Carbon Business Council

October 11, 2022

Supervisory Body
United Nations Framework Convention on Climate Change
RE: Call for Input 2022 - Activities Involving Removals Under the Article 6.4 Mechanism of the Paris Agreement

Dear Supervisory Body of the UNFCCC:

Thank you for working to ensure that the UNFCCC considers carbon removal as an important component for a just transition to limit warming to 1.5 °C. The Carbon Business Council, a nonprofit trade association of more than 70 innovative carbon management companies with more than $1.5 billion in combined assets working across six continents, appreciates your invitation to respond to the call for input that you issued.

Carbon dioxide removal (CDR) helps restore the climate by removing legacy emissions from the atmosphere. The global scientific consensus is that removing gigatons of emissions is needed to reverse climate change's worst impacts. We appreciate the national accounting methods for carbon removals within Article 6 and and welcome the opportunity for this to be strengthened to help further scale carbon removal deployment.

Carbon removal companies are looking toward marketplaces to buy and sell carbon removal credits, which can expedite the industry's growth and help fulfill net-zero targets, as well as help countries achieve their own NDC commitments to meet the goals of the Paris Agreement. This carbon removal work can happen in tandem with the crucial work of mitigation. A new generation of companies is creating an array of promising carbon removal solutions that even surpass those listed in Annex 6. Encompassing and tech-neutral definitions for compliance and voluntary carbon markets will help to ensure that as wide a range of solutions as possible can be scaled up. Removal credits have the potential to operate within compliance and voluntary markets, therefore trades within the private sector can also help countries meet their national emissions reductions goals and help advance the Article 6.4 mechanism. The sale of carbon removal credits is a critical financing mechanism for many of these companies.

We appreciate your thorough and thoughtful framework for removals and your wide array of information on different types of removals projects under international regimes. We encourage that the UNFCCC consider an expansion of carbon removal approaches as discussions continue around Article 6 and its annexes at the upcoming COP27, especially in light of the recent IPCC report and its incorporation of removals into climate abatement scenarios. Monetizing and incentivizing carbon removal methods within both the private and public sectors can facilitate a gigaton climate impact. We encourage the UNFCCC to help foster climate restoration by accounting for the unique approaches, challenges, and opportunities of CDR both between and across governments. The time is now to send a clear signal that over time, removals will be required. In order to reach net-zero and beyond, all organizations will need to reduce their emissions as much as possible; any emissions that continue must be counteracted and carbon removal can help. With a clear signal on when removals will be required, they will become more valuable and will attract the investment to scale up.

We applaud the UNFCCC for including the importance of Measurement, Reporting and Verification (MRV) in Annex 5. On both MRV and carbon markets, it will be important to ensure that governments and the private sector can advance carbon removal solutions that have integrity, while also ensuring innovation that can lower the cost of removal and quickly scale multiple carbon removal approaches to achieve a 1.5°C world. Additionally, some approaches require special considerations in MRV, so the requirements should be flexible enough to encourage all legitimate technologies. For example, monitoring of carbon stocks as discussed in Annex 5, Section 1.1 on page 6, is impractical for the Ocean Alkalinity Enhancement pathway, which shows great promise.

As voluntary carbon markets (VCMs) and carbon removal companies scale, as well as the usage of CDR within and across government operations, it is vital to address and crystallize the differences between avoidance and removal and overcome barriers to entry for CDR developers in markets, especially as governments may themselves partner with such initiatives to account for their own national emissions. How can carbon markets be shaped to help foster carbon removal while ensuring rigor, accuracy, and accountability in the amount of carbon being removed from the atmosphere? How should the markets handle questions around policies like disclosure and additionality? A working group convened by the Carbon Business Council offers a pathway forward in a recently published white paper.

We invite the UNFCCC to review the Carbon Business Council's policy and market recommendations summarized in this letter and detailed more fully in the white paper itself. While some of the recommendations are focused on voluntary carbon markets, many of these suggestions also apply to carbon trading under Article 6 of the Paris Agreement.

Distinguish offsets and carbon removal credits. Traditional offsets and removals are two distinct credit types and should be treated as such. Clarity in names and definitions will build greater transparency into net-zero commitments and the markets themselves.

Align definitions. Clearly defined VCM terms will help establish understanding and a common set of principles across markets. These definitions likely need to be developed by a government body or third party and will benefit from broad stakeholder buy-in and community input. An improved definition is particularly needed for *additionality*, which is interpreted, determined, and weighted differently across players and markets.

Establish a minimum quality to enter VCM markets. A wide range of durable carbon removal solutions exists, and as many as possible that meet minimum durability and quality standards should be brought to market. Establishing minimum entry thresholds for durability and quality, along with tools like a quality grading rubric, will help strengthen VCMs and establish broader baselines for CDR. Transparency and context around any quality rubric will be crucial to its success.

Streamline VCM verification. Verifying CDR approaches for removal credits helps build a stronger, more confident market that delivers climate benefits. At the same time, given the short time frame remaining to avert the worst effects of climate change, VCM verification systems will benefit from being agile and efficient to avoid years-long delays in verifying CDR to enter markets.

Price to reflect permanence. Each CDR solution presents unique benefits along with a series of trade-offs, ranging from the permanence of the removal method to the potential removal capacity of the relevant CDR technology. Along with other factors, the durability of a given CDR approach should be factored into VCM pricing, meaning solutions with longer permanence are priced and valued accordingly.

Increase transparency in emissions data and net-zero pledges. There are currently gaps in publicly disclosed data on carbon emissions, removal and offsets in companies' net-zero pledges. Improved transparency will offer new insight into how many credits CDR buyers will likely require, providing a positive signal for investment and development of CDR projects in VCMs.

Ensure CDR Project Developers are Supported to Enter VCMs. Some VCMs already offer support for CDR companies and identifying and addressing additional needs will help catalyze more high-quality CDR solutions. This may include, for example, credit to support CDR in early-stage research and development or during the verification process.

Carbon markets have a significant opportunity to evolve in a manner that helps bring durable and promising carbon removal solutions to market in addition to offsets-based markets. Based on the challenges and constraints in today's markets, the recommendations above help grow VCMs, scale carbon removal, and provide a greater menu of options for purchasers and governments to achieve the goals of the Paris Agreement. As the UN, countries, and private sector continue to invest in the carbon removal market – it will be important to ensure that frameworks are adopted that encourage innovation rather than stunt it.

We appreciate the continued endeavors taken by the UNFCCC to achieve a more equitable climate future and thank the Supervisory Body for the invitation to submit our response.

Sincerely,

Benjamin Rubin

Ben Rubin
Executive Director, Carbon Business Council