiary, i.e. which entity's voluntary goals or mandatory requirements are met (e.g. "XYZ Airlines")
- c. The calendar year(s) for which these voluntary goals or requirements are achieved (e.g., "2024 offsetting requirement covering the 2021-2023 compliance period under CORSIA").”

Information sources considered

- 1 ACR Operating Procedures, April 2022, available at https://americancarbonregistry.org/how-it-works/membership/acr-operating-procedures/acr-operating-procedures_april-2015.pdf.
- 2 The American Carbon Registry Standard. Requirements and specifications for the quantification, monitoring, reporting, verification, and registration of project-based GHG emissions reductions and removals. Version 7.0, December 2020, available at https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard/acr-standard-v7-0_final_dec2020.pdf.
- 3 Public registry reports, available at <https://americancarbonregistry.org/how-it-works/registry-reports>.
- 4 Communication with ACR, August-November 2022.

Relevant carbon crediting program provisions

Provision 1 Source 1, section 4.4 (Group Retirement Sub-Accounts): “In cases where an Account Holder has received permission from ACR to retire Offset Credits in their account on behalf of others (as described in Section 6 of the Terms of Use), a group retirement sub-account should be established. An Account Holder will create a retirement sub-account and name the sub-account beginning with “Group - [Insert Customized

Name]”. For all retirements in the group retirement sub-account, the Indirect Owners must have provided written authorization to the Account Holder prior to the Account Holder completing the retirement on their behalf. ACR may audit these sub-accounts and request documentation to support the holdings. In addition, upon retirement of Offset Credits on behalf of an Indirect Owner, the Account Holder must select/enter:

Retirement Reason: Select from dropdown list

Retirement Reason Details: Name/description of Indirect/Beneficial Owner

Email Notification: Email address(es) of Indirect/Beneficial Owner”.

- Provision 2 Source 1, section 8.1 (Mechanism for Credit Retirement): “To retire an Offset Credit or block of Offset Credits, an Account Holder needs only to transfer the Offset Credit(s) to a retirement sub-account. **Account Holders can retire Offset Credits by logging in with their credentials and following these steps:** [...]”
6. **Select the retirement reason from the dropdown list.**
7. **Enter any retirement reason details** such as an GHG inventory year or the name or description of an indirect/beneficial owner [...]”.
- Provision 3 Source 2, section B.3: “ACR’s registry platform is operational with all functionality and transparency needed to avoid double counting for CORSIA including: [...] **Retirement and cancelation procedures that ensure the removal of the unit is clearly indicated, irreversible, and unambiguously designated for an intended purpose.** For cancellations of units for the CORSIA, the cancellation information will specify the aero-plane operator for which the offset credits were cancelled and the calendar year for which an offsetting requirement is fulfilled through the cancellation.”
- Provision 4 Source 2, section 10.B: “ACR will make public on the registry all retirements / cancelation of units toward a CORSIA offsetting obligation.”
- Provision 5 Source 2, section B.4: “ACR Annual Reporting on the qualification and use of Units for CORSIA. ACR will publish annual reports that provide aggregated information related to the issuance, CORSIA qualification and cancellation of offset credits. ACR will publish these reports within six months after the end of a calendar year and will transmit the reports to ICAO and to all countries in which the emission reductions or removals associated with issued and CORSIA qualified off-set credits occurred. Reported information will include: (i) **Quantity of CORSIA qualified offset credits issued by country, calendar year, cancelled for CORSIA and cancelled for other purposes.**”
- Provision 6 Source 1, section 10.1: “When retiring Offset Credits, Account Holders can elect to list their account name and the transferee/honoree with the retired Offset Credit information.”
- Provision 7 Source 2, definitions: “Cancel or cancelation: The **permanent removal of an offset credit from the Registry so that it cannot be transferred, transacted, retired** or applied towards any emissions reduction targets as an ACR offset credit unit. The **exception** to this is for airplane operators who cancel units to surrender them towards their **CORSIA**

compliance obligations. If the offset credit has been canceled so that the equivalent can be reissued on another offset program, ACR no longer tracks the credit ownership and permanence (if applicable).

Retire: The permanent removal of an offset credit from circulation as a transactable unit so that it represents a **permanent reduction or removal of CO₂e** from the atmosphere. A retired credit may be applied toward the emissions reduction target of the ACR account holder that retired the credit, or on behalf of a third party.”

Assessment outcome

- a. Yes (1 Point).
- b. No (0 Points).
- c. No (0 Points).

Justification of assessment

ACR uses the term “retirements” for the use of credits for offsetting or making a claim by a buyer. The term “cancellation” is used for credits that are permanently removed from the registry so that they cannot be transferred, retired or used towards an emission reduction target any more. Cancellations are primarily done in order to convert ACR credits to credits that can be used in California’s regulatory market. Credits used under CORSIA are handled as “cancellations” as well (Provision 5 and communication with ACR).

In order to retire credits to their retirement sub-account (provisions 1 and 2), account holders need to provide information on the reason for the retirement from a dropdown list (e.g., “On Behalf of Third Party”, “Environmental Benefit” or “Retail Program Retirements”). Additionally, they are required to enter specific details on the reason for retirement in a separate field (Provisions 1 and 2, Source 3). This is not explicitly required if an account holder is retiring for general environmental benefits or on behalf of themselves within their own retirement account (Source 4). Provisions in ACR’s standard (Source 2) clarify that the purpose of a retirement needs to be indicated for the cancellation of units for CORSIA (Provisions 2, 3 and 4).

Correspondingly, there are two entries regarding the purpose of retirements in the registry: one entry indicating the generic retirement reason and one entry indicating the details on the reason for retirements of carbon credits (Source 3 and Provision 1). In the registry report on retired credits (Source 3), a general retirement reason is available for all but one entry. Specific retirement reason details are available for all but about 35 entries (of more than 3000 entries in total). The information provided in this column is not always easy to interpret though (e.g. sometimes a “customer ID” is provided).

Element a. can be considered to be fulfilled because ACR requires account holders to indicate information on the reason for retirement.

Regarding element b., the program does not explicitly require account holders to specify the beneficiary in all cases. ACR explained that when an account holder is retiring for general

environmental benefits or on behalf of themselves within their own retirement account, specifying the beneficiary is not explicitly required as in their view, it would be clear who the beneficiary is (source 4). However, there are no requirements in the methodology specifying that the account holder would be the beneficiary in these cases. It is conceivable that somebody else would be the beneficiary and entries in the registry suggest that cases exist where the retirement is for “environmental benefits” but the account holder is different from the beneficiary. Therefore, element b is not fulfilled.

ACR does not require account holders to specify the calendar year(s) for which the voluntary goals or requirements are achieved and this information is not available for most entries in the registry. Therefore, element c. is not fulfilled.

Indicator 2.3.3

Relevant scoring methodology provisions

“The program enables the users of the carbon credits to voluntarily make the information in relation to a cancellation publicly accessible through the registry or project database system.

OR

The program requires that the information provided by the users of the carbon credits in relation to a cancellation be made publicly accessible through the registry or project database system.”

Information sources considered

- 1 ACR Operating Procedures, April 2022, available at https://americancarbonregistry.org/how-it-works/membership/acr-operating-procedures/acr-operating-procedures_april-2015.pdf.
- 2 The American Carbon Registry Standard. Requirements and specifications for the quantification, monitoring, reporting, verification, and registration of project-based GHG emissions reductions and removals. Version 7.0, December 2020, available at https://americancarbonregistry.org/carbon-accounting/standards-methodologies/american-carbon-registry-standard/acr-standard-v7-0_final_dec2020.pdf
- 3 Public registry reports, available at <https://americancarbonregistry.org/how-it-works/registry-reports>.
- 4 Communication with ACR, October/November 2022.

Relevant carbon crediting program provisions

- Provision 1 Source 1, section 8.1 (Mechanism for Credit Retirement): “To retire an Offset Credit or block of Offset Credits, an Account Holder needs only to transfer the Offset Credit(s) to a retirement sub-account. **Account Holders can retire Offset Credits by logging in with their credentials and following these steps:** [...]”
6. **Select the retirement reason from the dropdown list.**
 7. **Enter any retirement reason details** such as an GHG inventory year or the name or description of an indirect/beneficial owner [...].”

- Provision 2 Source 2, section B.3: “ACR’s registry platform is operational with all functionality and transparency needed to avoid double counting for CORSIA including: [...] **Retirement and cancelation procedures that ensure the removal of the unit is clearly indicated, irreversible, and unambiguously designated for an intended purpose.** For cancellations of units for the CORSIA, the cancellation information will specify the aero-plane operator for which the offset credits were cancelled and the calendar year for which an offsetting requirement is fulfilled through the cancellation.”
- Provision 3 Source 2, section 10.B: “ACR will make public on the registry all retirements / cancelation of units toward a CORSIA offsetting obligation.”
- Provision 4 Source 1, section 10.1: “The public reports also allow the AMERICAN CARBON REGISTRY Account Holders to, **at their discretion**, publicly list details regarding Offset Credit holdings or Offset Credits retired.”
- Provision 5 Source 1, section 10.1: “When retiring Offset Credits, **Account Holders can elect to list their account name and the transferee/honoree with the retired Offset Credit information.**”
- Provision 6 Source 2, definitions: “Cancel or cancelation: The **permanent removal of an offset credit from the Registry so that it cannot be transferred, transacted, retired** or applied towards any emissions reduction targets as an ACR offset credit unit. The **exception** to this is for airplane operators who cancel units to surrender them towards their **CORSIA** compliance obligations. If the offset credit has been canceled so that the equivalent can be reissued on another offset program, ACR no longer tracks the credit ownership and permanence (if applicable).

Retire: The permanent removal of an offset credit from circulation as a transactable unit so that it represents a **permanent reduction or removal of CO₂e** from the atmosphere. A retired credit may be applied toward the emissions reduction target of the ACR account holder that retired the credit, or on behalf of a third party.”

Assessment outcome

The second of the two conditions is met (3 Points).

Justification of assessment

ACR uses the term “retirements” for the use of credits for offsetting or making a claim by a buyer. The term “cancellation” is used for credits that are permanently removed from the registry so that they cannot be transferred, retired or used towards an emission reduction target any more. Cancellations are primarily done in order to convert ACR credits to credits that can be used in California’s regulatory market. Credits used under CORSIA are handled as “cancellations” as well (Provision 5 and communication with ACR).

The program enables the users of the carbon credits to *voluntarily* make specific information in relation to a **retirement** publicly accessible through the registry (Provisions 1, 4 and 5). Public

retirement reports *always* include the account holder that conducted the retirement, the noted retirement reason and any added details though (Source 4). Therefore, at least information on the account holder and on the retirement reason is always made publicly available so that option b. is fulfilled.

Annex B of ACR's standard explains that for units cancelled for CORSIA, information related to a **cancellation** *must* be provided (provisions 2 and 3). It is not clarified though, that this requirement holds for the cancellation of units for other purposes than CORSIA.

Scoring results

The carbon crediting program receives 6 out of 8 achievable points. Applying the scoring approach in the methodology, this results in a score of 3.75.