

Actions and Market Instruments

Meeting Minutes

Meeting number 1.04

Date: 19 February 2025

Time: 09:00 – 11:00 ET

Location: "Virtual" via Zoom

Attendees

Technical Working Group Members

1. Ana Isabel Aubad Lopez, Atmosphere Alternative
2. Ana Carolina Avzaradel Szklo, VCMi - Voluntary Carbon Markets Integrity Initiative
3. István Bart, Environmental Defense Fund
4. Anastasia Behr, UL Solutions
5. Kim Carnahan, Center for Green Market Activation
6. Andres Casallas, World Business Council for Sustainable Development
7. Jonathan Crook, Carbon Market Watch
8. Cynthia Cummis, Deloitte & Touche
9. Christopher Duck, Climate Impact Partners
10. Gilles Dufrasne, European Commission
11. Nermin Eltouny, Integral Consult
12. Autumn Fox, Mars
13. Michael Gillenwater, Greenhouse Gas Management Institute
14. Tim Hamers, ERGaR - European Renewable Gas Registry
15. Grant Ivison-lane, CIBO Technologies
16. Yaning Jin, SinoCarbon Innovation and Investment Co., Ltd.
17. Injy Johnstone, University of Oxford
18. Timothy Juliani, WWF US
19. Joni Jupesta, IPB University, Indonesia
20. Hiromi Kawamata, The Japan Iron and Steel Federation
21. John Kazer, Carbon Trust
22. Aditya Mishra, Proforest
23. Hans Näsman, CDP
24. Inken Ohlsen, AP Moller Maersk
25. Thuy Phung, PepsiCo
26. Patric Puetz, Smart Freight Centre
27. Steven Rosenzweig, General Mills
28. Kai Nino Streicher, SustainCERT SA / Value Change Initiative
29. William Tyndall, AJW Inc.
30. Emma van de Ven, Rabobank

Guests

None Present

GHG Protocol Secretariat

1. Nisalyna Bontiff
2. Alejandra Bosch
3. Natalia Chebaeva
4. Alexander Frantzen
5. Claire Hegemann
6. Iain Hunt
7. Kevin Kurkul
8. Fui Yee Ng
9. Matt Ramlow
10. David Rich
11. Michaela Wagar

Documents referenced

1. Greenhouse Gas Protocol Governance Overview

Item	Topic and Summary	Outcomes
1	<i>Housekeeping</i> The Secretariat presented the agenda and key housekeeping items were highlighted, including rules and expectations around the sharing of information, Zoom meeting logistics, guidelines, procedures, and shared values. Additionally, a new member of the Secretariat was introduced.	No specific outcomes.
2	<i>Process check-in</i> The Secretariat provided a short update on the timeline and deliverables, including near-term meeting topics and the phased approach to development.	No specific outcomes.
3	<i>LSR interim traceability guidance</i> The Secretariat presented on the current status of the ongoing Land Sector and Removals Standard development process, with a particular focus on the interim traceability guidance.	No specific outcomes.
4	<i>Ongoing feedback processes</i> The Secretariat provided an update on the current status and future process for continuing asynchronous feedback and development of the previously discussed list of use cases and the submitted instruments examples for an action and market instrument typology.	No specific outcomes.
5	<i>Framework proposals</i> The Secretariat explained the process for working group members to submit accounting and reporting framework proposals to be discussed in the next working group meeting.	No specific outcomes.
6	<i>Next steps</i> Time was made available at the end of the meeting to field remaining questions from TWG members. A recap of the next steps was provided to conclude the meeting.	• The Secretariat will share a feedback form for working group members. • The Secretariat will share additional materials in advance of the next working group call.

Summary of discussion and outcomes

1. Housekeeping

- The Secretariat presented the agenda and key housekeeping items were highlighted, including rules and expectations around the sharing of information, Zoom meeting logistics, guidelines, procedures, and shared values. Additionally, a new member of the Secretariat was introduced.

Summary of discussion

- No points of discussion were raised by working group members.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

2. Process check-in

- The Secretariat provided a short update on the timeline and deliverables, including near-term meeting topics and the phased approach to development.

Summary of discussion

- A member requested clarity on the nature of 'targeted feedback' described for phase 1 outcomes.
 - The Secretariat explained that the outcomes of phase 1 would be made publicly available as a summary report rather than a draft standard. The primary goal of the "targeted feedback" will be to focus on key elements of phase 1 outcomes and input to Phase 2 development.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

3. LSR interim traceability guidance

- The Secretariat presented on the status of the ongoing Land Sector and Removals Standard (LSRS) development process, with a particular focus on the interim traceability requirement.

Summary of discussion

- A member asked if third party verification is required for demonstrating physical traceability within the standard.
 - A member responded that the Science Based Targets Initiative (SBTi) has an additional forest, land and agriculture guidance that is based on the Land Sector and Removals Standard that currently only requires verification on removals, in addition to standard SBTi-related verification requirements.
- A member suggested that draft versions of ISO 13662 on mass balance and 13659 on book and claim may be available for review online and would be relevant for the current conversation.
- A member expressed gratitude that the 'right to report' concept was included in the draft standard.
 - The Secretariat responded that it is currently included as an option rather than as a requirement.
 - A member noted it is difficult to see how a reporter could demonstrate traceability evidence to land unit and a lack of double counting without a 'right to report'.
 - A member suggested that a contract to a source commodity could establish traceability but noted a concern that it could be possible that claims occur without the knowledge of the party managing the GHG stocks and flows.
- A member asked for clarity on whether a company implementing farm-level interventions that has traceability to the sourcing region would be able to report using this guidance the full removals and emissions reductions associated with the interventions, or if those impacts would be effectively averaged across the sourcing region.
 - The Secretariat responded that the interim guidance suggests that these impacts could be reported separately, but to report the full removals and emission reductions within a physical inventory would require physical traceability to the land management unit.
 - Some members suggested that most interventions that companies do will not count as physically traceable.
- A member requested clarity on why the LSRS is not scheduled to be released until the end of the calendar year.

- The Secretariat noted that additional communication will be forthcoming from the LSRS team, and that the primary reason is to allow time to resolve two pending issues on leakage and forest carbon accounting.
- Some members expressed concern with the new planned publishing date for the LSRS. These members suggested exploring the option for earlier publishing of the portions of the guidance that are not associated with the pending issues, or for publishing a list of requirements without the associated guidance.
- Some members highlighted a need for further guidance and alignment from SBTi with the LSRS on these topics and how that further contributes to a lack of clear guidance for reporters at this time.
- A member further highlighted a timeline alignment concern with upcoming IPCC reports on carbon dioxide removal and carbon capture utilization and storage.
- A member asked for clarity on the 'right to report' and how double counting would be controlled in a market-based approach.
 - The Secretariat clarified that the 'right to report' was discussed in the context of a physical inventory within the LSRS, and that the AMI working group could explore how it may relate to market-based approaches.
- A member asked for clarity on whether removals could be considered part of an emission factor used within a physical inventory or if they would be reported as a new category.
 - The Secretariat responded that the LSRS is including removals within the physical inventory as a separate category to be reported alongside emissions. The AMI working group will be able to consider how these existing categories, in line with potential new reporting categories, may best be interpreted cohesively as part of a comprehensive GHG report.
- A member suggested that certain mass balance and book and claim models are more transparent and this may be worth prioritizing more so than physical traceability.
- A member asked for clarity on the contents of slide 20.
 - The Secretariat emphasized that free allocation is not allowed in the case of co-products.
- Some members suggested that the topic of free allocation should be explored within the context of allowing volume reconciliation up to the level of an intervention but not beyond what is physically possible.
 - A member noted the challenges when differentiating between allocation of resources among downstream customers, multiple crops from the same land unit with varying yields (e.g. spatially or over time) and between co-products.
 - Some members noted that this is a complicated topic that will require further exploration within the working group.
 - A member noted that the Value Change Initiative (VCI) has guidance that allows free allocation up to the maximum physical reduction possible but notes that this approach is not aligned with the current LSRS guidance.
 - A member noted that certain guardrails may be necessary if such a method is implemented.
 - Some members noted that the reporting example works effectively from their perspective but notes a desire for clarity on how the categories reported separately may or not contribute to target setting.
- Some members expressed a desire to explore use cases for market instruments, similar to or aligned with the exercise that was conducted previously to explore use cases for an inventory and GHG report.
- A member asked for clarity about the monitoring requirements associated with reporting removals.
 - The Secretariat clarified that there is a requirement for ongoing monitoring.
- A member suggested that the VCI approach was developed with the idea that the approach must be included within an inventory but suggested that since this group is exploring the possibility for additional ledgers or statements that this approach would not be necessary. The member further suggested that the physical inventory should remain as pure as possible (e.g. no free allocation), and that interventions should be reported through a separate ledger or statement. The member

suggested that this may include only physical segregation as a model for traceability within the physical inventory, and all other chain of custody models would be separately reported with certain guardrails.

- A member noted that parallel discussions are happening for ISO 14064-1 and 14067 and suggested that conversations be generalized to chain of custody approach rather than sector-specific to improve clarity in approach.
- A member suggested that physical traceability is a relevant distinction between mass balance and book and claim models in certain sectors.
 - A member noted that the LSRS interim traceability guidelines only allow mass balance with certain characteristics to establish physical traceability.
 - A member suggested that it is possible to find examples where a company can use mass balance traceability but know that they are not receiving any low carbon product.
 - A member suggested that no mass balance approach can guarantee that a product contains a physical proportion of an impacted good.
 - A member suggested that the difference between mass balance and book and claim approaches can sometimes be difficult to distinguish in practice.
 - Some members suggested that the key distinction between the two approaches is that a mass balance approach allows for a physical route for the output to contain some of the special characteristic and suggested that any book and claim approach in which a physical route is enabled is instead a mass balance approach.
 - A member suggested that determining the geographic scale of the group is important in this distinction, and that once it becomes larger than national it should likely be considered book and claim.
- A member suggested that linking this conversation with the theoretical multi-statement model highlights that there are many entangled questions being explored at the same time but suggests that by acknowledging that there is or will be an option for reporting all instruments or interventions it may make it easier to explore the distinctions.
- A member suggested that it may be difficult to create a solution that fits all possible examples and suggested that it may be appropriate to explore a hierarchy of approaches.
- Some members suggested that that quality criteria of the removal or reduction is increasingly important, maybe more so than chain of custody model.
- A member suggested that the application of traceability models in scope 2 reporting should be further explored by the group to inform the approach to chain of custody models.
- A member suggested that ISO/DIS 13662 and ISO/DIS 13659 lay out the first set of draft international guidelines for mass balance and book and claim chain of custody implementation and terminology.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

4. Ongoing feedback processes

- The Secretariat provided an update on the status and future process for continuing asynchronous feedback and development of the previously discussed list of use cases and the submitted instruments examples for an action and market instrument typology.

Summary of discussion

- Some members asked whether they should continue to use the provided form to submit examples of instruments for the typology.
 - The Secretariat responded that members may still submit examples, and that the list would be made available to the group.

- A member suggested that it may be helpful to have simple definitions of the terms used in the form.
- A member suggested that a question about how trades or transfers are recorded could be added.
- Some members suggested that additional categories of removals should be added, e.g. compensation versus contribution.
 - Some members questioned whether these categories are only related to beyond value chain activities and whether they would therefore be relevant for the current conversation.
 - Some members suggested that some actions within supply chains may result in reductions or removals that do not fit within the inventory, which should be explored as part of this working group.
 - A member suggested that the AIM value chain association test may be a helpful starting point for these conversations.
 - A member suggested that it is feasible that things that cannot be reported within a value chain inventory may still be valid for reporting in a net zero transition plan.
 - A member questioned whether in the prior agricultural example of purchasing soybean oil, if the associated soybean meal would be considered in value chain or outside of value chain.
 - A member suggested that the project is within the value chain but that the relevant question is what quantity of emission reductions can be claimed.
 - A member suggested that the soy meal should not be considered within the value chain inventory but that the benefits may be reported on separately.
 - Some members suggested that this example shows how trying to apply chain of custody methods to GHG accounting can potentially break concepts of LCA allocation.
 - Some members suggested that there is an issue in following the guidance in that there are now reductions and removals allocated to the soybean meal without an associated buyer for these characteristics.
 - A member suggested that collaboration between buyers could address this issue in theory, but that this approach may be practically or legally difficult.
 - A member suggested that the suggested approach of collaboration between buyers has been difficult in practice.
- A member noted that some of the categories are not mutually exclusive, which made some submissions difficult.
 - The Secretariat noted that this initial exercise is intended to be wide-reaching, but that the categorizations and definitions will need to be refined over time to allow for specificity and differentiation.
- Some members suggested alternative digital platforms on which to encourage an asynchronous collaboration exercise.
- Some members suggested that it may be helpful to think about the transition for adoption of the future guidance and how to avoid excluding or otherwise penalizing early adopters of approaches that may not be aligned with the future guidance.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

5. Framework proposals

- The Secretariat explained the process for working group members to submit accounting and reporting framework proposals to be discussed in the next working group meeting.

Summary of discussion

- Some members suggested that it may be helpful to encourage collaboration among members to develop and submit proposals.

- The Secretariat noted that the open discussion meeting can be used to facilitate identifying opportunities for collaboration among members.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

6. Next steps

- The Secretariat highlighted the February 21st deadline for topic submissions from TWG members for the open discussion meeting.
- The next open discussion meeting was scheduled for February 26th at 4 pm ET.
- The next TWG meeting was scheduled for Wednesday, March 26th at 9 am ET.

Summary of discussion

- No points of discussion were raised by working group members.

Outcomes (e.g. recommendations, options)

- The Secretariat will share a topic submission form with working group members.
- The Secretariat will share an agenda for the open discussion call on February 24th.
- The Secretariat will share additional materials in advance of the next working group call.

Summary of written submissions received prior to meeting

The following notes reflect opinions submitted by one member:

- The member expressed support for the typology approach to help establish the guidance categories.
- The member highlighted the potential tradeoff between disaggregation in reporting and feasibility of reporting, suggesting a focus on information that is decision useful.
- The member suggested that an approach that prioritizes a smaller subset of use cases may help to expedite the timeline for guidance development.