

# **Carbon Coalition Scoring Criteria and Methodology**

#### Introduction

The Carbon Coalition Advisory Board agreed the following scoring criteria and methodology. The Appointed Fund Manager is responsible for applying this to offsetting projects that will become the Carbon Coalition Portfolio. The Carbon Coalition Advisory Board is to review the scoring methodology on an annual basis. Each credit will be scored against the scoring criteria and only the carbon projects which pass the set threshold will be viable to be selected for the portfolio.

Due to the challenges in selecting and retiring carbon credits associated with varied pricing and quality the following set of scoring criteria have been published to simplify the selection and comparison process. The scoring criteria have been selected to align closely to the COP 26 Universities Network briefing on carbon offsetting for the UK further and higher education institutes. The scoring for each credit will be completed by the Carbon Coalition's Appointed Fund Manager and an audit of all projects carbon credit scores for the pilot will be completed by EAUC. Due to the broad and subjective nature of the scoring criteria the EAUC will have final approval of the scoring of a credit based on the evidence provided. There are automatic disqualifications if a project scores less than 1 for specific criteria – these are highlighted below.

Other proposed exclusions such as offsets generated by high emitting sectors such as fossil fuel companies or power utilities are covered under Section H: Social, Economic and Environmental Sustainability.

Please refer to the <u>Principles on Offsetting</u> document for details on which projects are excluded and why.

#### **Automatic Disqualification Section**

#### A. Certification Standard of Carbon Credit

The certification standard of a carbon credit indicates the quality of analysis conducted to produce and verify the carbon offset. Many of the other scoring criteria below rely on the quality of data produced during this certification process. A score of 1 is automatic disqualification from the Portfolio.

| Score | Criteria   |  |  |
|-------|--|--|--|
| 1     | No independent voluntary certification standard. Check scoring criteria 3 if   |  |  |
|       | reviewing carbon capture projects. Automatic disqualification.                 |  |  |
| 2     | Independent voluntary certification standard (Plan Vivo, UK Woodland Carbon    |  |  |
|       | Code) - less frequent verifications  |  |  |
| 3     | High quality independent voluntary certification standard (Gold Standard, VCS, |  |  |
|       | UN-CDM) or to support innovation/early technology with an independent audit or |  |  |
|       | reasonable evidence of permanent carbon dioxide capture and conversion into a  |  |  |
|       | permanent stable form would be adequate e.g. mineralization                    |  |  |



#### B. Avoidance of double counting

The reductions or removals that an offset project generates must not be claimed by more than one party (e.g. both the purchaser and the government of the project's host country). Carbon credits bought and sold on the voluntary carbon offsetting market will avoid double counting, however the issue must still be considered. A score of 1 is automatic disqualification from the Portfolio.

| Score | Criteria   |
|-------|--|
| 1     | Not enough evidence is available to prove the project offsets are not double counted. There is reasonable evidence that more than 10% of the project offsets have been doubled counted and not compensated for.  |
| 2     | There is reasonable evidence that more than 1% and less than 10% of the project offsets have been double counted or through high standard verification. If 10% of more of the project offsets have been double counted, the project has compensated for this in the carbon offset calculation process. |
| 3     | There is reasonable evidence that less than 1% of the project offsets have been double counted. If 1% or more of the project offsets have been double counted, the project has compensated for this in the carbon offset calculation process.  |

## C. Avoidance of carbon leakage

There needs to be only a very low risk that a carbon project has merely displaced the emissions to another place or time. Projects should detail carbon leakage and mitigation for avoidance as part of validation and must deliver net reduction in CO2 emissions. The Coalition recommends that institutions add 5% onto their carbon footprint as industry standard. A score of 1 is automatic disqualification from the Portfolio.

| Score   | Criteria   |
|---------|--|
| 1 (no)  | There is not reasonable data to prove an effective review and compensation for |
|         | carbon leakage.  |
| 3 (yes) | There is reasonable evidence to prove that carbon leakage has been accurately  |
|         | estimated (+/- 10%) and compensated for.                                       |

#### D. Accuracy of carbon calculations

Offsets issued by a carbon project must accurately reflect the quantity of reduced or removed greenhouse gas, as well as account properly for the warming impacts of non-CO2 climate pollutants (e.g. short-lived climate pollutants like methane). The process to be a carbon credit includes measurements and 3rd party verification. Projects should state the method of calculation. A score of 1 is automatic disqualification from the Portfolio.

| Score | Criteria   |
|-------|--|
| 1     | Not enough evidence is available to prove accuracy of the carbon calculations to |
|       | +/- 20% significance.  |
| 2     | There is reasonable evidence to prove the accuracy of the carbon calculations to |
|       | +/- 20% significance.  |



| 3 | There is reasonable evidence to prove the accuracy of the carbon calculations to |
|---|--|
|   | +/- 5% significance.   |

#### **Additional Requirements Section**

### E. Permanence of storage

If the offset involves storing carbon, is the stored carbon locked away for a very long time (ideally thousands of years) or is there a significant risk of it being re-emitted back into the atmosphere in the coming decades? Are there legal, institutional, physical, or financial protections in place to reduce the risk of reversal?

| Score | Criteria  |  |  |  |
|-------|---|--|--|--|
| 1     | Offset is reduction based or offset is removal based that cannot provide  |  |  |  |
|       | reasonable evidence of permanence greater than 100 years.                 |  |  |  |
| 2     | Offset is removal based and can provide reasonable evidence of permanence |  |  |  |
|       | greater than or equal to 100 years but less than 1000 years.              |  |  |  |
| 3     | Offset is removal based and can provide reasonable evidence of permanence |  |  |  |
|       | greater than or equal to 1000 years.                                      |  |  |  |

## F. Additionality

Would the emission reduction or the carbon removal have occurred in the absence of the project?

| Score | Criteria  |  |  |  |
|-------|---|--|--|--|
| 1     | Not enough evidence is available to justify the necessity of the project for the  |  |  |  |
|       | offset to occur. High likelihood the offset would have occurred in the absence of |  |  |  |
|       | the project. This will allow renewable energy projects to be included.            |  |  |  |
| 2     | The project is partially funded through the production of carbon credits or sale  |  |  |  |
|       | of offset products but also generates other forms of income equal to or greater   |  |  |  |
|       | than the value of the carbon credit production. Medium likelihood the offset      |  |  |  |
|       | would have occurred without the production of carbon credits.                     |  |  |  |
| 3     | The project generates the majority of its revenue from the production of carbon   |  |  |  |
|       | credits. High likelihood that the offset would not have occurred without the      |  |  |  |
|       | production of carbon credits.   |  |  |  |

#### G. Atmospheric outcome secured

Offsets should ideally stem from actions that are confirmed to have already taken place. For example, projects should not give full credit upfront for carbon removal that will take decades to be fully realised. If offsets are not secured, the future action that the offset pays for must be proximate (not decades away) and guaranteed. It is noted that due to limited UK projects and carbon storage projects it is recognised that these may be produced in advance and therefore are included. We will continue to lobby for more UK based projects that are not produced in advance of actions completed.

| Score Criteria |
|----------------|
|----------------|



| 1 | Carbon credits are produced in advance of action completion.  |
|---|---|
| 2 | Carbon credits are produced after action completion.  |
| 3 | Carbon credits are produced after action completion with annual quantification and validation audits. |

#### H. Social, Economic and Environmental Sustainability

Offsets must not cause environmental or social negative impacts, must protect the self-determination of local communities and Indigenous Peoples, be undertaken with Free and Prior Informed Consent of local people as a minimum level of engagement, and should ideally advance the Sustainable Development Goals (e.g. biodiversity protections, equality, etc.). It is noted that this is included as a requirement of Gold Standard. This is excluding the positive of the carbon removal benefits. This area could be a key research project that we could develop in time. Any credit causing significant negative impacts will not be included in the Portfolio.

| Score | Criteria   |
|-------|--|
| 1     | After discounting the projects production of offsets, there is reasonable evidence that the projects provide negative impacts in relation to social and environment negative impacts deemed important by local people.   |
| 2     | After discounting the projects production of offsets, there is reasonable evidence that the project provides no negative or slight positive impact in relation to social and environmental factors deemed important by local people, and is financially and ethically well managed.        |
| 3     | After discounting the projects production of offsets, there is reasonable evidence that the project provides no negative and substantial positive impacts in relation to social and environmental factors deemed important by local people, and is financially and ethically well managed. |

#### Portfolio Mix – Education Sector Specific

| UK Project | Global Project | Educational<br>link to project | Teaching opportunity | Research opportunity | Mapped to<br>SDGs |
|------------|----------------|--------------------------------|----------------------|----------------------|-------------------|
| Yes/No     | Yes/No         | Yes/No                         | Yes/No               | Yes/No               | Yes/No            |

## **Scoring Overview**

| Potential | Criteria                                   |  |
|-----------|--|--|
| Score     |  |  |
| 3         | A: Certification Standard of Carbon Credit |  |
| 3         | B: Permanence of storage                   |  |
| 3         | C: Additionality                           |  |
| 3         | D: Avoidance of double counting            |  |



| 3  | E: Avoidance of carbon leakage                       |
|----|--|
| 3  | F: Accuracy of carbon calculations                   |
| 3  | G: Atmospheric outcome secured                       |
| 3  | H: Social, Economic and Environmental Sustainability |
| 24 | TOTAL  |

There is a minimum score of 16. There are enough checks and balances to exclude projects that do not meet the minimum requirements. The scores should go up over time as better projects come to market and we can raise our standards and the scoring criteria will be reviewed on an annual basis.

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Approved by the EAUC Carbon Coalition Advisory Board on 15<sup>th</sup> April 2021. Next Review due 1<sup>st</sup> April 2022.