



Brussels 5.2.2024

Dear Climate Attaché,

The Carbon Removal Certification Framework (CRCF) political process is nearing its foreseen end on February 19th.

The use of units generated through the CRCF and the potential for double counting or claiming those units are two key separate, but interlinked, issues that are not receiving the attention they deserve during the trilogue process, and have been largely left out of the Council General approach. The European Parliament has included elements of both in its position, but those elements are still insufficient to ensure environmental integrity and robust accounting, and limit greenwashing.

We urge you to consider these two issues as priorities and establish an ambitious mandate for negotiations on them during the upcoming working party meetings. They are core environmental integrity issues that are at the heart of the CRCF, its functioning, and the trust and impact it will generate. We briefly set out our key recommendations on both below.

Use-case

Where the units end up and who uses them for what purposes is crucially important in order to ensure that CRCF units contribute to, rather than distract from, EU and global climate action.

The CRCF units should not be used to delay climate action, therefore, any use for offsetting emissions either in voluntary or compliance frameworks should be explicitly ruled out (including through CORSIA and voluntary carbon markets). Once units end up on international carbon markets they are commodities and controlling who uses them and for what becomes extremely difficult. Fossil fuel companies have and continue to use units from the same types of projects that the CRCF will regulate to [label their products 'carbon' or 'climate neutral'](#), and even to proclaim that they can be used to [justify continued fossil fuel exploitation](#). Important to note, that **Empowering Consumers for the Green Transition (ECGT) and Green Claims (GC) will not be sufficient to deal with many of these practices**. For example 'carbon neutrality' **claims at the company level** and/or claims **happening outside the EU** are not covered by the ECGT ban (and therefore likely will not be by GC either). If foreign companies can use the CRCF units to



make carbon neutrality advertisements in their country, the EU will be supporting or even promoting practices in third countries that it is banning at home.

An alternative to offsetting that encourages private investments is the contribution claims -model. In this model, a private entity financing a project only declares to have helped the EU or the country hosting the project reach its targets. There are [many advantages to the contribution model](#), and major voluntary carbon market players (such as the [Gold Standard](#)) are actively promoting it. The same project could be easily co-financed by both countries and companies if the contribution claim model is used. This simplifies the problem of double-counting (as discussed below) significantly.

Double-counting or double-claiming

Regardless of the decision taken on which uses of units are allowed or banned, double-counting must still be addressed. The language in both the Council General Approach and (to a lesser extent) the European Parliament position does not definitively rule out all potential double counting issues. Double counting is defined by the [4 main VCM registries, IETA, CMW, WWF and EDF](#) as "A situation in which a single greenhouse gas emission reduction or removal is counted more than once towards achieving climate change mitigation. Double counting can occur through double issuance, double use, and double claiming".

- There is a limited risk of double issuance through the CRCF (though it is not zero - unambitious setting and updating of standardised baselines in the carbon farming could lead to double issuance between the end of an activity period and the start of the next one).
- Double use is also less of a concern for CRCF - as this is covered by both EP and EUCO positions (and is a basic function the EU registry should respect).
- **Double claiming, however, is going to happen at a large scale if negotiators do not agree on text to prevent it, and if any use of CRCF for offsetting in compliance or voluntary mechanisms is allowed. Green Claims and ECGT will not prevent this as they do not cover accounting issues and have a remit limited geographically to the EU.**

Currently, any emission reduction or removal in the carbon farming sector (soil sequestration, emission reductions, forest management etc) will be accounted for under the Effort Sharing Regulation or the LULUCF Regulation. The latter will also account for harvested wood products. If CRCF issues units from carbon farming or harvested wood products which end up in voluntary or



international carbon markets (for example, under Article 6) to be used for offsetting claims or NDC compliance, then double counting will occur unless 'corresponding adjustments' are made. **This means that removals or emission reductions underlying units that are used for corporate neutralisation/compensation claims or towards meeting third-country NDCs cannot be counted towards the LULUCF Regulation, Effort Sharing Regulation and the EU NDC.**

The concept of 'corresponding adjustments' is a key part of negotiations on international carbon markets under Article 6 of the Paris Agreement, which all Parties to the UNFCCC agreed to at COP26 and which the EU, in particular, championed. The EU has an agreed position on the need for corresponding adjustments in Article 6 and leads efforts to close double-counting loopholes (e.g. expressed [here](#) and [here](#)). The EU supports the principle that if companies use units for any offsetting claims or towards their corporate targets there must not be double counting between that claim and the host country reporting under UNFCCC (in the case of the CRCF: the EU itself).

The CRCF must include the basic accounting principle of corresponding adjustments, not only to align with previously agreed positions but also to limit greenwashing through double counting and not lose credibility in international negotiations.

On behalf of Climate Action Network Europe

With kind regards,

A handwritten signature in black ink, appearing to read 'Ulriikka'.

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