



Standards for a
Sustainable Future

Carbon markets in a crystal ball: What does the future look like?

Carbon Market Watch Webinar
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15:00 CET

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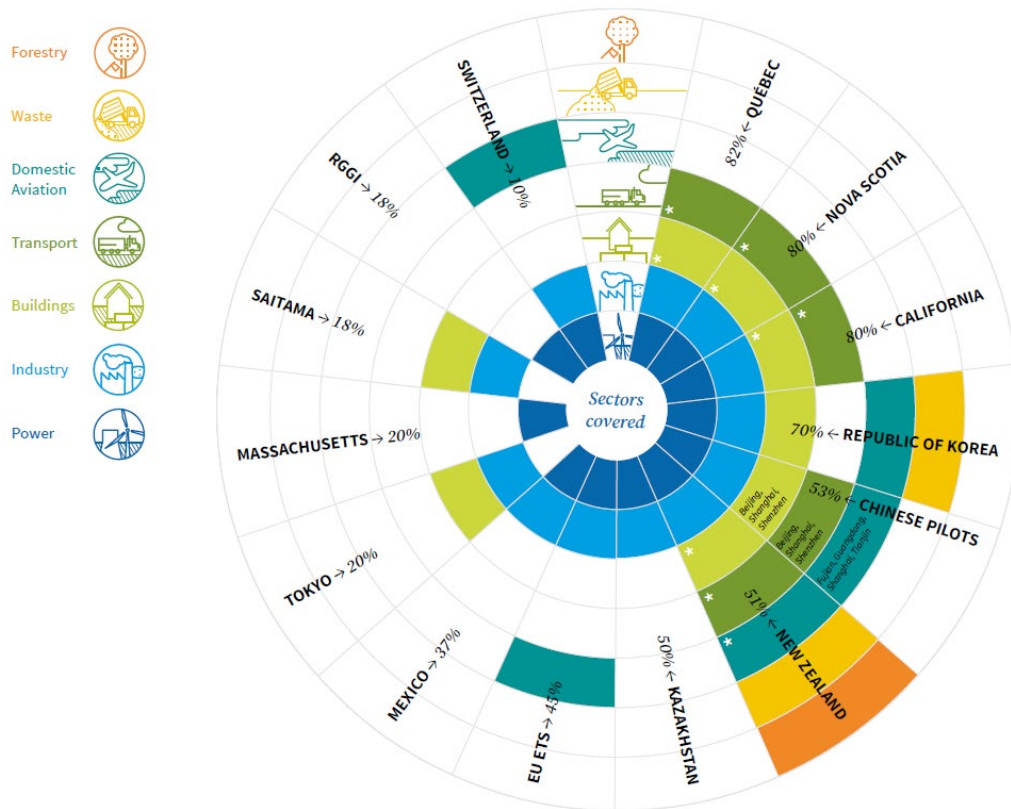
Friday 30 October 2020

Why does the VCM work?

- Insufficient government action
- Companies increasing their ambition (e.g., going beyond SBTi)
- Footprint = Liability
- Trading assets to address business imperatives is what corporates do

How will VCM evolve?

1) Increasing role for NCS



* indicates which sector represents upstream coverage
 → Emissions coverage based on the most recent data available.

How will VCM evolve (cont)?

- 2) Project-based and jurisdictional REDD+
 - JNR consultation
 - Nesting/allocation tool
- 3) Increasing focus on removals
 - Technology-based removals getting closer to reality?
 - Make sure to not lose focus on emission reductions/avoidance (standing forests)
- 4) SDGs as key differentiator
- 5) Recognition of moving beyond 1.5 degrees

Verra consultation



Proposal for Public Consultation

PROPOSAL FOR SCALING VOLUNTARY CARBON MARKETS AND AVOIDING DOUBLE COUNTING POST-2020

Verra proposal for stakeholder input regarding the range of options for avoiding double counting between Article 6 of the Paris Agreement and voluntary markets

1 BACKGROUND

Verra is seeking input on a revised proposal to ensure that Verified Carbon Units (VCUs) continue to provide credible options for future carbon markets, especially given varying accounting requirements for emission reduction/removal units in different markets.

Verra has actively participated in and led a number of discussions to ensure the accounting integrity of emission reduction/removal units under different markets, both in the context of the Paris Agreement (PA) and voluntary markets. This includes discussions under [ICROA](#), a working group convened by the ClimateWorks Foundation that developed a guidance document for avoiding double counting under CORSIA, and [a working group led by the Gold Standard Foundation](#) that set out options for avoiding double counting within the voluntary carbon markets post-2020. In addition, between May and July 2018, Verra conducted [a public consultation](#) on the creation of a Domestic Climate Contribution (DCC) meant to address some of the early concerns around double counting.

There are three primary issues that have been debated:

- 1) How to account for emission reductions and removals in a way that avoids double counting;
- 2) How the associated carbon units currently are, and will be, used by corporates and others seeking to claim carbon neutrality, net-zero, or other similar claims; and
- 3) How to ensure voluntary markets continue to drive finance to catalyze and generate additional

Key elements

- There are now a range of markets, each with own rules (CORSI, Art 6, domestic)
- Buyers have different motivations and desired claims (offsets, financing claims, CA)
- Role of the standard is to ensure credible and robust carbon units
 - Constant review of additionality given evolving regulatory landscape (esp re NDCs)
 - Transparency is key
 - Registry will allow labelling of units (CORSI, Art 6) - buyers source what they need

Corresponding adjustments . . .

- Construct of the Paris Agreement
 - Meant to ensure global emissions add up
 - Reporting by countries
- Compliance markets
 - Require CAs
 - Reporting gets tallied at national level
- Voluntary markets
 - CAs should be optional
 - Corporates going beyond what govt asks them to do
 - Reporting does not get tallied at national level

Why not require CAs?

- Separate/parallel accounting ledgers
- Would disadvantage developing countries
- If not now, when?
- Corporates may want to contribute to country NDCs
- ‘Contribution claims’ would undermine corporate ambition

Concerns about not requiring CAs

- Double claiming . . .
 - Happening already with direct emission reductions
 - Address transparently by corporate claims (e.g., ‘for purposes of accounting under the PA, emission reductions/removals accrue to host country’)
- Host country ambition . . .
 - Argument cuts both ways
 - No evidence
 - Better, more direct ways of enhancing ambition

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