

# The Carbon Credit Quality Initiative

Transparent Scores for Carbon Credit Quality

Scoring Tool Launch | 31 May 2022



**CCQI**  
Carbon Credit  
Quality Initiative

# Today's Speakers



**Brad Schallert**

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**Director, Carbon Market  
Governance and Aviation**  
WWF-US



**Pedro Barata**

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**Senior Climate  
Director**  
EDF



**Dr. Lambert  
Schneider**

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**Research Coordinator for  
International Climate Policy**  
Oeko-Institut

# Agenda

**1** About CCQI

**2** Our Approach

**3** Key Findings

**4** Tools & Resources

**5** Next Steps

**6** Q&A



The background is an aerial photograph of a lush green forest. Several wind turbines are visible, their towers and blades extending across the landscape. Overlaid on the right side of the image are several white-outlined hexagons. Some of these hexagons have one or more triangular sections filled with solid colors: a teal color and a yellow-orange color. The overall aesthetic is clean and modern, with a focus on nature and renewable energy.

# About the Carbon Credit Quality Initiative

**Pedro Barata, EDF**



## Our Mission: Enhance the Quality of Carbon Credits

Carbon Credit Quality Initiative (CCQI) provides transparent information on the quality of carbon credits. This enables users to identify carbon credits that deliver higher climate mitigation impacts and offer greater social and environmental benefits—and enhance the quality of carbon credits in the market.



# What is the Carbon Credit Quality Initiative?



## Why?

- ▶ Carbon markets are facing a resurgence
- ▶ Mixed quality of carbon credits currently transacted
- ▶ Buyers face reputational risks if emissions reductions are not credible

## What?

- ▶ Enhance the integrity of carbon credits
- ▶ Encourage carbon crediting programs, project developers and other market participants to pursue the highest standards


## How?

- ▶ Independent, user-friendly scorings to assess the quality of carbon credits


## For whom?

- ▶ Countries, companies, investors, and individuals


# What makes this initiative unique?




Not funded by  
revenues related to  
carbon credits




Experts not employed  
by project developers  
or carbon crediting  
programs



Scoring of credits on  
an interval scale, not  
on a binary basis



Transparent, publicly-  
available methodology  
and assessment  
documents

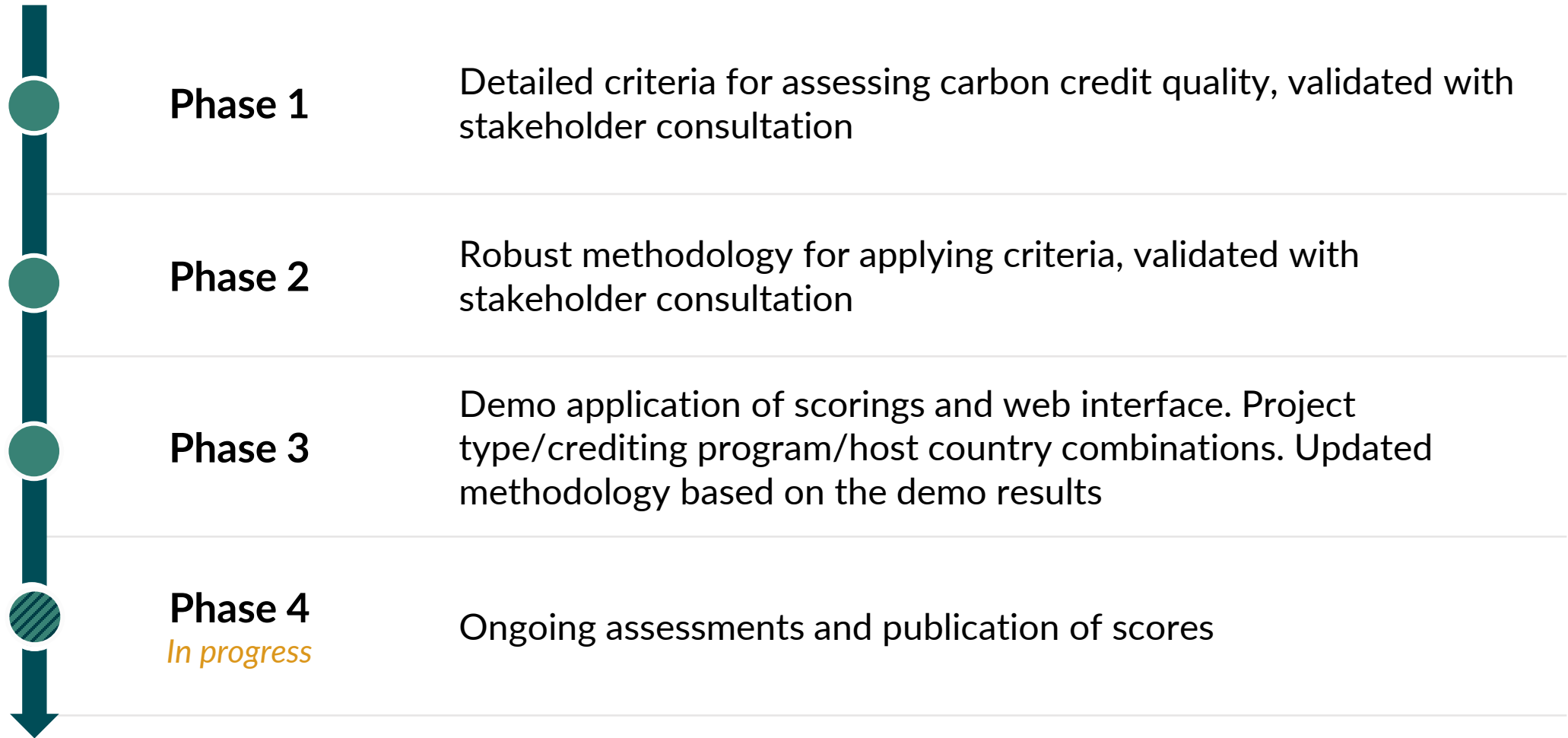


All scores free-of-  
charge

CCQI Project Team



# Project Phases



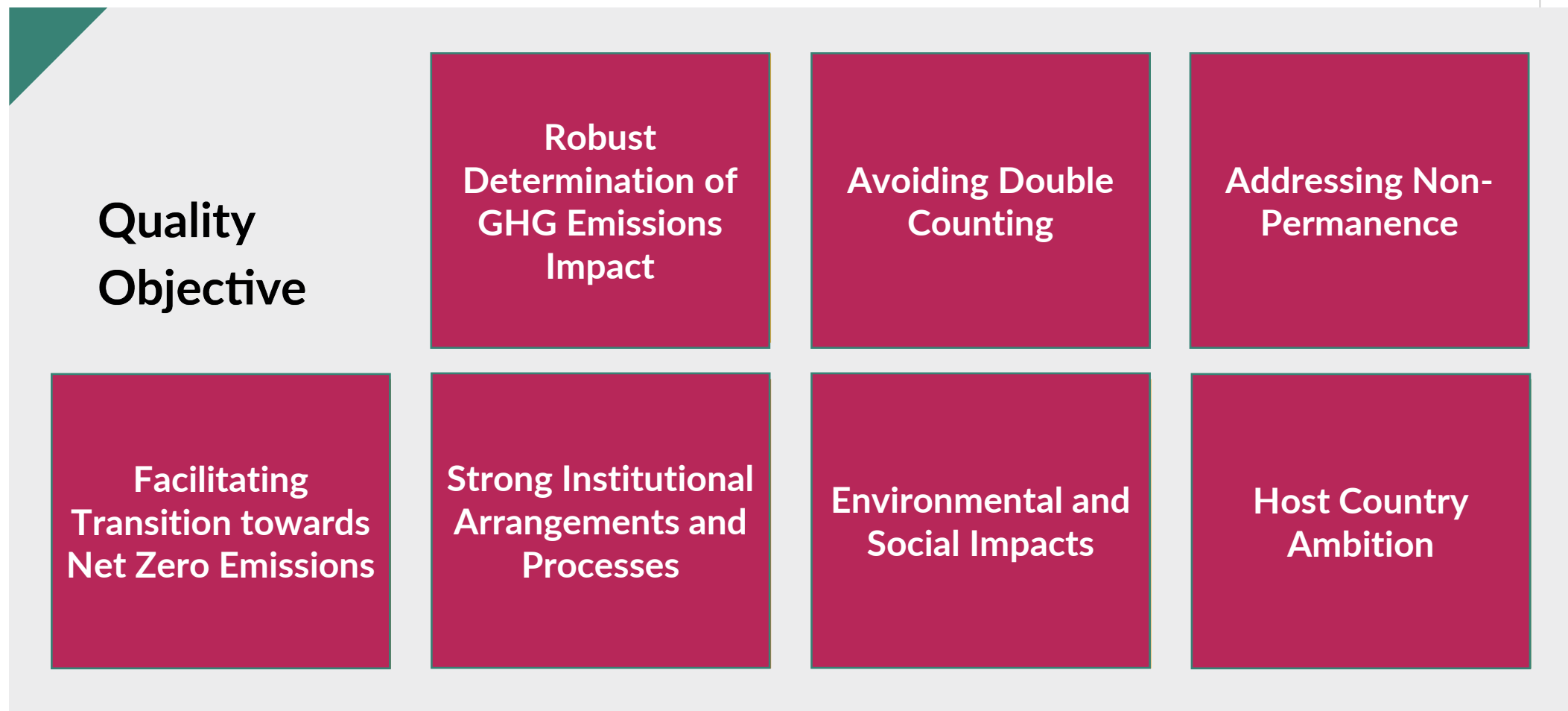


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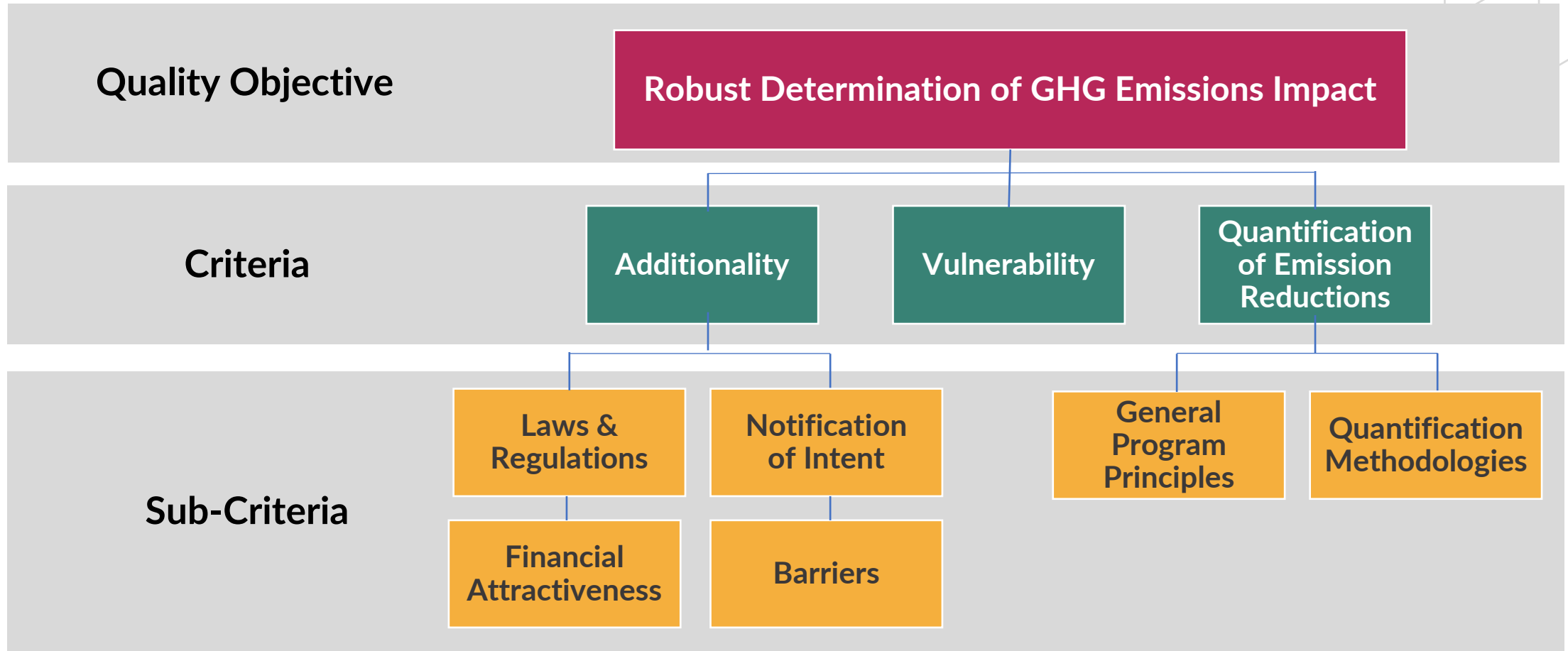
# Our Approach to Scoring Carbon Credit Quality

Lambert Schneider, Oeko-Institut

# Seven Quality Objectives



# Defining Criteria and Sub-Criteria





# Our Scoring Approach

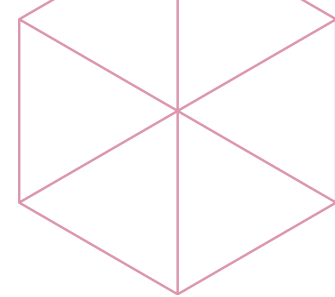
Confidence or likelihood that the assessment subject meets the criterion or quality objective:

Very High	5
High	4
Moderate	3
Low	2
Very Low	1



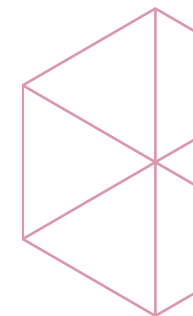
# Example of How Scores Are Built

Quality Objective	Criteria	Sub-Criteria		
<p data-bbox="377 719 499 839"><b>3</b></p> <p data-bbox="180 919 690 1011">Robust Determination of the GHG Emissions Impact</p>	<p data-bbox="886 551 1156 748"><b>4</b> Additionality</p> <p data-bbox="886 785 1156 982">N/A Vulnerability</p> <p data-bbox="886 1025 1156 1222"><b>3</b> Robust Quantification</p>	<p data-bbox="1452 551 1702 748"><b>5</b> Legal requirements</p> <p data-bbox="1452 785 1702 982">N/A Barriers</p> <p data-bbox="1452 1025 1702 1222"><b>3</b> Robust methodology</p>	<p data-bbox="1742 551 1997 748"><b>4</b> Financial attractiveness</p> <p data-bbox="1742 785 1997 982">N/A Vulnerability</p> <p data-bbox="1742 1025 1997 1222"><b>3</b> Program principles</p>	<p data-bbox="2033 551 2288 748"><b>2</b> Prior consideration</p>
















# What does CCQI assess?

- ▶ CCQI assesses the quality of different **types of carbon credits**, distinguishing the following key parameters:
  1. Type of carbon credit project (e.g., landfill gas utilization)
  2. Carbon crediting program (e.g., Verified Carbon Standard)
  3. Quantification methodologies (e.g., CDM ACM0001)
  4. Host country
  5. Authorization for use under Article 6 (yes/no)
  
- ▶ CCQI does **not** assess individual projects
  
- ▶ The CCQI methodology can be applied by informed users to individual projects





# Current Scope of Assessments

Carbon Crediting Programs		Quantification Methodologies	
  		<p><b>Project Types</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">   <b>Afforestation</b> </div> <div style="text-align: center;">   <b>Landfill gas utilization</b> </div> <div style="text-align: center;">   <b>Efficient cookstoves</b> </div> </div>	
Host Countries	Authorization for use under Article 6	<ul style="list-style-type: none"> <li> CDM AR-ACM0003</li> <li> CAR U.S. Forest Protocol v4.0</li>   <li> CDM ACM0001</li> <li> CDM AMS-III.G</li> <li> CAR U.S. Landfill</li>   <li> CDM AMS-II.G</li> <li> GS "Technologies and Practices to Displace Decentralized Thermal Energy Consumption", ver3.1</li> </ul>	
Brazil Mexico China Nepal India	South Africa Indonesia United States Kenya Vietnam  YES / NO		



# How should the scores be used?

CCQI scores represent the expected quality for the type of carbon credit. Additional due diligence on individual projects is encouraged.



Buyer

CCQI scores can help inform carbon credit buyers by providing a nuanced picture of carbon credit quality and pointing to particular risks associated with specific project types.

Carbon Crediting Program

CCQI scores and underlying methodology can be used to identify opportunities to improve a program's rules and address risks identified with specific project types.

Project Developer

CCQI scores can be used to identify areas of particular risk for a project and inform action that a project developer may take to safeguard against those risks.

An aerial photograph of a wind farm situated in a lush, green forested area. The wind turbines are white and stand out against the dense green trees. The image is overlaid with several white-outlined hexagons. Some of these hexagons have colored sections: one has a teal section, another has a yellow section, and a third has a darker teal section. The text 'Key Findings' is written in a bold, white, sans-serif font in the lower-left quadrant of the image.

# Key Findings



# Summary of Key Findings

**Overall mixed quality of carbon credits**

**Carbon credits often perform well in some areas but poorly in others**


**Different carbon crediting programs score well or poorly in different areas**

**Programs can improve by:**

- Examining areas of improvement based on the CCQI scores
- Benchmarking against their peers


**If carbon crediting programs adopt the best practice approaches from their peers, it would be an important step forward**

# Considerable Differences among Carbon Crediting Programs



### Consideration of legal requirements

- No check
- Check at project start and renewal of crediting period
- Check at each issuance




### Addressing non-permanence

Wide range of time period to monitor reversals



### Notification of intent

Some programs allow retroactive crediting – others require early notification that credits are sought



### Avoiding double counting

- Double use and overlapping claims partially addressed
- Article 6 readiness differs



### Environmental & social safeguards

Thorough safeguards by some programs – no rules by others

# Example: Approaches to Monitoring Reversals

► Considerable differences for how long reversals are identified and must be compensated for

Program	Minimum Period to Monitor Reversals	CCQI Score
CAR	100 years	4
Gold Standard	50 years	2
VCS	20 years	1

# Example: Institutional Arrangements

► Programs perform well or mixed in different areas

Program	Overall Program Governance	Program Transparency	Third-party Auditing	Overall Institutional Arrangements Score
CAR	2.50	2.73	4.23	2
CDM	2.50	4.09	5.00	3
Gold Standard	4.69	3.64	3.08	3
VCS	4.38	4.55	3.85	4



# Example: Quantification Methodologies

- Some frequently-applied quantification methodologies use parameters with high uncertainty and/or non-conservative data

*Example: Comparing landfill gas and cookstove methodologies*

Methodology	CCQI Score	Risk of Overestimation	Potential for Underestimation	Overall Conclusion
CAR Landfill Project Protocol	4	<ul style="list-style-type: none"> <li>• Oxidation of methane factor</li> <li>• Perverse incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Utilization of methane not accounted for</li> <li>• Baseline landfill gas destruction</li> </ul>	Mostly accurate, skewing toward underestimating emission reductions
Cookstove CDM Methodology AMS-II.G	1	<ul style="list-style-type: none"> <li>• Fraction of non-renewable biomass</li> <li>• Charcoal conversion factor</li> <li>• Annual consumption of woody biomass</li> </ul>	<ul style="list-style-type: none"> <li>• Emission factor based on fossil fuels</li> </ul>	Emission reductions very likely to be significantly overestimated

# Tools & Resources

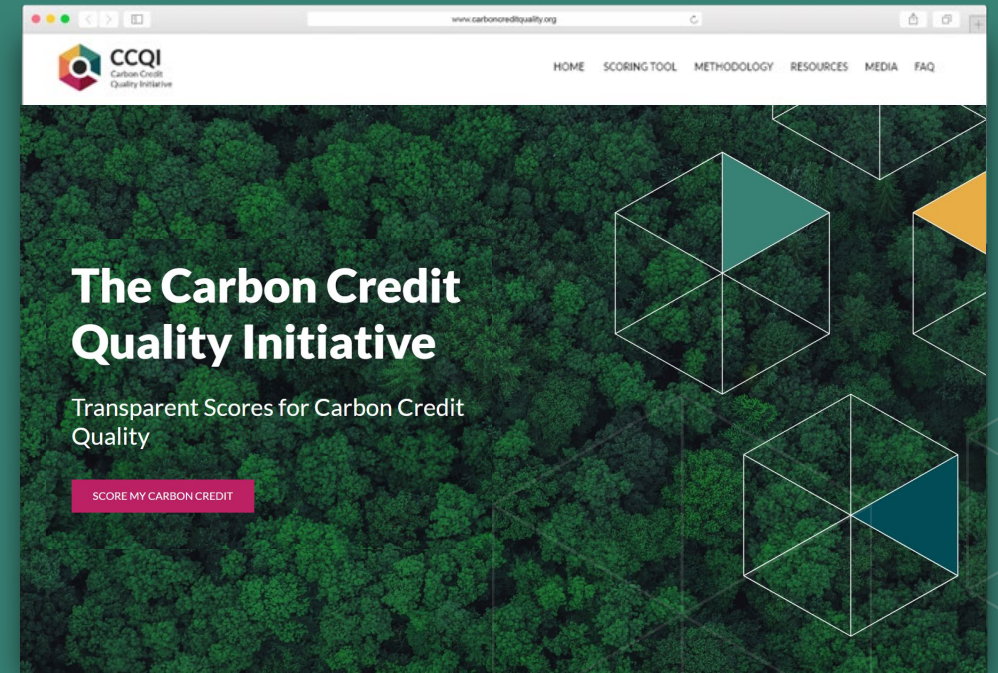


# Tools & Resources

- ▶ **Interactive scoring tool**
- ▶ **Downloadable Excel scoring tool**
- ▶ **Full methodology**
- ▶ **Assessment sheets**

Visit us at

[www.carboncreditquality.org](http://www.carboncreditquality.org)





# Demo of Online Scoring Tool



[HOME](#) [SCORING TOOL](#) [METHODOLOGY](#) [RESOURCES](#) [MEDIA](#) [FAQ](#)

## The Carbon Credit Quality Initiative

Transparent Scores for Carbon Credit Quality

[SCORE MY CARBON CREDIT](#)





# Looking Ahead for CCQI



# Next Steps

- ▶ **Assess at least 5 more project types:**
  1. Large-scale grid-connected solar power,
  2. Large-scale grid-connected wind power,
  3. Avoidance of methane emissions from oil and gas flaring,
  4. Avoidance of methane emissions from leaks in natural gas pipelines, and
  5. Avoidance of methane emissions from livestock manure management
  
- ▶ **Assess one additional crediting program** (American Carbon Registry) **and two complementary standards** (Verra's Sustainable Development Verified Impact Standard and Verra's Climate, Community & Biodiversity Standards)
  
- ▶ **Present CCQI insights and resources to interested buyers and partner with stakeholders to ensure greater scale of CCQI's impact**

# Questions?



# Thank you!

Website:

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**CCQI**  
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