

CORSIA Eligible Emissions Unit Programme Change Notification Form

Version 2.0; Effective from 10 January 2022

PART A: ABOUT THIS FORM

Once an emissions unit programme is approved by the ICAO Council as eligible to supply CORSIA Eligible Emissions Units, the programme commits to notify the ICAO Secretariat of any “material changes” to its “Scope of Eligibility”, *including any unilateral decision to revoke or invalidate a class of CORSIA- eligible emission units within the programme’s Scope of Eligibility*, for further review¹ by the Technical Advisory Body (TAB) that advises the ICAO Council on the eligibility of emissions units for use in CORSIA.

*TAB Procedures*² defines a “Material Change” as an update to a programme’s *Scope of Eligibility* that would alter the programme’s response(s) to any questions in its application form and further inquiries from the TAB over the course of the programme’s assessment, including programme-initiated unit invalidation and/or revocation. (paragraph 7.3.).

TAB Procedures defines a CORSIA Eligible Emissions Unit Programme’s *Scope of Eligibility* as “the extent and limits of a programme’s eligibility, which is defined, assessed, and granted on the basis of the programme-level governance structures, measures or mechanisms, and procedures that programmes have in place at the time of their initial submission of application materials to the ICAO Secretariat; and any updates to these procedures that are communicated to TAB during the course of its assessment; and as defined in the general or programme-specific eligibility parameters set out in TAB’s recommendations” (paragraph 4.5).

Annually, TAB will indicate deadlines for programmes to notify ICAO of any such material changes. These notifications should be submitted by the next deadline after the material change has occurred; the upcoming deadlines are indicated in the version of the *TAB Work Programme and Timeline* document that is currently effective. This document is available on the CORSIA website³.

Material changes should be disclosed using this form. TAB will then consider the need for any further review, in line with *TAB Procedures*. If TAB identifies that the change is indeed material and should be further assessed, it will invite public comments on the consistency of the proposed revision with the Emissions Unit Criteria (EUC) and *Guidelines for Criteria Interpretation*. The ICAO Secretariat will inform the programme of TAB’s decision to more deeply assess the programme’s modification, or its confirmation that the modification is consistent with the CORSIA EUC. The programme will also be informed of the date by which the review will be completed. The length of the review should be determined by the severity and scale of the material change.

PART B: PROGRAM CHANGE NOTIFICATION(S)

¹ Any unilateral programme-initiated invalidation and/or revocation of a class of CORSIA-eligible emissions units is considered to be a “material change” to the CORSIA-eligible programme’s *Scope of Eligibility*. Such units are regarded as immediately ineligible for use for CORSIA purposes in light of absence of assurance that it will administer the units consistent with its *Terms of Eligibility*. The units will be reflected as exclusions from the programme’s *Scope of Eligibility* in the ICAO Document “CORSIA Eligible Emissions Units” upon Council’s confirmation of the update. Once a programme notifies ICAO that it wishes to exclude a class of units from its eligibility scope, and in order to provide the most accurate and timely information available prior to Council’s confirmation of the update, the ICAO Document “CORSIA Eligible Emissions Units” will identify in a footnote that the programme requested a change to its *Scope of Eligibility* to exclude certain units subject to a decision by the ICAO Council and, if possible, clearly specify the affected class of units. The programme’s *Scope of Eligibility* that is deemed valid by the ICAO Council will be reflected in the ICAO Document titled “CORSIA Eligible Emissions Units” in a timely manner

² In *TAB Procedures*, paragraphs 4.5, 7.3 and 8.2 – 8.6 in particular pertain to the *Scope of Eligibility* and notification and assessment of material changes.

³ The *TAB Work Programme and Timeline* and *TAB Procedures* documents are available here:
<https://www.icao.int/environmental-protection/CORSIA/Pages/TAB.aspx>

The Programme is requested to provide the following information regarding any modification(s) to the programme’s *Scope of Eligibility* that could constitute a “material change” as described above. Report each change separately by duplicating (copying and pasting) the table below as needed.

Programme name: Climate Action Reserve

CHANGE 1
a. Description of the change (e.g., the addition, modification, deletion undertaken):
<p>The TAB requested further actions of the Reserve as necessary to finalize the conditional eligibility for the first phase of units address under the following programme elements:</p> <p><i>a) Update the Terms of Use agreement for registry account holders to include a clear provision that explicitly prohibits account holders from double-selling (i.e., double selling occurs when one or more entities sell the same unit more than once, e.g., by way of contractual arrangements that do not involve discrete registry operations);</i></p> <p>To address this request the Reserve has made the following changes to the Terms of Use:</p> <ul style="list-style-type: none"> • Addition of Section 3(a)(xii) which states: <i>“User represents and warrants to the Reserve that it will not sell a single CRT or ROC to more than one entity at a given time (i.e., double selling), including through both discrete registry operation or by way of contractual arrangement outside of the registry.”</i> • Addition of new paragraph to Section 2.9 Avoiding Double Counting of Emission Reductions, which refers to the Terms of Use’s prohibition of double selling. The new paragraph states: <i>The Reserve, through its Terms of Use, prohibits account holders from selling issued credits to more than one entity at a given time (“double selling”), through the registry system or through arrangements (contractual or otherwise) outside of the registry system. Furthermore, the Reserve’s Terms of Use requires that credits are only held or retired by the entity that is the sole holder of legal title and all Beneficial Ownership Rights (as defined in the Reserve’s TOU). This registry system itself does not allow for more than one entity to hold one credit.</i> <p>A redline version of the Terms of Use (Attachment 1) has been provided as part of this material change.</p>
b. Rationale for the change:
<p>The rationale for this this change is to explicitly state and require that the Reserve prohibits double-selling of its credits, regardless if the transaction does not involve the Reserve’s registry. This has always been part of the Reserve’s Program rules, but this addition to the Terms of Use, as requested by the TAB, provides explicit notice to Reserve stakeholders.</p>
c. Where the change is reflected in the Programme’s documentation or other resource(s) ⁴ :
<p>This change is reflected in the Reserve’s Terms of Use, which is part of the Reserve’s publicly available documents, available here: https://www.climateactionreserve.org/how/open-an-account/. Additionally, this Terms of Use is integrated into the Reserve’s registry and must be agreed to by all Users using the system when they open an account and each time that it is updated.</p>
d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

⁴ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

This does not alter previously submitted information to the TAB (most recently as part of the Reserve 2022 Reassessment), and simply supplements the previously provided information.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Not applicable. No revisions to previously submitted information is required.

CHANGE 2

a. Description of the change (e.g., the addition, modification, deletion undertaken):

The TAB requested further actions of the Reserve as necessary to finalize the conditional eligibility for the first phase of units address under the following programme elements:

b) Develop and put into place a complete suite of procedures necessary to prevent double-claiming, consistent with the criterion Only counted once towards a mitigation obligation and the relevant Guidelines, mindful of TAB’s considerations and analysis of the COP26 outcomes on Article 6 of the Paris Agreement contained in the document Clarifications of TAB’s Criteria interpretations.

To address this request the Reserve has made the following changes to the Reserve Offset Program Manual (provided as Attachment 2):

- Added language to Section 2.9 Avoiding Double Counting of Emission Reductions, explicitly stating the Reserve will adhere to any current and future requirements to prevent double counting to meet CORSIA requirements. This section also clarifies the Reserve’s overall role in the process.
- Added a new section, 2.9.1, Avoiding Double Claiming Under CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation). This section provides the details for the process by which emissions units meet the double claiming requirements. Additionally, this section details the ongoing reporting and reconciliation requirements, host country letter authorization requirements, and compensation requirements for double claimed credits.

The Reserve has also included language in the Terms of Use Section 3(a)(xiiI) which states: “User represents and warrants to the Reserve It will follow the Reserve’s program rules to avoid double counting of GHG reductions or removals issued by the Reserve. The purpose of this addition to the Terms of Use is to require the User to expressly agree that it will comply with all double counting related requirements as required by the Reserve’s program.

Additionally, the Reserve continues to make investments in its registry to support these objectives in order to promote and ensure transparency for all stakeholders and to allow collaboration to avoid double claiming of CORSIA eligible emissions units. Please refer to Attachment 3 for a sample of the Reserve’s pending registry updates related to these procedures.

b. Rationale for the change:

The Reserve has previously indicated through its previous program application that it is willing to implement procedures for avoiding double claiming of credits and described its approach. The Reserve has now implemented these procedures into its Offset Program Manual to fully demonstrate and codify how it meets the criterion “Only counted once towards a mitigation obligation” at the request of the TAB.

c. Where the change is reflected in the Programme's documentation or other resource(s)⁵:

This change is reflected in the Reserve's Program Manual available publicly here: <https://www.climateactionreserve.org/how/program-resources/program-manual/#terms>.

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In August 2019, ICAO requested clarification on topics related to double claiming. This information was also provided in the Reserve 2022 Reassessment Application Form for Question 3.11, Avoidance of double counting, issuance and claiming, Part A. For completeness the Reserve is noting where some of these responses are now altered as a result of this material change.

ICAO's clarification request:

The program's response to questions regarding the avoidance of double-counting refers to the ADC Working Group's Guidelines for Avoiding Double Counting [ADC] as the basis for future program updates. The form questions in that section, however, specifically request information regarding the consistency of the program's measures (existing or planned) with the EUC and Guidelines for EUC Interpretation contained in section 3.7 of the CORSIA's Supplementary Information document. With respect to these form questions, can the program provide information about its measures and procedures (existing or planned) with reference to the Supplementary Information provided?

Parts of the Reserve's response that are now with regard to certain topics:

Regarding double claiming:

As explained in the ADC guidelines, when a project developer or credit holder wishes to have their credits qualified as eligible for CORSIA, the Reserve will identify the host country where the emission reductions occurred, identify the calendar years of the emission reductions, identify whether the project is covered by a NDC target, consult with the host country and the rules developed under the Paris Agreement to determine whether a corresponding adjustment would be warranted (if so, request a letter of assurance and authorization from the host country), and either qualify or disqualify the credits as eligible for use under CORSIA, depending on the response from the host country. The status of this process for each project and/or batch of credits will be made public to the extent necessary and practicable. Procedures will also be in place for staff to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines. We are confident our procedures can avoid double counting problems, although the exact procedures we will employ will also depend on the guidance to be provided by ICAO and rules yet to be established by the UNFCCC under Article 6. Until the "Paris Rulebook" is finalized in this regard, there is no carbon program in the world who can be sure their procedures comply with the needs of both ICAO and the UNFCCC.

Regarding 2.7.8 Host country attestation to the avoidance of double-claiming:

As explained in the ADC guidelines, when a project developer or credit holder wishes to have their credits qualified as eligible for CORSIA, the Reserve will identify the host country where the emission reductions occurred, identify the calendar years of the emission

⁵ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

reductions, identify whether the project is covered by a NDC target, consult with the host country and the rules developed under the Paris Agreement to determine whether a corresponding adjustment would be warranted (if so, request a letter of assurance and authorization from the host country), and either qualify or disqualify the credits as eligible for use under CORSIA, depending on the response from the host country. The status of this process for each project and/or batch of credits will be made public to the extent necessary and practicable. Procedures will also be in place for staff to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines.

Regarding 2.7.9.1 Emissions units are created where mitigation is not also counted toward national target(s) / pledge(s) / mitigation contributions / mitigation commitments:

First of all, the Reserve only develops offset project protocols for activities that fall outside of any legally-binding commitments, goals, emissions caps, or other potential mandates that would render the emission reductions to be considered “legally required” Second, every project developer, for every reporting period, prior to every issuance, must sign an Attestation of Voluntary Implementation. Through this document they legally attest to the additionality of the project in this regard. In addition, the Reserve shall implement the procedures necessary to seek letters of assurance and authorization from project host countries when it has been determined that qualification and use for CORSIA may present a risk of double claiming with that nation’s own emission reduction efforts and reporting.

Regarding 2.7.9.2 Mitigation from emissions units used by operators under the CORSIA is appropriately accounted for by the host country when claiming achievement of its target(s) / pledges(s) / mitigation contributions / mitigation commitments, in line with the relevant and applicable international provisions:

As explained in the ADC guidelines, when a project developer or credit holder wishes to have their credits qualified as eligible for CORSIA, the Reserve will identify the host country where the emission reductions occurred, identify the calendar years of the emission reductions, identify whether the project is covered by a NDC target, consult with the host country and the rules developed under the Paris Agreement to determine whether a corresponding adjustment would be warranted (if so, request a letter of assurance and authorization from the host country), and either qualify or disqualify the credits as eligible for use under CORSIA, depending on the response from the host country. The status of this process for each project and/or batch of credits will be made public to the extent necessary and practicable. Procedures will also be in place for staff to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines.

Regarding 2.7.10 Transparent communications:

We are working with our software provider, APX, Inc., to add functionality to the public registry system to indicate which credits have been qualified as eligible for use in CORSIA. The status of the process for obtaining the letter of authorization and assurance for each project and/or batch of credits will be made public to the extent necessary and practicable. Procedures will also be in place for staff to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines.

Regarding 2.7.11 Comparing unit use against national reporting:

While these procedures have not yet been codified, we will follow the guidance in the ADC Guidelines v1.0. Members of our Programs Team will be assigned to review reports from relevant host countries as soon as they are made available and check those reports against any letters of authorization and assurance that have been received from those countries.

Regarding 2.7.12 Program reporting on performance:

The Reserve's Programs Team will prepare an annual report summarizing all credit issuance, cancellation, and retirement, all requests for qualification under CORSIA, all requests for letters of authorization and assurance (and their status), all credits which have been qualified for use in CORSIA, all credits that have been retired for use in CORSIA, and the status of corresponding adjustments for all host countries and time periods that have already been reported to the UNFCCC.

Regarding 2.7.13 2.7.13 Reconciliation of double-claimed mitigation:

The Reserve discussed its current operating procedures for addressing double claiming above. Once the rules for international accounting for mitigation transfers is finalized, we will adapt our procedures and policies accordingly. Nevertheless, our current views on appropriate actions include the following: For any credits that were qualified for use in CORSIA, but not retired for such use, and for which the host country does not follow through with the assured corresponding adjustment, the qualification for CORSIA shall be revoked. For any such units that have been retired for use under CORSIA, and are later found to have not been supported by a corresponding adjustment by the host country, the Reserve will suspend qualification of credits for CORSIA from that host country, consider revoking such qualification for any other credits previously qualified from that country, notify the project developer, airline, and ICAO, and work with those bodies to replace those credits to make the system whole. The Reserve would like to note that throughout our history not a single issue involving double claiming has arisen.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

The Reserve's responses are now revised as a part of this material change and further codified in the Offset Program Manual (which details our procedures to avoid double-counting), which is being submitted as part of this material change (Attachment 2) and therefore will not need to be further updated and submitted in the future.

To further emphasis and clarify our updated process, our previous responses are modified as follows (*italics for emphasis of change*):

Regarding double claiming:

The Reserve and Project Developer will identify the host country where the emission reductions occurred, identify the calendar years of the emission reductions, identify whether the project is covered by a NDC target, consult with the host country and the rules developed under the Paris Agreement to determine whether a corresponding adjustment would be warranted (if so, request a letter of assurance and authorization from the host country), and either qualify or disqualify the credits as eligible for use under CORSIA, depending on the response from the host country. The status of this process for each project and/or batch of credits will be made public to the extent necessary and practicable. *Procedures are in place for Reserve staff* to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines.

Regarding 2.7.8 Host country attestation to the avoidance of double-claiming:

As explained in the ADC guidelines, when a project developer or credit holder wishes to have their credits qualified as eligible for CORSIA, the Reserve and Project Developer will identify the host country where the emission reductions occurred, identify the calendar years of the emission reductions, identify whether the project is covered by a NDC target, consult with the host country and the rules developed under the Paris Agreement to determine whether a corresponding adjustment would be warranted (if so, request a letter of authorization from the host country), and either qualify or disqualify the credits as eligible for use under CORSIA, depending on the response from the host country. The *Reserve will make the status of this process* for each project and/or batch of credits will be made public. *Procedures are in place* for staff to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines.

Regarding 2.7.9.1 Emissions units are created where mitigation is not also counted toward national target(s) / pledge(s) / mitigation contributions / mitigation commitments:

The Reserve *has implemented* the procedures necessary to seek letters of authorization from project host countries when it has been determined that there is a need for a corresponding adjustment.

Regarding 2.7.9.2 Mitigation from emissions units used by operators under the CORSIA is appropriately accounted for by the host country when claiming achievement of its target(s) / pledges(s) / mitigation contributions / mitigation commitments, in line with the relevant and applicable international provisions:

As explained in the ADC guidelines, when a project developer or credit holder wishes to have their credits qualified as eligible for CORSIA, the Reserve and Project developer will identify the host country where the emission reductions occurred, identify the calendar years of the emission reductions, identify whether the project is covered by a NDC target, consult with the host country and the rules developed under the Paris Agreement to determine whether a corresponding adjustment would be warranted (if so, request a letter of authorization from the host country), and indicate the credits as eligible for use under CORSIA, depending on the response from the host country. The status of this process for each project and/or batch of credits *will be made public*. *Procedures are in place* for staff to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments (by review of biennial transparency reports and ongoing annual host country reporting) were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines.

Regarding 2.7.10 Transparent communications:

The Reserve's registry *has functionality* to indicate which credits have been qualified as eligible for use in CORSIA. The status of the process for obtaining the letter of authorization for each project and/or batch of credits *will be made public*. *Procedures are in place for Analytical Team staff* to check in on host country reporting to the UNFCCC to confirm that corresponding adjustments were, in fact, recorded for the relevant projects, and to report on the status of these adjustments to ICAO, the project developers, and the airlines.

Regarding 2.7.11 Comparing unit use against national reporting:

Members of our Analytical Team will be assigned to review reports from relevant host countries as soon as they are made available and check those reports against any letters of authorization that have been received from those countries.

Regarding 2.7.12 Program reporting on performance:

The Reserve's *Analytical Team* will prepare an annual report summarizing all credit issuance, cancellation, and retirement, all requests for qualification under CORSIA as described in the Reserve Offset Project Manual (Section 2.9.1).

Regarding 2.7.13 Reconciliation of double-claimed mitigation:

The Reserve has implemented guidance in Section 2.9.1.1 of the Reserve Offset Program Manual, to explain the procedures for reconciling double claimed mitigation claims.

CHANGE 3

a. Description of the change (e.g., the addition, modification, deletion undertaken):

On 6/1/2023 the Office of Environment contacted to clarify whether the Reserve intends for its Soil Enrichment Protocol to be included within the TAB's re-assessment. It is the Reserve's intention to include the U.S. Soil Enrichment Protocol within its scope of eligibility. Additionally, the Reserve intends to include all of its protocols within its scope of eligibility, including the Canada Grasslands and U.S. Adipic Acid Production protocols, in its scope of eligibility.

b. Rationale for the change:

The Reserve erroneously did not provide Appendix B of the re-assessment application.

c. Where the change is reflected in the Programme's documentation or other resource(s)⁶:

Appendix B is provided directly (Attachment 4) as part of this material change as it is not a Reserve program document. The protocols to be included can be accessed on the Reserve's website:

- U.S. Soil Enrichment Protocol:
<https://www.climateactionreserve.org/how/protocols/ncs/soil-enrichment/>
- U.S. Adipic Acid Protocol:
<https://www.climateactionreserve.org/how/protocols/industrial/adipic-acid-production/>
- Canada Grasslands Protocol:
<https://www.climateactionreserve.org/how/protocols/ncs/canada-grassland/>

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

None.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

N/A

⁶ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

CHANGE 4

a. Description of the change (e.g., the addition, modification, deletion undertaken):

The TAB made a recommendation for further actions as part of the Reserve's 2022 re-assessment:

d) Clearly state, in an update to its program manual at the earliest opportunity, that only units that have been or will be issued to Reserve activities that report their Sustainable Development contributions or co-benefits according to criteria identified in the Reserve's Program Manual can be identified as CORSIA Eligible Emissions Units in the Reserve registry system.

To address this request the Reserve has made the following change to the Reserve Offset Program Manual (provided as Attachment 2):

- The following sentence was added to Section 3.10.5, The Carbon Offsetting and Reduction Scheme for International Aviation and Sustainable Development Goals, *"Only credits (those that have been or will be issued) from projects that have reported their SDGs using the Reserve's SDG Reporting Tool will be identified as CORSIA-eligible in the Reserve's registry."*

b. Rationale for the change:

This change was requested by the TAB.

c. Where the change is reflected in the Programme's documentation or other resource(s)⁷:

This change is reflected in the Reserve's Program Manual available publicly here:

<https://www.climateactionreserve.org/how/program-resources/program-manual/#terms>.

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

None.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

N/A

⁷ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.