



Policy Announcement from the Climate, Community & Biodiversity Alliance

February 17th, 2010

Title: Applicability of CL1.5 of the CCB Standards Second Edition concerning double counting

Criterion CL1.5 of the CCB Standards Second Edition requires that:

Project proponents must:

- *Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.*

If the climate benefits generated from a project:

- are included in an emissions trading program; or
- take place in a jurisdiction and sector in which binding limits are established on GHG emissions;

then any use of the climate benefits as offsets would result in double counting.

Whether for compliance or voluntary purposes, offsets must represent real reductions, and the simultaneous inclusion of the project activities in voluntary *and* compliance accounting will lead to double counting.

Even if the project is clearly additional to the 'without project' land-use scenario, the inclusion of the project's climate benefits in sector or jurisdiction compliance reporting will "free up" allowances that can potentially be sold to other covered entities and/or permit additional emissions from covered sectors in that jurisdiction. The CCB Standards require that a project achieves net positive climate, community and biodiversity benefits, and the net positive climate benefits would not be achieved if the project's climate benefits enable additional emissions from covered sectors.

In such cases, in order to conform to CL1.5, the project proponents should provide evidence that the reductions or removals generated by the project have not or will not be used in the emissions trading program or for the purpose of demonstrating compliance with the binding limits that are in place in that jurisdiction or sector. Such evidence could include:

- a letter from the program operator or designated national authority that emissions allowances (or other GHG credits used in the program) equivalent to the reductions or removals generated by the project have been cancelled from the program; or national cap as applicable or;
- purchase and cancellation of GHG allowances equivalent to the GHG emissions reductions or removals generated by the project related to the program or national cap.

There may be specific situations where projects reduce GHG emissions from activities that are included in an emissions trading program or take place in a jurisdiction or sector in which binding limits are established on GHG emissions, but there exists a reduced risk for double counting. Such examples include:

- a) The absence of enforceable regulation to meet a binding limit on GHG emissions, such as the implementation of a national or relevant sectoral cap and emissions trading program;
- b) The extent to which the host country is adrift of any binding limit on GHG emissions;
- c) The absence of sufficient political will in the host country to comply with any binding limit on GHG emissions, including policies and regulation such as national or relevant sectoral cap and emissions trading program.

For example, if an Annex 1 country were to fail to comply with its Kyoto Protocol reduction commitment, it is possible that double counting of the environmental benefit associated with any GHG emission reduction or removal projects hosted in that country might not occur. Likewise, there may be post-2012 scenarios where similar uncertainties may exist, such as if non-Annex 1 countries were to adopt non-binding or no-lose reduction commitments. However, given the uncertainties associated with these scenarios and the possibility that a country could miss its target, but still have in place functioning elements of domestic policy that would make projects non-additional, such situations must be evaluated by the CCB Standards auditor on a case-by-case basis.