

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:	7.2 Stringency and coverage of the host country's current NDC
Host country:	USA
Date of final assessment:	20 May 2022
Score:	Efficient cookstoves: 3 Establishment of natural forest: 3 Landfill gas utilization: 3

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Assessment

Relevant scoring methodology provisions

The scoring approach assesses the stringency and coverage of the host country's current NDC. The scoring consists of several steps. First, it is determined whether the emission reductions or removals of the project or project type are covered by the host country's NDC. If this is the case, the second step is to assess the extent to which the NDC target deviates from the level of emissions that would most likely occur in the target year or period with current policies. The third step is optional and includes an evaluation of the likelihood that the emission reductions from the project or project activity are visible in the GHG emissions reported by the country to track progress towards its NDC. Finally, it is assessed if any reversals are likely to be accounted and compensated for by the host country. See more details on the scoring approach in the methodology.

Information sources considered

1. USA's first NDC after rejoining the Paris Agreement which has been communicated to the UNFCCC secretariat on 22 April 2021
(<https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/United%20States%20of%20America%20First/United%20States%20NDC%20April%202021%202021%20Final.pdf>)
2. Climate Action Tracker assessment for the NDC of USA
<https://climateactiontracker.org/countries/usa/>

Assessment outcome

The host country is assigned the following scores for the respective project types:

- Efficient cookstoves: 3
- Establishment of natural forest: 3
- Landfill gas utilization: 3

Justification of assessment

This evaluation includes steps 1, 2 and 4 of the methodology, noting that step 3 is optional. The methodology is applied at the level of project types (efficient cookstoves, establishment of natural forest and landfill gas utilization), and not at the level of individual projects.

Step 1

The first NDC of the USA after rejoining the Paris Agreement includes all greenhouse gases included in the 2006 IPCC Guidelines and all IPCC sectors (Source 1). The NDC thus covers all three project types (efficient cookstoves, establishment of natural forests and landfill gas utilization).

Step 2

Data from Climate Action Tracker (Source 2) is used to assess the degree to which the NDC target deviates from the emissions level that would most likely occur in the target year or period with policies in place at the time of communicating the NDC.

We use the policy and action projections for the USA from the Climate Action Tracker assessment dated 17 September 2021. This is the earliest available assessment following the publication of the USA's first NDC after rejoining the Paris Agreement on 22 April 2021 for which the underlying data is available for download. The policy and action projections for 2030 are compared to the emission level of the NDC target.

The assessment by the Climate Action Tracker does not provide emission projections for LULUCF emissions. Indeed, emission projections from the LULUCF sector can be associated with large uncertainties. Due to this uncertainty and the unavailability of data with LULUCF emissions, the ambition of the NDC target is here assessed based on emissions data without the LULUCF sector. As a consequence, the overall level of ambition for the NDC target, which includes LULUCF emissions, will not be fully reflected in this assessment.

The Climate Action Tracker estimates that BAU emissions with current policies and actions for 2030 (excluding LULUCF) are likely to correspond to an emissions range between 6,083 and 6,244 MtCO₂e (Source 2). We use here the average of these two values (6,163 MtCO₂e) as the most likely BAU emissions. According to Climate Action Tracker, the NDC target corresponds to an emissions range between 3,715 and 4,219 MtCO₂e (excluding LULUCF) (Source 2). We use here the average emissions level of 3,967 MtCO₂e (excluding LULUCF). This is 36% below the likely BAU emissions in 2030. Applying the scoring approach set out in the methodology, this results in a score of 5.

Step 4

Information in the NDC of the USA after rejoining the Paris Agreement (Source 1) is used to assess whether the country fully accounts for natural disturbances and whether the country has a multi-year target or uses a multi-year trajectory or budget for NDC accounting purposes.

- Accounting for natural disturbances: The NDC specifies the following: "The United States may address emissions and subsequent removals from natural disturbances on managed lands in accounting for its NDC. Should such an approach be used, the same methodology will be applied for both the base year (2005) and target year (2030). The emissions and subsequent removals from such natural disturbances would be included in the national totals of the Inventory. Any approach used to address emissions and removals from natural disturbances will be consistent with the guidance included in the IPCC 2006 guidelines and any subsequent version or refinement, as applicable, and will draw on best practices generated by Parties that have addressed natural disturbances under the UNFCCC and the Kyoto Protocol." Given that no final decision has been taken on this matter, it cannot be confirmed that natural disturbances will be fully accounted for.
- Use of multi-year approaches: The NDC specifies the approach of the USA for NDC accounting as follows: "United States intends to apply a net-net accounting approach in accounting for the NDC. Net emissions in the target year will be compared against net emissions in the base year to calculate the percentage emissions reductions achieved. Consistent with Articles 4 and 6 of the Paris Agreement and any applicable guidance, in tracking progress towards and accounting for the NDC, the United States intends to make corresponding adjustments for any internationally

transferred mitigation outcomes that the United States Government authorizes for use towards NDCs, and for mitigation outcomes that the United States authorizes for other international mitigation purposes." The provisions above do not imply a multi-year or budget approach.

Since both questions have been answered negatively, the score from the previous step is downgraded by one point, but should, in any case, not be higher than 3. This results in a final score of 3.