

## 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:	1.1.1 Eligibility of mitigation activities that are triggered by legal requirements
Carbon crediting program:	VCS
Assessment based on carbon crediting program documents valid as of:	30 June 2021
Date of final assessment:	20 May 2022
Score:	<p>Efficient Cookstoves: 5          Establishment of natural forests: 2.7          Landfill gas utilization:</p> <ul style="list-style-type: none"> <li>· Registered using CAR US Landfill Protocol: 4.4</li> <li>· Registered using CDM ACM0001 or AMS-III.G:             <ul style="list-style-type: none"> <li>○ With TOOL02: 2.7</li> <li>○ With TOOL32: 1</li> </ul> </li> </ul>

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## Assessment

### Plausibility of existence of legal requirements

#### Relevant scoring methodology provisions

"This methodology first assesses whether it is plausible that the relevant project type is or will be legally required in the relevant geographical area. For some project types and geographical areas, such as the use of efficient cookstoves in least developed countries, it may be very unlikely that any relevant legal requirements exist or will be introduced during the crediting periods. In this case, the provisions of the carbon crediting program regarding legal requirements are not relevant and a score of 5 is assigned to this sub-criterion. Otherwise, the scoring depends on the carbon crediting program's provisions regarding legal requirements."

#### Assessment outcome

For both landfill gas utilization and establishment of natural forest it is deemed possible that legal requirements exist that could require their implementation. The scoring for these project types therefore depends on the carbon crediting program's provisions regarding legal requirements (see assessment of indicators 1.1.1.1 and 1.1.1.2 below).

For efficient cookstoves it is deemed very unlikely that legal requirements could exist that require their implementation. The project type is therefore assigned a score of 5 for this sub-criterion.

#### Justification of assessment

Landfill gas utilization: In many countries, landfills are subject to pollution control regulations. This includes air pollution, soil protection and water regulations amongst others. While this does not automatically make landfills subject to specific regulations that require collection and destruction or utilization of landfill gas, the general regulatory environment for the project type makes it plausible that it could be legally required.

Establishment of natural forests: While it is unlikely that general legislation exists that directly mandates the establishment of natural forests it is plausible that in some cases natural forest is established in response to legal mandates. This can occur for example if barren land is designated as a protected area (e.g., in form of national park) and due to the protection, the land is overgrown by natural forests.

Efficient cookstoves: There are no known cases where a legal requirement requires the use of efficient cookstoves.

### Indicator 1.1.1.1

#### Relevant scoring methodology provisions

The methodology evaluates whether the program provisions address how to treat mitigation activities that are legally required and whether a program allows for the registration of mitigation activities that are required by an existing and enforced legally binding mandate. The scores are applied as follows:

<b>Carbon crediting program requirement</b>	<b>Score</b>
The program's provisions exclude from eligibility mitigation activities that are required to be implemented due to existing legal requirements, regardless of whether the legal requirements are enforced or not.	5
The program's provisions exclude mitigation activities from eligibility that are required to be implemented due to existing legal requirements but allow for exemptions from this provision where the legal requirements are systematically not enforced and non-compliance is widespread in the country.	3
The program's provisions do not specifically address this matter, or the program allows mitigation activities to be registered that are required to be implemented due to existing and enforced legal requirements.	1

### Information sources considered

- 1 VCS Program Guide – Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/VCS\\_Program\\_Guide\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/VCS_Program_Guide_v4.0.pdf)
- 2 VCS Standard – Version 4.1 (22 April 2021) [https://verra.org/wp-content/uploads/2021/04/VCS-Standard\\_v4.1.pdf](https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf)
- 3 VCS Methodology Requirements – Version 4.0 (19 September 2019) [https://verra.org/wp-content/uploads/2019/09/VCS\\_Methodology\\_Requirements\\_v4.0.pdf](https://verra.org/wp-content/uploads/2019/09/VCS_Methodology_Requirements_v4.0.pdf)
- 4 VCS Program Definitions – Version 4.1 (9 April 2020) [https://verra.org/wp-content/uploads/2021/04/Program\\_Definitions\\_v4.1.pdf](https://verra.org/wp-content/uploads/2021/04/Program_Definitions_v4.1.pdf)
- 5 Catalogue of Approved Methodologies, Modules & Tools <https://verra.org/project/vcs-program/methodologies/methodology-catalog/>

### Relevant carbon crediting program provisions

Provision 1 Source 2, section 3.13.1 “Additionality Requirements”, page 33: “Additionality shall be demonstrated and assessed in accordance with the requirements set out in the methodology applied to the project, noting the following exceptions:

1) Where a VCS module using an activity method (see the VCS Methodology Requirements for further information on activity methods) is applicable to the project, additionality may be demonstrated using the module in substitution of the additionality requirements set out in the methodology.

For example, if a module uses an activity method (i.e., positive list) to deem a project activity additional, the project proponent does not have to follow the additionality requirements in the methodology applied to the project and may instead demonstrate additionality by demonstrating that it meets the applicability conditions and any other criteria of the activity method.

Note that only modules may be used in this way. Where a methodology contains an activity method for additionality, the additionality procedures may not be applied in conjunction with a different methodology.

2) Where the applied methodology was developed under an approved GHG program and uses an activity method or other simplified procedure for demonstrating additionality, the project proponent shall demonstrate to the validation/verification

body that the simplified procedure is appropriate to apply to the project considering the project characteristics, including the context in which the project activity takes place. Failing this demonstration, the project proponent shall not use the simplified procedure for demonstrating additionality, and shall instead use an appropriate additionality assessment method in substitution.

For example, where a project is developed in the United States and applies a CDM methodology which uses a simplified procedure for demonstrating additionality, the project proponent shall demonstrate to the validation/verification body that the simplified procedure is appropriate to apply given that the simplified procedure was originally developed for application in a developing country context.”

Provision 2 Source 3, section 3.5.1 “Additionality – General Requirements”, page 32: “Methodologies shall establish a procedure for the demonstration and assessment of additionality based upon the requirements set out below. The steps which shall be included in methodologies for each method of demonstrating additionality (i.e., project methods, performance methods and activity methods) are set out below. Methodologies shall use a project method, performance method and/or activity method to determine additionality. The high level specifications and procedural steps for each approach are set out in Sections 3.5.3 to 3.5.9 below. New methodologies developed under the VCS Program shall meet this requirement by doing one of the following:

- 1) Referencing and requiring the use of an appropriate additionality tool that has been approved under the VCS Program or an approved GHG program;
- 2) Developing a full and detailed procedure for demonstrating and assessing additionality directly within the methodology; or
- 3) Developing a full and detailed procedure for demonstrating and assessing additionality in a separate tool, which shall be approved via the methodology approval process, and referencing and requiring the use of such new tool in the methodology.

Note –Reference in a methodology to the VCS Program requirements on additionality is insufficient. The VCS Program requirements are high level requirements and do not represent a full and detailed procedure for the demonstration of additionality. The only exception to this is with respect to regulatory surplus (i.e., methodologies may directly reference the VCS Program requirements on regulatory surplus and do not need to further develop a procedure for demonstrating and assessing regulatory surplus).”

Provision 3 Source 3, section 3.5.3 “Project Method – Step 1: Regulatory Surplus”, page 32: The project shall not be mandated by any law, statute or other regulatory framework, or for UNFCCC non-Annex I countries, any systematically enforced law, statute or other regulatory framework.”

Provision 4 Source 3, section 3.5.6 “Requirements, Standardized Methods, Performance Methods – Step 1: Regulatory Surplus, page 33:

The project activity shall meet with the requirements on regulatory surplus set out under the project method in Section 3.5.3.”

Provision 5 Source 3, section 3.5.8 Source 5 “Standardized Methods, Activity Methods Section – Step 1: Regulatory Surplus”, page 34: “The project activity shall meet with the requirements on regulatory surplus set out under the project method in Section 3.5.3.”

Provision 5 Source 5, Webpage “Catalogue of Approved Methodologies, Modules & Tools”:

VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities, v3.0

VT0002 Tool for the Demonstration and Assessment of Additionality in IFM Project Activities, v1.0

VT0003 Tool for the Estimation of Uncertainty for IFM Project Activities, v1.0

VT0005 Tool for measuring above ground live forest biomass using remote sensing, v1.0

VT0006 Tool for Calculating LULC Transitions and Deforestation Rates Using Incomplete Remote Sensing Images, v1.0

### Assessment outcome

As the VCS fully relies on CDM methodologies and tools or CAR protocols to demonstrate additionality, the scorings for indicator 1.1.1.1 apply as follows (see the respective assessment sheets for more details):

Establishment of natural forests: 3

Landfill gas utilization:

- When using CAR US Landfill Protocol: 5
- When using CDM ACM0001 or AMS-III.G
  - With TOOL02: 3
  - With TOOL32: 1

### Justification of assessment

The VCS specifies that additionality shall be demonstrated and assessed in accordance with the requirements set out in the methodology applied to the project (Source 1). The VCS Methodology Requirements contain provisions that require the inclusion of a mandatory step that assesses regulatory surplus in any methodology developed under the VCS (Source 2).

The formulation of these provisions (“the project shall not be mandated by any law, statute or other regulatory framework, or for UNFCCC non-Annex I countries, any systematically enforced law, statute or other regulatory framework”) would correspond to a score of 5 for Annex I countries and a score of 3 for Non-Annex I countries.

However, these provisions only apply to methodologies developed under the VCS. For the two assessed project types (landfill gas utilization and establishment of natural forest), there are no projects that apply VCS methodologies. Instead, all projects registered with the VCS use CDM or CAR methodologies. Hence, reference is made to the CDM and CAR scores for this sub-criterion.

### Indicator 1.1.1.2

#### Relevant scoring methodology provisions

The methodology assesses the program provisions for changes in legal requirements.

<b>Program requirements if new legal requirements enter into force which require the mitigation activity to be implemented</b>	<b>Score</b>
The program immediately ceases issuance of credits when the new legal requirements enter into force, regardless of whether they are systematically enforced or not.	5
The program immediately ceases issuance of credits when the new legal requirements are systematically enforced.	3
The program ceases issuance of credits at the end of the current crediting period if new legal requirements entered into force, regardless of whether they are systematically enforced or not.	3
The program ceases issuance of credits at the end of the current crediting period if new legal requirements entered into force and if these are systematically enforced.	2
The program does not specifically address this matter or allows projects to continue to issue carbon credits for the remainder of the project lifetime.	1

#### Information sources considered

- 1 VCS Standard – Version 4.1 (22 April 2021) [https://verra.org/wp-content/uploads/2021/04/VCS-Standard\\_v4.1.pdf](https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf)

#### Relevant carbon crediting program provisions

Provision 1 Source 1, section 3.8.9 “Renewal of Project Crediting Period”, page 28: “Where projects fail to renew the project crediting period, the project crediting period shall end and the project shall be ineligible for further crediting.

The following shall apply with respect to the renewal of the project crediting period under the VCS Program:

- 1) A full reassessment of additionality is not required when renewing the project crediting period. However, regulatory surplus shall be demonstrated in accordance with the requirements set out in the VCS Program rules and the project description shall be updated accordingly.

Provision 2 Source 1, section 3.13.1 “Additional Requirements”, page 33: “Additionality shall be demonstrated and assessed in accordance with the requirements set out in the methodology applied to the project, noting the following exceptions:

- 1) Where a VCS module using an activity method (see the VCS Methodology Requirements for further information on activity methods) is applicable to the project, additionality may be demonstrated using the module in substitution of the additionality requirements set out in the methodology.

For example, if a module uses an activity method (i.e., positive list) to deem a project activity additional, the project proponent does not have to follow the additionality requirements in the methodology applied to the project and may instead demonstrate additionality by demonstrating that it meets the applicability conditions and any other criteria of the activity method.

Note that only modules may be used in this way. Where a methodology contains an activity method for additionality, the additionality procedures may not be applied in conjunction with a different methodology.

2) Where the applied methodology was developed under an approved GHG program and uses an activity method or other simplified procedure for demonstrating additionality, the project proponent shall demonstrate to the validation/verification body that the simplified procedure is appropriate to apply to the project considering the project characteristics, including the context in which the project activity takes place. Failing this demonstration, the project proponent shall not use the simplified procedure for demonstrating additionality, and shall instead use an appropriate additionality assessment method in substitution.

### **Assessment outcome**

The carbon crediting program is assigned the following scores:

Establishment of natural forests: 2

Landfill gas utilization:

- When using CAR US Landfill Protocol: 3
- When using CDM ACM0001 or AMS-III.G
  - With TOOL02: 2
  - With TOOL32: 1

### **Justification of assessment**

The VCS does not include general provisions that systematically check whether new legal requirements have come into force, or have been enforced, that would require the implementation of the project. However, the VCS has several provisions on assessing legal requirements in the context of the renewal of crediting periods.

The VCS provisions on the renewal of the projects crediting period include a requirement to demonstrate regulatory surplus when renewing the crediting period (Provision 1). The provisions further stipulate that such demonstration must be in accordance with the requirements set out in the VCS program rules (Provision 1).

The VCS program rules define the general procedure for demonstrating additionality, stipulating that this should be done in accordance with the requirements set out in the methodology applied to the project (Provision 2).

To determine the scoring for this indicator it is therefore necessary to assess the requirements of the respective methodology for the project type. As outlined above, all projects registered with the VCS



for the two project types assessed use CDM (establishment of natural forests, landfill gas utilization) or CAR (landfill gas utilization) methodologies.

For the project type *establishment of natural forest*, AR-ACM0003 requires the use of the CDM A/R combined tool. The demonstration of additionality using the CDM A/R Combined tool includes a mandatory step that assesses the consistency of credible alternative land use scenarios with enforced mandatory applicable laws and regulations. These provisions exclude mitigation activities from eligibility that are required by an existing legally binding mandate but allow for exemptions from this provision where mandates are systematically not enforced, and non-compliance is widespread in the country (see CDM assessment sheet for more details).

This provision corresponds to a score of 2 for this indicator as the program ceases issuance of credits at the end of the current crediting period if new legal requirements entered into force and if these are systematically enforced.

For the project type *landfill gas utilization*, the scoring depends whether a CAR or CDM methodology is used.

The CAR US Landfill Gas Protocol requires that there are no laws, statutes, regulations, court orders, environmental mitigation agreements, permitting conditions or other legally binding mandates requiring its implementation, or requiring the implementation of similar measures that would achieve equivalent levels of GHG emission reductions

This provision corresponds to a score of 3 for this indicator as the program ceases issuance of credits at the end of the current crediting period if new legal requirements entered into force, regardless of whether they are systematically enforced or not.

Under the CDM, ACM0001 requires the application of either the “Combined tool to identify the baseline scenario and demonstrate additionality” (TOOL02) or TOOL32 “Positive list of technologies”. AMS-III.G refers only to TOOL32.

TOOL02 includes a provision that specifies that projects can be considered additional if, based on an examination of current practice in the country or region in which the mandatory law or regulation applies, the applicable mandatory legal or regulatory requirements are “systematically not enforced and that non-compliance with those requirements is widespread” in the country (see CDM assessment sheet for more details).

This provision corresponds to a score of 2 for this indicator as the program ceases issuance of credits at the end of the current crediting period if new legal requirements entered into force and if these are systematically enforced.

TOOL32 assigns automatic additionality if the project meets certain aspects (see CDM assessment sheet for more details). This provision corresponds to a scoring of 1 because no assessment of legal requirements is undertaken at the renewal of the crediting period.

## Scoring results

According to the above assessment, the carbon crediting program achieves the following scores:

Indicator 1.1.1.1:

- Establishment of natural forests: 3



- Landfill gas utilization:
  - When using CAR US Landfill Protocol: 5
  - When using CDM ACM0001 or AMS-III.G
    - § With TOOL02: 3
    - § With TOOL32: 1

Indicator 1.1.1.2:

- Establishment of natural forests: 2
- Landfill gas utilization:
  - When using CAR US Landfill Protocol: 3
  - When using CDM ACM0001 or AMS-III.G
    - § With TOOL02: 2
    - § With TOOL32: 1

Applying the scoring methodology, this results in the following overall scores for sub-criterion 1.1.1:

- Efficient cookstoves: 5
- Establishment of natural forests: 2.7
- Landfill gas utilization:
  - When using CAR US Landfill Protocol: 4.4
  - When using CDM ACM0001 or AMS-III.G
    - § With TOOL02: 2.7
    - § With TOOL32: 1