

ELO's views on the Proposal for Establishing a Union certification framework for carbon removals - COM(2022) 672 final

ELO has been supporting the establishment of a Carbon Removal Certification Framework (CRCF) even before the proposal emerged, as it has the potential to become the most well-established European scheme of Payment for Ecosystem Services (PES). The proposal holds the potential to improve the current voluntary market by increasing and stabilising prices.

While it is essential to prioritise emission reductions, carbon offsetting is an integral part of kick-starting the European carbon removals market and supporting the transition to carbon neutrality. The sooner we act, the better our chances of avoiding the worst when it comes to climate change. However, the direction of travel of current discussions is putting the idea at risk, stifling the existing market rather than supporting it. This places land managers at a disadvantage once again, with their efforts being ignored and taken for granted, and new actions being disincentivised. Fears of greenwashing need to be appeased by the fact that the framework proposed is designed to cover the EU market, which operates under ambitious revised ETS rules. Without a properly running carbon market, the land-based net removals target of -310 million tonnes of CO₂-equivalent by 2030, embedded in the revised LULUCF Regulation, will fail.

As a new market development, carbon removal activities are highly diverse in terms of their maturity, cost-effectiveness, and related monitoring costs, posing different challenges for certification. ELO supports the proposal to guarantee the quality of carbon removals certified in the EU through certification methodologies that are tailored to the specific circumstances of different carbon removal activities. Different points of departure for different types of carbon removals should be well-defined to prevent excluding valuable efforts. The Commission also proposes to build the methodologies around four Q.U.A.L.I.T.Y criteria:

1. **Quantification:** A carbon removal activity shall provide a net carbon removal benefit, meaning that (a) any emissions associated with the removal activity itself, whether direct or indirect (such as through land use change) must be subtracted, and (b) a reduction in greenhouse gas emissions resulting from the implementation of the carbon removal activity should be considered as a co-benefit towards the sustainability objective of climate change mitigation.
2. **Additionality and baselines:** A baseline provides a reference point to measure the impact of carbon removal initiatives and serves as a benchmark for evaluating the effectiveness of carbon removal activities. ELO believes it crucial to set a baseline that recognises early users' efforts and takes into account regional, local and activity differences. Additionality should first and foremost be based on the net additional carbon above the baseline, rather than concepts of legal and fiscal additionality

3. **Permanence:** ELO concurs with the validity of the certified carbon removals being subject to an expiry date matching with the end of the relevant monitoring period, and the possibility for renewal provided they are subject to uninterrupted monitoring. The establishment of liability mechanisms by the schemes to safeguard from unexpected events, such as up-front insurance, and collective buffers, are also welcomed.
4. **Sustainability:** Under the proposal, carbon removal activities should adhere to the "Do No Significant Harm" principle (DNSH). However, the concrete consequences of this on carbon removal certification are not yet clear. Additional requirements that are beyond the scope of carbon removal objectives need to be balanced against the limitation of carbon removals and the increase in bureaucratic and MRV costs. Instead, the focus should be on encouraging co-benefits.

Co-benefits: The proposal to increase the value of carbon certificates by recognising co-benefits is supported by ELO. A good balance needs to be struck, as the carbon market should be a pioneer to other PES, rather than be stifled through attempts to correct all other market failures.

ELO supports the idea that methodologies are developed according to the latest knowledge and take into account practical and implementation concerns, which implies the closest involvement of landowners and managers. It is important that the criteria is developed by the expert group rather than being subject to political decisions, while being framed by the cost-effectiveness of the implementation possibilities, covering both the removal activities and the associated MRV costs. Also, due to its novelty and uncertainties, the development of methodologies need to allow for improvements and adjustments over time, as well as innovations in this area.

The success of the initiative depends on the attractiveness of the private voluntary carbon market. The price needs to also take into account the associated MRV costs, which should be kept to a minimum. The current risks of framing the certification around public funds and value-chain pressures undermines setting the right market signals that sustain the carbon market for removals.

To sum up, getting the certification framework right is important for the success and credibility of the carbon removals market, boost land-based sequestration and storage initiatives and achieve our climate goals.

About the European Landowners' Organization (ELO)

The European Landowners' Organization (ELO) is a leading voice representing the interests of landowners, rural entrepreneurs, and rural land managers in Europe. ELO promotes sustainable land management practices, fosters innovation, and advocates for the recognition of landowners' crucial role in shaping Europe's landscapes and rural areas.

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