CORSIA Eligible Emissions Units

Overview of recent recommendations and decisions

Panel 8: Prospects for international carbon markets: Article 6, CORSIA and pilot co-operative approaches
20th Annual IEA-IETA-EPRI Workshop on Greenhouse Gas Emission Trading: 23 October 2020

1. CORSIA Background

CORSIA has steadily progressed toward implementation since 2016

In October 2016, ICAO's 39th Member State Assembly…

established the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)—a global measure for airlines to use CORSIA-eligible carbon offsets to limit GHGs from international aviation in 2021-2035

tasked the CORSIA's regular governance to its 36-member ICAO Council, which meets triannually.

In June 2018, Council approved Standards and Recommend Practices (SARPs) to implement CORSIA

In February 2019, the ICAO Council…

established a Technical Advisory Body (TAB) to recommend offset certification "programmes" that meet CORSIA's eligibility criteria

adopted CORSIA Eligible Emissions Units Criteria (EUC) for TAB to use to identify CORSIA-eligible programmes

approved interim procedures for TAB's work, including *Guidelines for Criteria Interpretation* to inform TAB's application of the EUC

Throughout 2019, TAB invited applications from "emissions unit programmes" and assessed 14 applicants for consistency with the EUC

In and throughout 2020…

March 2020: Council decided on an initial list of Programmes eligible to certify carbon offsets for use by airlines under CORSIA in 2021-2023

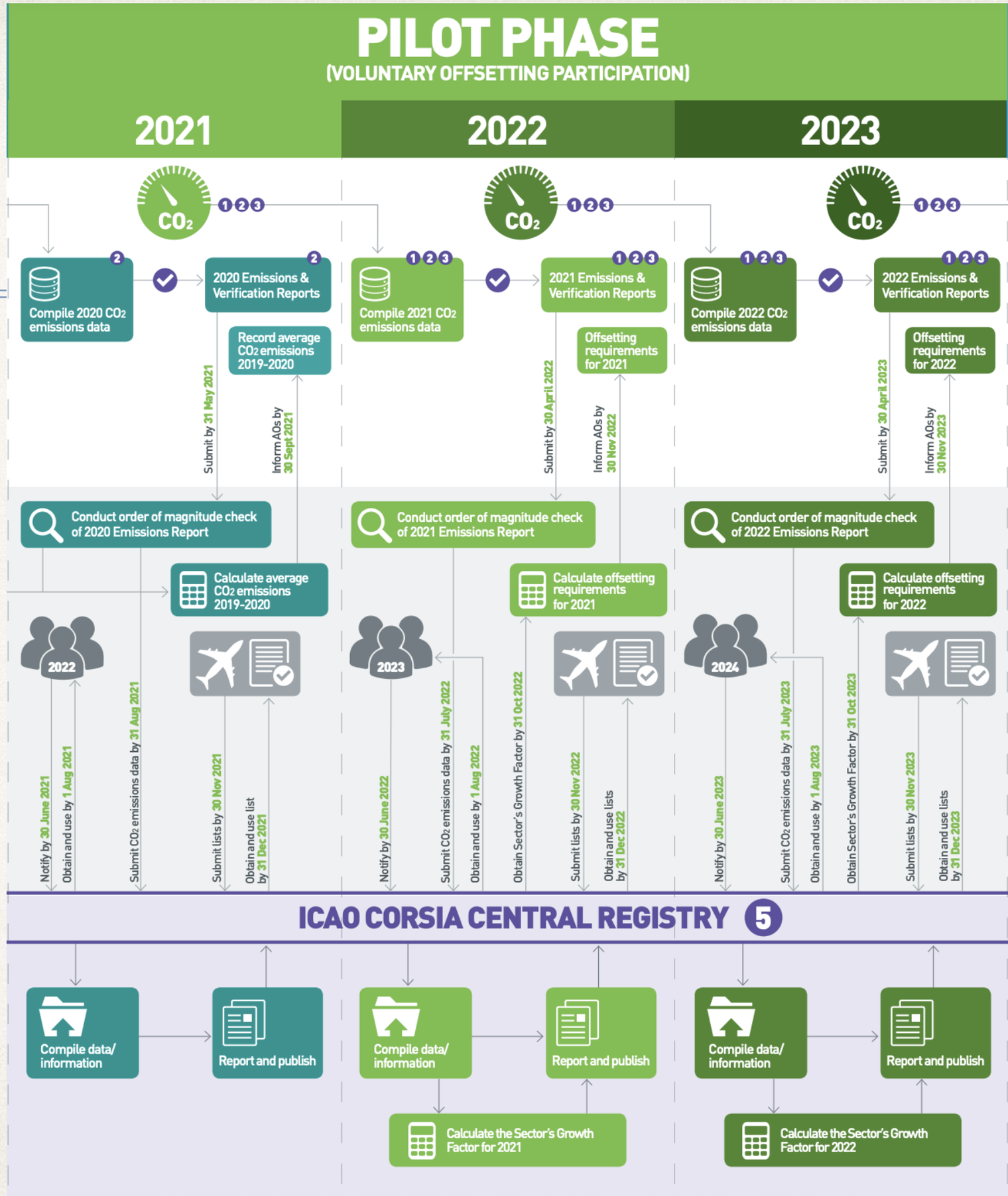
April 2020: TAB initiated a second assessment cycle, to which eight organizations responded and are currently being assessed

Mid-2020: ICAO published TAB's assessment approaches (*TAB Procedures*) and initial set of recommendations

Market participants would benefit from understanding CORSIA's requirements for cancelling and reporting on carbon offsets used.

CORSIA SARPs outline these MRV processes:

- ✓ Airlines track and submit their emissions data to States
- ✓ States collect and report data to ICAO
- ✓ ICAO compiles and publishes data in the CORSIA Central Registry (CCR)
- ✓ CCR data informs ICAO's calculation of the Sectoral Growth Factor (SGF)
- ✓ ICAO feeds the SGF back to States
- ✓ States use the SGF to calculate, inform airlines of offsetting requirements
- ✓ Airlines cancel required amounts of CORSIA-eligible offsets, compile + obtain third-party verification of cancellation reports, submit reports to States
- ✓ States report to ICAO on cancellations; ICAO compiles in CCR… ETC.



Source: *https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-communication.aspx*

A growing number of these documents are available on the CORSIA website.

- **TAB 2020 Assessment homepage**: https:/ / www.icao.int/ environmental-protection/ CORSIA/ Pages/ TAB.aspx
- **TAB 2019 Assessment homepage**: https:/ / www.icao.int/ environmental-protection/ CORSIA/ Pages/ TAB2019.aspx
- **TAB 2019 Recommendations:** https:/ / www.icao.int/ environmental-protection/ CORSIA/ Documents/ TAB/ Excerpt_TAB_Report_Jan_2020_final.pdf
- **Criteria and *Guidelines***: https:/ / www.icao.int/ environmental-protection/ CORSIA/ Documents/ TAB/ TAB%202020/ Programme_Application_Form_Appendix_A_Supplementary_Information_2020.docx
- **CORSIA Standards and Recommended Practices** (SARPs): https:/ / www.icao.int/ environmental-protection/ CORSIA/ Pages/ SARPs-Annex-16-Volume-IV.aspx
- **Environmental Technical Manual V2.0** (ETM): https:/ / www.icao.int/ environmental-protection/ CORSIA/ Pages/ ETM-V-IV.aspx

2. Offset Eligibility Criteria & TAB

A variety of documents form the basis for or reflect outcomes of TAB's work.

Emissions Units Criteria

- Quality criteria for offset certification programmes' CORSIA eligibility

ICAO Document titled "*CORSIA Eligible Emissions Units*"

- Describes offsets (*by programme*) that Council decides are CORSIA-eligible

TAB annual application form and appendices

- Requests information on applicants' consistency with the EUC (for TAB to assess)

TAB Terms of Reference

- Describes TAB's foundational directives, tasks, and processes

TAB Procedures

- Describes how TAB assesses programmes and manages the eligible ones

Guidelines support application of some EUC, amounting to ~100 indicators

Emissions Unit Criteria with narrative	Emissions Unit Criteria with narrative and *Guidelines for Criteria Interpretation*
• Clear Methodologies, Protocols, Development Process • Scope Considerations • Offset Credit Issuance and Retirement Procedures • Legal Nature and Transfer of Units • Have a clear and transparent chain of custody • Avoidance of Double Counting, Issuance and Claiming • Validation and Verification procedures • Transparency and Public Participation Provisions • Safeguards System • Do no net harm • Sustainable Development Criteria	• Are additional • Are based on a realistic and credible baseline • Are quantified, monitored, reported, and verified • Represent permanent emissions reductions • Program Governance • Safeguard against potential increase in emissions elsewhere • Are only counted once towards a mitigation obligation

3. CORSIA Eligible Emissions Units (as of fall 2020)

In March 2020, ICAO Council took its first decisions on CORSIA eligibility

Council's decision reflected three types of TAB recommendations:

1. **"Eligibility dates"**
   - Start and end dates for eligible projects; eligible vintage dates
   - How long the units from recommended programmes should be eligible for use under the ICAO Council's initial decision
2. **Recommendations on applicants under TAB's first assessment**
   - Recommended as eligible: *Immediately* and/ or *Conditionally*
   - Not recommended: at this time
   - Not recommended: not suited to TAB's assessment
3. **Enabling recommendations**
   - Decisions necessary for ongoing management of initially eligible programmes

Two key documents describe CORSIA eligible programmes / units.

"*CORSIA Eligible Emissions Units*" *defines* Programme / unit eligibility:

- **General Eligibility Parameters** (i.e. Eligibility dates, general requirements)
- **Programme Specific Eligibility Parameters** (i.e. detailing which systems, units are "CORSIA-eligible"):
  - Eligible Programme-designated Registry (or Registries) and Linked certification schemes
  - Exclusions and conditions
    - *Strict exclusions*: "is eligible…with exclusion of XYZ."
    - *Reconcilable exclusions*: "is eligible… only for projects that fulfill requirement X."

***TAB Reports* describe applicant qualifications and recommend programmes:**

- **General and specific findings**
- **Recommended eligibility status and Programme Specific Eligibility Parameters**
- **Further actions requested of Programme**
  - If *immediately* eligible: e.g., updates registry functions to clearly identify CORSIA eligible units
  - If *conditionally* eligible: e.g., specific procedure(s) to revise, for TAB to assess and Council to confirm

“Eligibility dates”, as defined, provisionally address double-claiming risks.

These “General Eligibility Parameters” apply to all CORSIA Eligible Emissions Units initially approved by ICAO Council:

1. **Eligibility Timeframe** (*i.e. <u>how long</u> the units can be used*):
   - Eligible for cancellation for use toward CORSIA offsetting requirements in the 2021-2023 compliance cycle (CORSIA Pilot Phase)
2. **Unit Eligibility Dates** (*i.e. <u>which units</u> can be “tagged” as CORSIA-eligible*):
   - Units issued from activities that started their first crediting period* <u>from 1 January 2016</u> (*as specified at time of registration);
   - for emissions reductions that occurred <u>through 31 December 2020</u>.

Six programmes are (so far) approved to supply CORSIA-eligible offsets.

A) *Immediately* eligible:

- American Carbon Registry (some *strict* exclusions)
- China GHG Voluntary Emission Reduction Program (some *strict* exclusions)
- Clean Development Mechanism (some *strict* exclusions)
- Climate Action Reserve (some *strict* and *reconcilable* exclusions)
- The Gold Standard (some *strict* exclusions)
- Verified Carbon Standard (some *strict* and *reconcilable* exclusions)

B) *Conditionally* eligible (where *full* CORSIA-eligibility may follow further actions taken by programme that TAB confirms and Council approves):

- Forest Carbon Partnership Facility
- Global Carbon Council
- VCS Jurisdictional and Nested REDD+ framework (JNR), Scenarios 2 and 3

TAB's second assessment cycle is now nearing completion.

- Second annual application call launched March 2020
  - Third cycle foreseen to launch early (Jan-Feb) 2021
- Documents, basis for 2020 assessment similar to 2019
- Council consideration expected Oct-Nov 2020
- 2020 assessment materials on CORSIA website