

THE
AIM
PLATFORM



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A new initiative jointly developed by



NEOTERIC
Energy & Climate

Gold Standard[®]

Very draft straw proposal for
intervention eligibility

Reminder, we are on Task 4: What should count?

Developing an approach to intervention eligibility, starting with 4 questions

1

Need: Must a company prove it needs accounting and reporting flexibility, e.g. by indicating a barrier such as visibility, technology availability, supply chain dynamics, etc.?

2

Association with Value Chain

How does an intervention need to be associated with a company's value chain to claim the results towards a target?

3

Ambition

Should we/how can we determine whether the intervention is aligned with or contributing to a Paris-aligned sectoral decarbonization pathway?

4

Safeguards

What additional safeguards are required to ensure a high integrity intervention, e.g. MRV/assurance, causality/additionality, etc.?

Straw Proposal for Need

Principle: A company must prove it needs flexibility w/r/t best practice GHG accounting and reporting due to a barrier such as supplier visibility.

For each intervention, one or more of the following eligible criteria must be present and verified:

- (1) Visibility/Influence:** The supplier is Tier 2 or greater, the product is sourced through a [cooperative], or the product is a global commodity. } Rationale: It is highly unlikely the company has any relationship with or influence over the supplier and may have no supplier visibility.
- (2) Availability:** The decarbonization technology has less than a [5]% market penetration rate at the applicable physical boundary level. }
- (3) Cost:** The premium for the decarbonized good or service either:
 - a. Is greater than [2]x the cost of the incumbent product or service or
 - b. Leads to a cost/MtCO₂e addressed of greater than [USD100/MtCO₂e]} Rationale: In such situations, multiple barriers are likely to apply, such as supplier unwillingness, technology availability, etc.
- (4) Location:** Suppliers targeted are in a Least Developed Country } Rationale: economic investment in LDCs is limited/challenging

Straw Proposal for Ambition

Principle: Interventions implementing technologies associated with Paris-aligned sectoral decarbonization pathways in hard to abate sectors require the most facilitation

Interventions with a core decarbonization technology that meets either of the following criteria is not required to [prove need/prove additionality/?]:

- (1) Achieves greater than [50]% reduction in emissions per unit of output as compared to the incumbent technology/processes or practices, or
- (2) Sits on a Net Zero aligned list of core decarbonization technologies/processes/practices by sector published by [reputable organization].

Straw Proposal for Association with Value Chain

Principle: Value chain interventions must be associated with the intervening company's value chain in order to be used towards a science-based target

An intervention is sufficiently associated with the intervening companies' value chain if it meets the activity and physical boundary criteria stipulated below:

Activity

- (1) The intervention must be in the same economic sector (as defined by xx) as the good or service whose emissions are being addressed through this intervention (i.e. they are represented* in the company's scope 3 GHG inventory) **and**
- (2) The core decarbonization technologies, processes or practices being implemented through the intervention must be applicable to the decarbonization of the production of the good or service whose emissions are being addressed through this intervention

or

- (3) The intervention must address electricity emissions

Physical Boundary

- (1) If the intervention addresses electricity emissions, it must affect a generating facility [in the same country/region/bidding zone] as the good or service whose electricity emissions are being addressed through this intervention;
- (2) If the intervention addresses land-based activities, it must affect the same Sourcing Area/Region as defined by Greenhouse Gas Protocol (further guidance in VCI);
- (3) For all other sectors/emission sources, the following logic applies:
 - a. For technologies/processes with a market penetration rate of less than 1% globally, no physical boundary applies.
 - b. For technologies/processes with a market penetration rate of less than 5% globally, the physical boundary is the same region according to [regional classification].
 - c. For technologies/processes with a market penetration rate of greater than 5% in the applicable region, the physical boundary is the same [country].

In addition, the volume of the good or service supported and claimed as a result of the intervention may not exceed the volume of the good or service represented in the company's scope 3 GHG inventory.

Straw Proposal for Safeguards

Principle: Value chain interventions must be associated with the intervening company's value chain in order to be used towards a science-based target

Value chain interventions must demonstrate the following in order to be eligible (details in following slides):

- a. Right to Claim
- b. Net Atmospheric Benefit to Regulation (i.e. Regulatory Additionality)
- c. Other Additionality Requirements, where applicable
- d. Avoidance of Erroneous Double-Counting
- e. Time boundedness/Vintage Restrictions

In addition, value chain interventions must demonstrate, preferably through an established Sustainability System, the following:

- a. Independent assurance of [mitigation] outcomes
- b. Best Practice allocation/assignment of [mitigation] outcomes
- c. Adherence to sound social and environmental safeguarding practices (including permanence, where applicable)

Straw Proposal for System-Level Safeguards

Principle: Independent assurance and adherence to sound environmental, social and economic safeguarding practices are the bedrock of intervention accounting.

Best practice is for interventions to utilize Sustainability Systems, also known as Sustainability Certifications Systems. These systems are independent, such as those within the ISEAL Alliance Membership or those approved for use under ICAO's CORSIA. Such systems include, inter alia:

1. Auditing Protocol or Process, including an accreditation process for independent certification bodies (auditors)
2. Sustainability Standard, including a life cycle assessment (LCA) methodology and additional environmental, social and economic criteria

Flexibility regarding the establishment of sustainability systems is required at this time, given that such systems don't yet exist in many sectors. Sector-specific bodies should develop towards this end goal as quickly as practicable.

Regardless, **Value Chain Interventions must demonstrate use of System-Level Safeguards including:**

- a. Independent assurance of [mitigation] outcomes (i.e. MRV, including that the activity caused the outcome)
- b. Best Practice allocation/assignment of [mitigation] outcomes, preferably following sector-specific guidance developed by a reputable organization, such as the Smart Freight Center's "Voluntary Market Based Measures Framework for Logistics Emissions Accounting and Reporting"
- c. Adherence to sound environmental, social and economic safeguarding practices, including permanence where relevant

Straw Proposal on Right to Claim

Principle: Companies must be able to prove they had a causal relationship with the intervention in order to claim the results.

Value chain interventions must demonstrate the following:

- a. **Right to claim:** Proof of the right to claim the intervention results. Such proof must be assured and may include, inter alia:
 - i. Fully executed *eligible green certificate purchase agreement,
 - ii. Proof of retirement of units in an eligible* book and claim registry,
 - iii. Attestation from supplier indicating right to claim based on any of the following:
 - i. procurement requirement,
 - ii. ?
 - iv. **What else?**

*Eligibility rules for green certificate systems and book and claim registries stipulated elsewhere in the guidance.

Straw Proposal for Additionality/Net Atmospheric Benefit

Principle:

Value chain interventions must demonstrate the following:

- c. **Regulatory Additionality:** The emissions benefits / result in emissions reductions beyond those required by regulatory compliance obligations and result in emissions reductions beyond those required by regulatory compliance obligations.
- d. **Other Additionality Requirements:** Emissions reductions beyond those required by regulatory compliance obligations.

**WORK IN PROGRESS.
REQUIRES MORE CONSULTATION.**

Straw Proposal for Double-Counting and Vintage Restrictions

Principle:

The results of value chain interventions must:

- a. **May not be erroneously double-Counting:**
- b. **Time boundedness/vintage restriction:**

**WORK IN PROGRESS.
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