



Gold Standard[®]

Climate Security & Sustainable Development

TREATMENT OF DOUBLE COUNTING AND CORRESPONDING ADJUSTMENTS IN VOLUNTARY CARBON MARKETS

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1 | INTRODUCTION

Double claiming occurs when the same emission reduction / removal / mitigation outcome is claimed by two different actors. In the context of the Paris Agreement, this can occur when a project's host government claims the outcome towards its NDC and at the same time it is claimed by another country (for their own NDC) or entity (for instance towards a voluntary offsetting claim or an airline's offsetting obligations under CORSIA).

This effectively means that an emission reduction/removal is occurring once but being claimed twice. For some applications of markets, a failure to safeguard against double claiming could lead to inaccurate claims and potentially higher global emissions. The main safeguard established under the Paris Agreement to prevent double claiming is the 'corresponding adjustment', under which a country transferring a mitigation outcome must adjust its emissions balance to reflect the transfer and, in cases where the user of the outcome is another country, they must make a corresponding adjustment to their emissions balance to reflect the use.

In our February 2021 consultation [*Integrity for Scale: Aligning Gold Standard-certified projects with the Paris Agreement*](#), we stated that Gold Standard assesses that corresponding adjustments will need to be applied in cases where carbon credits will be used for offsetting claims in the voluntary market, as is the case for country-to-country transfers and when credits are used towards CORSIA obligations. We outlined how we intend to introduce this requirement, including a staggered introduction based on the host country's development status.

This document is intended to provide further detail to project developers, and other stakeholders, on how this requirement will be operationalised in practice. It will be updated over time as necessary, and we would welcome stakeholders' feedback on areas where information could be added or clarified. Stakeholders are also encouraged to review the 'Further reading' links listed at the end of this document, for further externally prepared information on this issue.

2| ADOPTION OF CORRESPONDING ADJUSTMENT REQUIREMENTS BY STANDARD SETTING BODIES

In the Paris era, the variety of uses of carbon markets and credits is expected to fragment even further. It is inevitable, in this context, that carbon markets will begin to differentiate between credits with a corresponding adjustment and those without. This is as credits will not require a corresponding adjustment for all use cases, such as when companies claim simply to have 'financed' emission reductions, rather than claiming these to have 'offset' their emissions. Securing a corresponding adjustment from the host government will introduce an additional step for project developers, and as a result some may choose not to seek one.

Standards will therefore need to actively differentiate for post-2020 vintages between units that do and those that do not have a corresponding adjustment. This change is inevitable, to support markets such as CORSIA that already require adjustments on the one hand, and on the other to support other markets, for example domestic compliance schemes, which may not require a corresponding adjustment.

Carbon standards setting bodies must also take into consideration that corresponding adjustments, should the host country choose to go down that path, are likely to be executed in the host country's inventory much later compared to when the issuance and retirement of credits happens. Hence, it will be important to put in place safeguards to ensure that emission reductions are not being double claimed.

It is, as such, foreseen that Standards will need to introduce safeguards and requirements in order to meet the requirements of markets such as CORSIA and to uphold the integrity of voluntary action in the context of the Paris Agreement. Host countries will be required to develop necessary infrastructure to support this mechanism. Some of the key requirements are listed below.

2.1 | GOLD STANDARD REGISTRY

The Gold Standard Registry's functionality will be enhanced to ensure that it is able to securely and transparently issue, transfer and cancel credits/mitigation outcomes in the Paris era. The following functionality will likely be introduced:

- Provisions to indicate whether the host country has issued a letter of assurance and authorization (LoAA) for the project associated with the offset credit
- Indication of whether a corresponding adjustment has been applied by the host country
- Indication of whether the offset credit has been cancelled and, if so, the following additional information related to cancellation is recorded and shared transparently:
 - Purpose of the cancellation including name of entity in whose name the offset credit was cancelled
 - Date of cancellation
 - Quantity of emission units cancelled
 - Vintage of cancelled emission units
 - Start and end of serial numbers of units
 - Type of unit (e.g. ex-post GS-VER)
 - Host country
 - Impact quantification Methodology
 - Unit date eligibility, if applicable. For example, only credits with a vintage post-1st January 2016 are eligible for CORSIA
- Information on whether the emission reductions attributable to a project is covered by a GHG/non-GHG target in the host country's NDC.

The registry will also include access to the following information:

- A description of the project, including information on the mitigation technologies involved
- The emission sources, sinks, and greenhouse gases included in the calculation of the project's emission reductions or removals, along with the location(s) of all relevant sources and sinks
- The country and geographical location where the project is implemented
- Any other information needed for the project to be unambiguously identified, and distinguished from other projects that may occur in the same location

- An indication of whether the project’s mitigation activities, emission reductions, and/or removals are covered by any targets – including targets expressed in non-GHG metrics - communicated in a country’s NDC
- In cases where the project activity and corresponding emission reductions / removals are covered by NDC targets in GHG metrics and the credits are to be used for offsetting purposes, the letter of assurance and authorization from the country or countries where a project’s emission reductions or removals occurred

Some of this information is already available; the rest will be made available in due course.

2.2 | ANNUAL REPORTING

Gold Standard plans to publish an annual report to share information on credits disaggregated by host country and vintage year that are:

- Issued
- Issued and for which countries have authorized the use of the associated emission reductions or removals by other countries or entities, as specified in the countries’ letters of assurance and authorization
- Qualified by the program for use under CORSIA and for other offsetting purposes
- Cancelled to meet offsetting requirements under CORSIA and other offsetting purposes
- Correspondingly adjustment by country, where evidence of this is available

2.3 | REQUIREMENTS FOR PROJECT DEVELOPERS

Project Developers will likely be required to provide the following information:

- Whether their project’s associated emission reductions are covered by a GHG/non-GHG target communicated in the project host country’s NDC
- If a corresponding adjustment is needed to avoid double counting
- Where the targets are expressed in non-GHG metrics as communicated in a country's NDC, how the project’s implementation affects progress towards achieving the relevant target
- A completed checklist from **Annex A**

If it is determined that a corresponding adjustment is needed, the Project Developers shall provide a letter of assurance and authorization (LOAA) from the country or countries where the project's emission reductions or removals have occurred. The LOAA should:

- Include the project/PoA/VPAs unique identification details - GS ID and Title
- Acknowledge that the project/PoA/VPAs may reduce emissions (or enhance removals) in the host country
- Acknowledge that the offset program/standard to which the letter is provided has issued, or intends to issue, offset credits for the emission reductions or removals that occur within the country
- Authorize the use of the emission reductions or removals, issued as offset credits to project/PoA/VPAs, by airline operators in order to meet offsetting requirements under CORSIA or by other entities under relevant bilateral/multilateral agreements
- Declare that the host country will not use the project/PoA/VPA's emission reductions or removals to track progress towards, or for demonstrating achievement of, its NDC and will account for their use in offsetting schemes (like CORSIA) by applying relevant adjustments in the structured summary of country's biennial transparency reports, as referred to in paragraph 77, sub-paragraph (d), of the Annex to decision 18/CMA.1, and consistent with relevant future decisions by the CMA

Include signature and contact details of the authorised signatory of the designated focal point of the host country

2.4 | TIMING FOR LOAA SUBMISSION

An LoAA or other official document from the host country can be submitted any time before the retirement of credits on the Gold Standard Registry. However, the project developer shall take the following steps:

- At the time of performance certification, the project/PoA/VPAs should submit the checklist and LoAA, if obtained, as part of the project documentation for verification audit by the VVB. In all cases the LoAA for the project/PoA/VPA shall be submitted to SustainCERT before the issued credits can be flagged as eligible, for example 'CORSIA eligible' on the registry. The checklist and LOAA will be made public via the Gold Standard registry.

- New projects/PoAs/VPAs submitted after 31st December 2020 are suggested to inform SustainCert early in the GS certification cycle of their interest in seeking eligibility approval for GS-VERs for CORSIA, by submitting the checklist with project documents at the time of preliminary review.
- VERs issued under GS PoAs can obtain the LOAA at PoA level, as confirmed by the authorised entity. However, the checklist shall be provided for individual VPAs.

Project developers should submit any updated information pertaining to host country attestation as soon as available to avoid double claiming. After review, this information will be published via the Gold Standard Registry immediately.

2.5 | SAFEGUARDS

Gold Standard will await Article 6 guidance to understand the procedures put in place to obtain information regarding the host country's ongoing accounting for emissions units in national emissions reports, for comparison against the volumes of eligible units issued and used under markets such as CORSIA that already require adjustments. It will serve everybody's interest if host governments themselves publish this information.

Gold Standard will consider any necessary safeguards in case it is identified that the corresponding adjustment for a particular project has not been completed. This is a complicated matter and needs detailed consideration before arriving at the appropriate solution. Stakeholders will be consulted before a specific approach is adopted.

In cases of any material instances of country-level double claiming or changes to host country attestations, Gold Standard will disclose these publicly and report to the relevant market entity on the instances and Gold Standard's response, for example ICAO performance information in the case of CORSIA.

CHECKLIST – ANNEX A

REQUIREMENT	RESPONSE AND DESCRIPTION
Project ID	GSXXX
Project Title	
Date of Design Certification	
Crediting Period	dd/mm/yyyy – dd/mm/yyyy
Project Registry link	XXXX
Is the project/VPA registered or pursuing registration to issue GHGs emission reductions with any other programme or scheme?	
Project/VPA Location	Country and geographical location where the project is implemented
Approval Status of Letter of Assurance and Authorization (LoAA) from host country	Yes/no
Does any NDC targets communicated in a country's NDC cover projects activity's associated emission reductions and/or removals?	Yes/no
Does any NDC targets expressed in non-GHG metrics cover the project activity's associated emission reductions and/or removals?	Yes/no
Does the project's/VPA's associated emission reductions or removals require corresponding adjustment for NDC accounting?	Yes/no
Does any mandatory domestic emission reduction targets, cover project activity	Yes/no

and associated emission reductions and/or removals?	
Does any mandatory domestic targets, expressed in non-GHG metrics, cover project activity and associated emission reductions and/or removals?	Yes/no
Does the project/VPA have provisions to avoid double counting with mandatory domestic targets?	
Monitoring period	dd/mm/yyyy – dd/mm/yyyy
Status of emission reductions units	Verified (Yes/no)

REFERENCE & FURTHER READING –

Article 6 Corresponding Adjustments: https://www.carbon-mechanisms.de/fileadmin/media/dokumente/Publikationen/Studie/2019_ClimateFocus_Perspectives_Corresponding_Adjustments_Art6.pdf

Proposal for guidance on robust accounting under Article 6 of the Paris Agreement: https://www.ieta.org/resources/International_WG/Article6/Portal/Guidance%20on%20robust%20accounting%20under%20Art%206%20ver3.pdf

Practical strategies to avoid overselling: https://www.infras.ch/media/filer_public/32/71/3271ad9a-ff27-43b2-bd46-7ce719b8222f/practical-strategies-to-avoid-overselling-final-report.pdf

Decoding article 6 of the Paris Agreement: <https://www.adb.org/sites/default/files/publication/418831/article6-paris-agreement.pdf>

When less is more: limits to international transfers under Article 6 of the Paris Agreement: <https://www.tandfonline.com/doi/pdf/10.1080/14693062.2018.1540341>

Avoiding double counting between CORSIA and Nationally Determined Contributions: https://www.dehst.de/SharedDocs/downloads/EN/project-mechanisms/discussion-papers/avoiding_double_counting.pdf?__blob=publicationFile&v=4

Avoiding Double Counting for the Carbon Offsetting and Reduction Scheme for International Aviation: <https://www.goldstandard.org/blog-item/external-report-guidelines-avoiding-double-counting-corsia>