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Document reference number and title: **A6.4-MEP007-A04. Draft Standard: Addressing non-permanence/reversals (version 01.0)**

Item	Section no. (as indicated in the document)	Paragraph /Table/Figure no. (as indicated in the document)	Comment (including justification for change)	Proposed change (including proposed text)
1	Entire document	n/a	<p>Appendix 1 and 2 provide a good basis for a Standard on non-permanence/reversals. However, they still require changes, which we have outlined in further comments, in order to be truly robust.</p> <p>On the other hand, Appendix 3 contains many shortcomings and inconsistencies with existing guidance, and would not be able to address non-permanence and reversals in a way that is aligned with science.</p>	Include Appendix 1 and 2 in the Standard with the proposed changes below, exclude Appendix 3 from the Standard.
2	Appendix 1 Section 2	Paragraph 3(g)	Without a risk assessment tool, it is difficult to assess the robustness of this standard. The application of many provisions will hinge on the robustness of the risk assessment tool. We therefore urge the MEP to draft a robust and science-based risk assessment tool.	

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3	Appendix 1 Section 2	Paragraph 3(g)	<p>The IPCC categorizes confidence levels as follows: “Each finding is grounded in an evaluation of underlying evidence and agreement. A level of confidence is expressed using five qualifiers: very low, low, medium, high and very high. The following terms have been used to indicate the assessed likelihood of an outcome or result: virtually certain 99–100% probability; very likely 90–100%; likely 66–100%; about as likely as not 33–66%; unlikely 0–33%; very unlikely 0–10%; and exceptionally unlikely 0–1%.”</p> <p>Using these qualifiers as a reference, “negligible” should correspond to the highest confidence levels, meaning the risk of reversal is exceptionally unlikely and the permanence is virtually certain, so only a risk rating lower than 1% would be credible to constitute “negligible” risk, ideally 0,1%.</p>	<p>“Negligible risk of reversal: A risk of reversal that would result in a loss of no more than one tenth percent of all the A6.4 emission reductions (A6.4ERs) issued with respect to the total emission reductions and/or net removals achieved by the activity during its active crediting period, calculated over a 100-year timeframe starting from no earlier than the end of the last active crediting period;”</p>

4	Appendix 1 Section 3	Paragraph 5b and 5e, footnotes 2 and 5	<p>The examples provided in footnotes 2 and 5 are inappropriate and appear to prejudge eligibility of certain types of approaches which have been much contested in the past years in meetings of the Article 6.4 Supervisory Body and in other fora. These references should be deleted, and it seems prudent to preface the list of activities in paragraph 5 with approval from the Article 6.4 Supervisory Body.</p> <p>CDR methods involving storage in products, such as in construction materials, bear risks regarding accuracy of carbon accounting and net removal benefit – e.g. storage in existing pools (trees) which are then shifted via harvested wood products into buildings – as well as permanence on climate relevant timeframes (see for example here). Harvested wood products in particular should be excluded from eligibility.</p> <p>Moreover, the reference in footnote 5 to ocean carbon dioxide removal raises real concerns, as it is especially controversial and risky, and should be deleted. As detailed in the 45th Consultative Meeting of Contracting Parties to the London Convention and the 18th Meeting of Contracting Parties to the London Protocol: “Parties to the treaties which regulate the dumping of wastes at sea have reiterated, in a statement, their concern about marine engineering techniques, which have the potential for deleterious effects that are widespread, long-lasting or severe. They state that such marine geoengineering activities, other than legitimate scientific</p>	<p>“The standard applies to mechanism methodologies for activities involving emission reductions and/or net removals that are subject to reversal risks. This applies, inter alia, to the following types of activities, which shall require explicit approval or denial of eligibility under the Paris Agreement Crediting Mechanism by the Supervisory Body:</p> <p>[...]</p> <p>(e) Activities increasing, relative to the baseline, the capacity of the hydrosphere to store greenhouse gases or precursors of greenhouse gases;⁵</p> <p>⁵This includes, for example, storing carbon dioxide in the water column of oceans or enhancing the alkalinity of oceans.”</p>
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			<p>research, should be deferred. [...] Four techniques which are or have been evaluated are ocean alkalinity enhancement; biomass cultivation for carbon removal; marine cloud brightening; and surface albedo enhancement involving reflective particles and/or other materials.”</p> <p>In addition, ocean based CDR methods would likely fall out of the geographical and legal jurisdiction of many Parties, falling into international waters, thus raising significant governance questions as well as the inability to account for any potentially ensuing removals under the Paris Agreement accounting framework.</p>	
	Appendix 1 Section 3	Paragraph 6, footnote 8	The examples from this footnote are not automatically without reversal risk. As long as activities store greenhouse gases, even if this is temporary, they can be prone to reversal risks, such as is the case with anaerobic digesters.	Delete this footnote, or limit to examples without (temporary) greenhouse gas storage
5	Appendix 1 Section 4.2	Paragraph 9	CMW supports the inclusion of this paragraph and asks for it to be retained.	
6	Appendix 1 Section 4.2	Paragraph 10	CMW supports the inclusion of this paragraph and asks for it to be retained	

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7	Appendix 1 Section 6.6, 6.7 and 6.8	Entire section	In each of these instances, the higher contribution to adaptation and OMGE should be selected. Lowering the mandatory contributions to OMGE and SOP because of the buffer pool contribution does not align with any of the existing CMA and SBM provisions on OMGE and SOP contributions. Decision 3/CMA.3 is clear that the SOP for adaptation shall be “5 per cent of the <i>issued</i> A6.4ERs” (paragraph 58) and that the cancellation for OMGE shall be “a minimum of 2 per cent of the <i>issued</i> A6.4ERs” (paragraph 59). Buffer pool A6.4ERs fall under issued A6.4ERs and so they must be included in calculating the correct contribution.	Retain paragraphs 29, 31, and 33. Delete paragraphs 30, 32, and 34.
8	Appendix 1 Section 7.3	Paragraph 43	CMW supports the inclusion of this paragraph and asks for it to be retained, but the word ‘should’ must be changed to ‘shall’.	“Reversals resulting from illegal action by third parties that cannot be controlled, influenced or managed by the activity participants. Reversals that have been caused by any factors that were not identified in the first and any updated reversal risk assessments shall, as a default, be classified as avoidable reversals and may only be classified as unavoidable with due justification (e.g., in cases of clear “force majeure”). “
9	Appendix 1 Section 7.4	Paragraph 46	This does not guarantee that mechanism methodologies will select a conservative minimum period. Either one general minimum period should be established, or clearer options and criteria for mechanism methodologies to define a minimum period should be given.	

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10	Appendix 2, Section 2	Paragraph 16	<p>CMW supports the provision that requests and their outcomes are made publicly available.</p> <p>However, demonstrated unavailability of designated operational entities should only be a valid reason for extensions under circumstances where the activity participant has given the designated operational entity sufficient time for the verification. More clarity is needed on when the unavailability of designated operational entities is truly the limiting factor. Timelines for the designated operational entity to have received the report for verification could be used for this.</p>	<p>“Activity participants may make a request to the Supervisory Body to grant an extension of submission deadlines only in cases of force majeure or demonstrated unavailability of designated operational entities, where documented evidence confirms they could not verify the activity participant's reports despite receiving the reports at least [x] days before the submission deadline. The secretariat shall review any such request and recommend that the Supervisory Body grant any request that is justified with appropriate evidence and shall recommend that the Supervisory Body deny all other requests. All requests and grants or denials of requests shall be made publicly available.”</p>
11	Appendix 2 Section 2.2	Entire section	<p>This section does not contain any consequences for incomplete report submissions. A report can remain incomplete, even if the submission deadlines are met. If a report is deemed incomplete, and remains incomplete with revised documentation, an explicit link must be made to the late and missing report provisions. We propose an additional paragraph insertion after paragraph 27 to address this.</p>	<p>“If a report is deemed incomplete and the resubmission deadline is met, but the report remains incomplete with revised documentation, the report shall be deemed late. If the report remains incomplete, despite additional documentation provided within the deadlines for late report submissions, it shall be deemed missing.”</p>
12	Appendix 2 Section 2.3	Paragraph 33	<p>CMW supports the inclusion of this paragraph and asks for it to be retained.</p>	
13	Appendix 2 Section 3.1	Paragraph 36	<p>CMW supports the inclusion of this paragraph and asks for it to be retained.</p>	

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14	Appendix 2 Section 3.1	Paragraph 37	More information is needed on third-party monitoring if this is included as an option, as this raises questions around liability. Appendix 3, paragraph 13 contains a footnote that could be helpful in this regard, we propose adding an altered version of this footnote to paragraph 37.	"The monitoring for reversals can be carried out by parties other than the activity participant, subject to approval of the Article 6.4 Supervisory Body. However the approach to monitoring, including who the outsourced party is, must be clearly described and justified for the activity, and approved by the Supervisory Body. The liability and obligations for reporting and remediation remain with the activity participant."
15	Appendix 2 Section 3.2.1	Paragraph 40	CMW supports the inclusion of this paragraph and asks for it to be retained. It would be further strengthened by extending the cancellation requirement to activities of at least the same, or lower, reversal risk rating.	"Activity participants may submit, at any time during the post-crediting period, a request to the Supervisory Body to terminate post-crediting period monitoring and reporting, if they have mitigated all potential reversals for all A6.4ERs issued to the Article 6.4 activity (i.e., the sum of A6.4ER _{total,t} issued for all monitoring reports, as referred to section 6.3 of Appendix 1) directly through the cancellation of a corresponding number of A6.4ER units from any Article 6.4 activity assigned at least the same, or lower, reversal risk rating to a dedicated cancellation account in the mechanism registry for the purpose of remediation of future reversals. For any authorised A6.4ERs issued to the Article 6.4 activity, the cancellation shall be made using authorised A6.4ERs."

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16	Appendix 2 Section 3.2.2	Paragraph 45	The termination of the post-crediting monitoring should include an independent review or verification of the request, in addition to the completeness check.	"The request for termination shall undergo verification by a designated operational entity with no prior involvement in the Article 6.4 activity. Upon submission of a request for termination of post-crediting period monitoring through demonstration of negligible risk of reversal as per paragraphs 42 to 43, the secretariat shall, subject to the guidance of the Supervisory Body, perform a completeness check.
17	Appendix 2 Section 3.2.2	Paragraph 46	CMW supports the inclusion of this paragraph and asks for it to be retained, but the period for public comments should be extended. For all stakeholders to be able to give input, including local communities involved in the project, 30 days will likely not be sufficient. We propose 90 days or, at the very minimum, 60 days for the period for public comments.	"Complete requests for termination of post-crediting period monitoring submitted to the secretariat shall be posted on the UNFCCC website for public comments for a period of [60/90] days."

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18	Appendix 2 Section 4.2	Paragraph 53	This paragraphs currently allows for any A6.4ERs to be used for remediation of avoidable reversals, as long as the authorization status is the same. If A6.4ERs for this remediation do not need to be of the same activity type or risk rating as the ones reversed, this could give a perverse incentive to remediate with cheaper and higher risk credits, which would compromise the robustness of the Reversal Risk Buffer Pool. More qualifications are needed to ensure the Buffer Pool composition is a reflection of the overall supply of A6.4ERs with a reversal risk, not just the highest risk A6.4ERs.	Add criteria for A6.4ERs forwarded or first transferred to the Reversal Risk Buffer Pool Account in the case of avoidable reversals to be of a similar risk rating category as the reversals. “(b) The number of each type of A6.4ERs cancelled (whether Mitigation Contribution Units or authorized A6.4ERs) shall be from activities assigned at least the same, or lower, risk rating as the activity where avoidable reversals occurred, and shall be based on the proportion of Mitigation Contribution Units or authorized A6.4ERs issued for the activity’s emission reductions and/or net removals at the time of the reversal.”
20	Appendix 3 General point, relates to paragraph 12, 32, 33, 76 94, 98, 99	n/a	Many elements are left to the discretion of the Secretariat. The Secretariat is not the decisionmaking body of the PACM and it therefore is not appropriate that they are given this role.	
22	Appendix 3 general point	n/a	The below comments on Appendix 3 are rarely accompanied by proposed changes and proposed text, because we do not see that surgical edits to Appendix 3 would suffice to make it acceptable. The comments are mostly meant to illustrate why Appendix 3 is unacceptable, but they are non-exhaustive.	

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24	Appendix 3 Section 3	Paragraph 8(l)(i)	Relying on the buffer pool in case of non-remediated intentional reversals is a serious threat to the robustness of the buffer pool. There should be other provisions to hold activity participants liable in the case of non-remediation of intentional reversals.	
25	Appendix 3 Section 5.2	Paragraph 17	45 years is an entirely arbitrary length of time that does not have any relevance in a context of compensating for (offsetting) CO2-emissions that will remain in the atmosphere for centuries to millennia.	
26	Appendix 3 Section 5.3	Paragraph 24	Annual reversal reports will be subject to verification along with the monitoring report during the crediting period(s), which means that they will only be verified every 5 years if the monitoring report is only submitted every 5 years. In addition, annual reversal reports will be subject to random spot verification during the post-crediting monitoring period, the frequency of which will be based on the activity participants conformance record. These provisions are insufficient. Verification is a bare minimum requirement in carbon credit markets, and should happen frequently and consistently. Every annual reversal report during the post-crediting monitoring period should be verified, not just random spot controls.	

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27	Appendix 3 Section 6.1	Paragraph 38	<p>This definition attempts to override the definition already established by the Removals Standard (A6.4-STAN-METH-002), paragraph 9:</p> <p>“(e) Avoidable reversals are reversals caused by factors over which the activity participants have influence or control;</p> <p>(f) Unavoidable reversals are reversals caused by factors over which the activity participants have no influence or control.”</p> <p>The words “intentional” and “unintentional” are misleading, as limiting reversals for which the activity participant should take responsibility to where there is intention to cause a reversal, is very narrow. This would exclude any cases where the activity participant would have actually been able to prevent the reversal, but didn’t do so because of negligence. The “avoidable” vs “unavoidable” categorisation is much better suited to differentiate between reversals where the responsibility lies with the activity participant or not. Moreover, it is unclear what is meant by “reasonably”, and the following paragraphs do not give confidence that this is a conservative interpretation of what is avoidable or unavoidable.</p> <p>The definition from the Removals Standard must be upheld.</p>	

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28	Appendix 3 Section 6.1.1	Paragraph 42	This includes examples of where a reversal may not have been intentional, but nevertheless a result of actions by the activity participant for which they may be responsible: for example, the illegal harvesting of timber and conversion of forest to non-forest land by other parties, which can be classified as avoidable, and should be the responsibility of the activity participant to remediate, not drawing from the buffer pool.	
29	Appendix 3 Section 6.1.2	Entire section	This section only covers active and deliberate negative practices or interventions by the activity participant, instead of events occurring as a result of a lack of precautionary or positive practices by the activity participant, which is equally a shortcoming for which the activity participant must be held accountable. Not addressing negligence or any other form of indirect causation is a limiting and insufficient interpretation of avoidable and unavoidable reversals as described in the Removals Standard (A6.4-STAN-METH-002).	

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30	Appendix 3 Section 6.2	Paragraph 47	The holding of approved insurance or comparable guarantee product, for which the requirements and approval procedure are stated in paragraph 49(a) to be for consideration by the Supervisory Body, is not a credible alternative to address reversals. Until clear requirements and guidelines for such practice are in place, which guarantee the long-term robustness, this is not a valid mitigation option and should not be presented as such.	

31	Appendix 3 Section 6.2.1	Entire section	<p>Paragraph 50 describes the calculation of “An overall percentage-based risk rating that accounts for unintentional reversals, taking into account, inter alia, the nature, magnitude, likelihood, and duration of the risks” on the basis of the required risk assessment, but this section does not properly address how this calculation is done.</p> <p>Since this risk rating is very important and informs the determination of a negligible risk as described in para 51(b), it must be made clear what the calculation for this is, and which factors will be taken into account in what way.</p> <p>Paragraphs 56-63 give more information on the risk factor, but how this calculation will be done is still not clear.</p> <p>Moreover, the factors on which the overall risk factor is based are limited to “An insolvency risk factor; A mitigation activity type risk factor; A primary risk factor; and A risk factor for the reversal management plan” (paragraph 56), which are determined by the Supervisory Body (it does not say how) but they are not granular enough for each individual activity to give a rating. Even when just focusing on forest-based activities, according to a review article in Nature Climate Change, disturbance risks vary greatly and are also significantly affected by climate change. The risk factor should be based on the latest scientific evidence, such as this recent research article on the underestimation of risk in the</p>
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			<p>case of forest-based activities by carbon offset protocols.</p> <p>It is also unclear, if the factor is within a range, how the choice for a number within that range can be made and who will make it. Appendix 3 does not make clear that this is the DOE.</p>	
32	Appendix 3 Section 7.2	Paragraph 76	“May” language does not fit here, as the suspension should not be framed as an optional consequence. This should be changed to “will” or “shall”.	“Upon the receipt of a reversal notification, the secretariat shall instruct the mechanism registry administrator to suspend the operations of issuance, transfer, and cancellation of A6.4ERs from the activity participants account resulting from the activity.”
33	Appendix 3 Section 7.1	Paragraph 77-78	“Will immediately” or “shall immediately” is vague language used in these paragraphs. A clear timeframe is needed for all actors and for all steps in the post-reversal actions.	
34	Appendix 3 Section 7.2	Paragraph 93	This does not speak to the A6.4ERs for the activity in question that are no longer held by the activity participant. All A6.4ERs related to the report must be cancelled, including those not held by the activity participant. Otherwise, credits associated with missing reports would bear no consequences if they are already transferred to another account.	

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35	Appendix 3 Section 7.4	Entire section	<p>This section describes how a registered activity can be terminated by cancelling any A6.4ERs, as long as it's the amount verified from the activity. In addition, it mentions a non-specified 'diminishing liability' discount.</p> <p>It makes no sense that any A6.4ERs can be leveraged to terminate an activity, and that this is even subject to a discount. All A6.4ERs from that specific activity should be cancelled if the activity is to be terminated, because it is their permanence that can no longer be guaranteed.</p>	