



TRADEWATER COMMENTS ON ACR STANDARD v7.0

December 1, 2020

Tradewater, LLC is a carbon offset project developer based in Chicago and working on projects around the world. We have successfully developed 45 unique projects with the American Carbon Registry with two more in development. Tradewater's work with ACR has resulted in the issuance of approximately 4.5 million carbon offset credits.

As a project developer, Tradewater is deeply concerned about the proposed changes to the *American Carbon Registry Standard v7.0* ("ACR Standard") regarding requirements to avoid double claiming between NDCs targets and voluntary offsetting. It is difficult to develop carbon offset projects. It is even more difficult to sell the resulting offset credits at an economically viable price point outside of regulated compliance markets. The proposed changes to the ACR Standard will only add to these burdens and restrict project development – at a time when the world needs the exact opposite. Moreover, imposing these changes on such short notice, effective January 1, 2021, will unnecessarily upset projects already in development – at a time when global leaders are still negotiating the Paris Playbook and establishing international rules and standards.

Tradewater offers the following specific concerns, questions, and recommendations:

1. The ACR Standard does not distinguish between emissions reductions that are covered by (or inside) a host country's NDC targets and those that fall outside of a host country's NDC targets. The failure to make this distinction – and to provide clear rules for how a project developer can establish what is covered by (or inside of) a host country's NDC and what is not, and tag credits accordingly – imposes unnecessary and unfair burdens on project developers. It also creates perverse incentives for host countries to "meet" their NDC targets by claiming as their own privately developed emissions reductions that were neither part of the host country's plan nor included in the baseline.
2. The ACR Standard does not establish a process for a project developer to obtain written authorization from a UNFCCC Focal Point in a given host country, let alone provide any indication or confidence that UNFCCC Focal Points are aware of this proposed process and will entertain such a request from project developers in a timely manner. This uncertainty will cause project developers to halt projects in process and expend valuable resources to engage government officials in foreign countries to try to understand their position on requests like this, and whether such a letter will be possible. Any uncertainty on the part of a host country UNFCCC Focal Point will jeopardize an entire project.
3. The ACR Standard will chill efforts to build and supply the voluntary carbon market at a time when project developers should be encouraged to invest in new project development. Tradewater is experiencing a surge of interest in carbon offsetting. Corporations and



individuals are eager to fight climate change, and offsets present an accessible and viable path for engagement. But it is a confusing one. Project developers and market makers spend an inordinate amount of time educating private market actors about carbon offsets and how they work and the underlying project types. If the ACR Standard is adopted now, and vague requirements for government action are imposed into the sale process without certain rules and reporting tools, that educational process will be even harder, and the private sector will be scared away. In this way, the ACR Standard will slow the fight against climate change, not accelerate it.

4. Tradewater makes the following additional comments and recommendations:
 - a. Delay the requirement for UNFCCC Focal Point authorization until after COP 26 when there is hopefully more clarity on the relevant Article 6 provisions. This will insure that any changes to the ACR Standard are consistent with Article 6 requirements.
 - b. Ensure that changes to the ACR Standard reference similar requirements of other registries so that the system is harmonized.
 - c. Provide guidance on how project developers are to obtain UNFCCC Focal Point authorization, and advocate for a consistent process with the UNFCCC.
 - d. Provide guidance on how a project that does not require UNFCCC Focal Point authorization would be so designated – especially in situations in which no authorization is necessary because the project type falls outside of the host country's NDC.