Brussels, 14 March 2023

CMW inputs on emission avoidance under Article 6.4, in response to the invitation for observer comments

Carbon Market Watch (CMW) welcomes the opportunity given by SBSTA to comment on "*whether Article 6, paragraph 4, activities could include emission avoidance […]*" (para 9a, 6.4 decision at COP27). We encourage SBSTA to continue inviting observers to submit views on this and other topics.

We would reiterate points from our previous submission, namely, that emission avoidance should not become eligible as a way to generate A6.4ERs or ITMOs. Carbon Market Watch would align with the numerous Parties at SBSTA 56 and SBSTA 57 who opposed integrating emission avoidance under Article 6, including by expressing significant concerns about the potential negative impacts of its inclusion. **At COP28, Parties should definitively decide that emission avoidance is not eligible under Article 6.**

These concerns are well founded since "emission avoidance" is an inconsistently defined term, especially in a carbon crediting context, and could be interpreted in a variety of ways with potentially devastating outcomes. In some cases it is quite unclear how to distinguish emission avoidance from emission reduction. Would all reductions against an increasing baseline qualify as avoidance? In such cases, emissions are not actually decreasing, they are just increasing by less than the baseline. Overall however, emissions would still increase, which is justified by the argument that "it could be worse".

This begs the question of what else could qualify as emission avoidance. For example, under the guise of emission avoidance, a fossil fuel extracting proponent could say they will pump less oil and gas and hence become eligible to sell A6.4ERs/ITMOs for use by another Party or company to "reach" its climate target.

In addition to eroding environmental integrity, there is also a significant risk that crediting on the basis of emission avoidance would flood the Article 6.4 market with hot air credits to the detriment of the entire mechanism's credibility (like under the CDM with its huge overissuance of credits not representing real, measurable and additional mitigation).

Moreover, it is not clear which activity types are actually envisaged by Parties that have advocated for emission avoidance at past SBSTA sessions and in past submissions such as the Philippines. At a minimum, Parties in favour of emission avoidance should clarify what specifically they would intend to qualify under this. That said, we stress once again that we do not think emission avoidance should qualify under Article 6 – it is especially not a good idea to allow for a blanket definition of avoidance that could cover a range of activities without properly defining these first.

Emission avoidance is especially a risk in Article 6.2, since there is no real independent oversight over 6.2 cooperative approaches. There is a clear risk that as long as participating Parties agree to an approach and satisfy basic high-level requirements, it could proceed, even if it is based on a highly dubious approach lacking environmental integrity.

To conclude, we reiterate our view that emission avoidance should not be considered eligible under either Article 6.2 or Article 6.4. A6.4ERs or ITMOs should not be generated on the basis of emission avoidance which carries very real risks of actually increasing emissions when used towards reaching NDCs and compliance targets, or even as offsets on a voluntary basis. Parties should close the door on this debate at COP 28 by deciding that such activities are not eligible under Article 6.

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