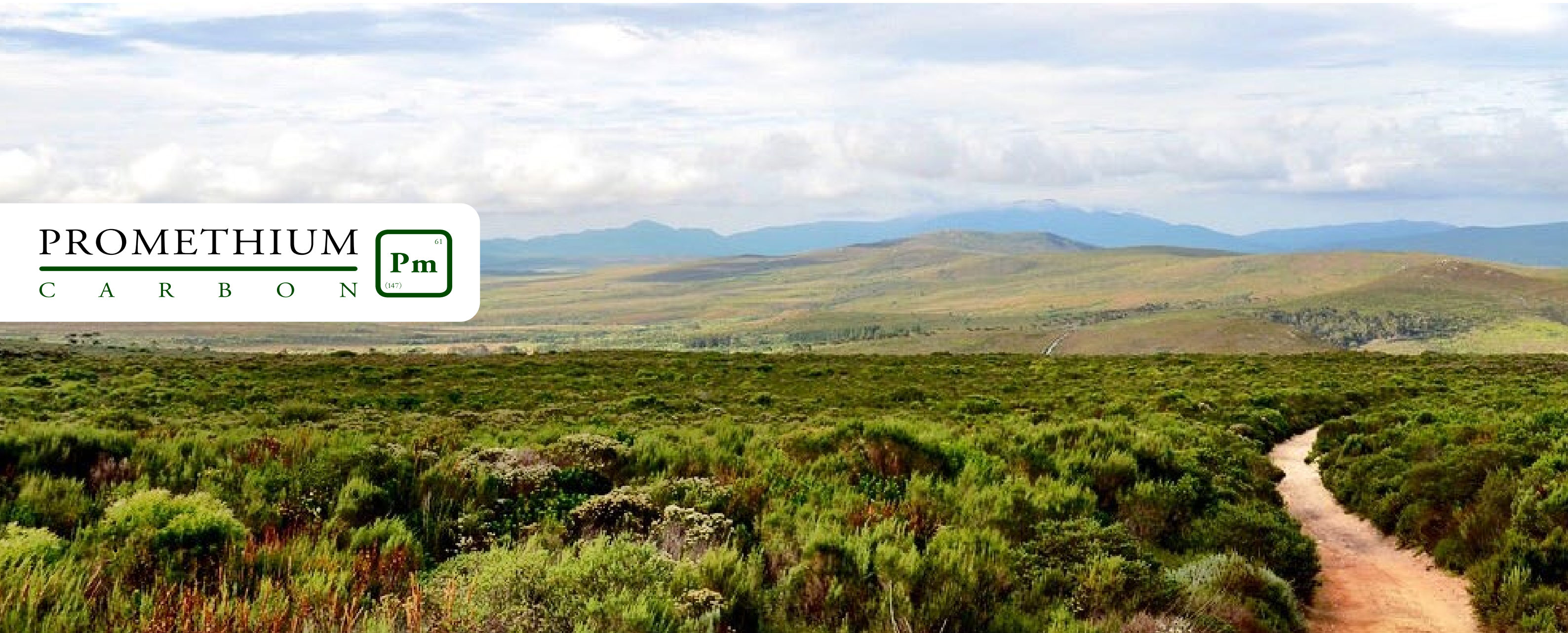
Submission to the Request for Call for input 2024

Issues included in the annotated agenda and related annexes of the thirteenth meeting of the Article 6.4 Supervisory Body:

Prepared by Promethium Carbon

8 July 2024



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Dear Article 6.4 Supervisory Body,

Promethium Carbon has been assisting project developers in South Africa, and further abroad in sub-Saharan Africa, develop carbon markets. We are committed to developing carbon markets in a manner that is credible, transparent, accurate and that best supports the development goals of the African continent.

Our inputs pertain to Annex 11 of the Annotated agenda for the upcoming A6.4 SB 13 meeting, namely the requirements for Article 6.4 methodologies, taking into account stakeholder inputs Version 01.1 (A6.4-SB009-A01), included, along with a summary of stakeholder input received, as an information note in Annex 11 of the agenda for SB13.

Please see below for our inputs on various stakeholder recommendations. Overall, we would like to highlight the following main areas of focus. Issues pertaining to:

- Baselines
- Additionality
- Monitoring approaches of removals projects

With regards to baselines, we note Paragraph 36 of the RMPs related to the requirement for "downward adjustment" of methodologies. As articulated by numerous stakeholders in response to the A6.4 requirements for methodologies, we urge the Supervisory Body to consider that some baseline emissions have the potential to increase, whereas others will decrease. The factors of these changes are typically outside of the control of project developers, for example the emissions intensity of a national grid which is likely to be driven by government policies and measures. To apply a "downward adjustment" to all baseline emissions would reduce the accuracy of the baseline emissions quantification. It will also increase the economic barriers to implementing project activities where they are most needed, i.e. where the baseline emissions have increase over time. Our recommendation is to revise text related to "downward adjustment" of baseline emissions to read "below BAU emissions".

With regards to additionality, we urge the Supervisory Body to provide for flexible clarity on how project level additionality must be demonstrated. We also urge the Supervisory Body to consider the challenges with demonstrating additionality after project registration, especially where additionality was based on financial inputs that were available at the time of the investment decision.

With regards to the monitoring approaches of removals projects, we urge the Supervisory Body to consider, as an option, the merits of the tonne-year approach to demonstrating permanence. One of the key challenges in carbon credit projects is ensuring that the stored carbon remains sequestered over a long period (often 100 years or more). The tonne-year approach provides a framework to quantify and credit shorter-term storage, which can then be compared or converted to equivalent long-term storage.

Inputs on stakeholder paragraphs, with comments on Annex 11:

- Paras 40, 41, 47: we support principles raised re para 18 of Annex 11. Please see rationale outlined in point above, related to recommendation to adjust baselines to accurately reflect the baseline scenario. Recommendation: remove para 18 of Annex 11 or revise, as per para 47

- Para 55: we support this text as proposed revision to text of para 20. Please see rationale outlined in point 1 above, related to recommendation to adjust baselines to accurately reflect the baseline scenario.
- Paras 59, 60, 62: we strongly disagree with these proposed revisions to original text, which are intended to limit private sector purchases of carbon offsets at the Paris Agreement Mechanism level
- Para 66: we support the tonne-year approach and proposed revisions to the original text
- Para 73: we support the proposed revisions to the original text, which mandate the use of up-to-date scientific information
- Para 92: we support the ex post tonne year crediting approach
- Para 108: we support the proposal to delete entire section 4.3. Provisions to establish baselines and conservative approaches are defined elsewhere
- Para 126: we support the proposed revisions to the original text. Many project activities rely on carbon revenues for their continued operation and hence the crediting periods should reflect this requirement
- Paras 159, 171, 182, 188, 194, 195, 197: we support the proposed revisions to the original texts. Benchmarks should be adjusted based on actual or historical emissions, not just uniformly adjusted downwards. Please see rationale outlined in point 1 above, related to recommendation to adjust baselines to accurately reflect the baseline scenario.
- Para 227: we agree with the proposal that SB provides guidelines for the use of "expert judgment", for the entire mechanism, to prevent fraud.
- Para 262: we agree with proposal to extend the validity period of standardized baselines to 6 years instead of 3 years. It can take 2-3 years just to get data sets and host country approvals of standardized baselines
- Paras 276 and 290: we agree with the proposed additional text re demonstration that host country laws are not applied, where applicable
- Para 283: we agree with the proposed deletion of para 80(b)(iii) "Include parameters in the monitoring plan to demonstrate how the barriers are overcome". This may not be practically implementable as barriers are not necessarily overcome with monitoring
- Para 284: we agree with the proposed revisions to the text, providing for a chouse of elements/options that may be used to demonstrate additionality
- Para 286: we agree with this position regarding request for clarification on the minimum or mandatory use of elements to demonstrate additionality
- Para 301: we disagree - a new section would not be necessary if the tonne-year approach is utilised
- Para 328: we support the ex post tonne year crediting approach

We welcome any queries or opportunities to discuss these inputs further.