

Essential elements of ICAO's Carbon Offsetting Scheme for International Aviation



Avoiding double counting;
credit quality standards and
transparency

Avoiding double counting

- Double counting can occur in several ways:
 - Double claiming: when the same emission reduction is counted twice by both the buyer and the seller. **Can be dealt with by good accounting rules**
 - Double issuance: when multiple offsets for the same emission reduction either from the same offset program or from different offset programs. **Projects and programs need to have transparent rules in place**
- Essential to the integrity of global climate action and for limiting warming to $<1.5^{\circ}\text{C}$
- Appears 5x in the Paris decisions, 1x in the Paris Agreement treaty
- Operationalizing Paris will be negotiated in coming few years, but existing experience can be built upon
- Variety of types of the Paris pledges (INDCs) makes this accounting more complicated – not all emissions covered, different kinds of targets, need to track emissions if they are traded. UNFCCC working on this.



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Avoiding double counting in the MBM

- **Establishing transparent means to track emissions reductions and credit use** will be essential for the integrity and positive perception of the market-based measure (MBM)
- The agreed system **must ensure that double counting of credits is not possible**, by establishing comprehensive registries that are synched with the registry of every eligible credit program
 - Synchronizing with UNFCCC easiest as will be most comprehensive system and largest potential source of credits
 - Ensuring no double counting from the voluntary market with respect to the INDCs more complicated

Credit quality standards

- The MBM is an opportunity for the aviation industry to support **zero/low carbon sustainable development** in other sectors in the near term
- **Stringent and mandatory eligibility criteria for offset credits** to ensure that only carbon offsets with high environmental and social integrity are eligible for use in the MBM:
 - Negative list of ineligible project types (not just programs)
 - Projects should actively contribute to host country sustainable development
 - Ensure permanence of the emissions reduction
- Include these criteria in the ICAO Assembly resolution
- Only credits from post-2020 should be eligible in the MBM

Credit quality standards (2)

- Every ETS has a negative list
- **A negative list** excluding certain project types from eligibility:
 - Coal/ fossil power plants
 - Fossil fuel production
 - Nuclear facilities
 - Large hydroelectric power (exceeding 20MW)
 - Land use, land-use change and forestry (LULUCF) sectors, including REDD+
 - HFC-23 and nitrous oxide (N₂O) from adipic acid production
 - Geological CO₂ capture and sequestration
 - Projects that do not have sustainable development co-benefits or do harm
- **All eligible carbon offset credits should ensure the protection of human rights, promote sustainable development and have an accountability mechanism**

Transparency of governance

- ICAO is notoriously intransparent; makes the UNFCCC look like a model of good practice
- ICAO has some areas of work where secrecy is justified (eg security)
- BUT markets need transparency to function
 - Actors need confidence other actors acting well
 - Needed to ensure no double counting
 - Needed to ensure that good quality credits are being used
 - Lack of transparency/data in EU ETS 1st year led to price collapse
- Need public access to governance meetings, all data on website (as for the CDM)
 - Public needs confidence that MBM is not a greenwash
 - Stakeholders affected by the MBM need to be able to join meetings and raise any concerns eg on project impacts



Thank you

katherine.watts@carbonmarketwatch.org

