Clarification Regarding the Determination of TREES Credit Volumes

Section 10 of TREES 2.0 provides stepwise equations for calculating total TREES Credits. The formulas assume the Participant has rights to all emission reductions and removals (ERRs) within the accounting area and that no ERRs have been verified under another program or received results-based payments. This document clarifies how to determine total TREES Credits in the case where:

- the Participant does not have rights to all ERRs in the accounting area, and/or
- projects, programs, or results-based payment schemes which have verified or soon-to-be verified ERRs for one or more calendar years that overlap with the crediting period exist within the accounting area.

The steps to calculate the TREES Credit volumes are:

Step 1: Determine gross annual performance

Evaluate performance (emission reductions and/or removals) annually relative to the crediting level based on the selected approach (TREES CL, HFLD CL, or Removals). Emission reductions (TREES CL or HFLD CL) should be quantified separately from Removals in line with the crediting approaches. Quantify these as TREES results.

Step 2: Calculate deductions and buffer pool contribution amount

These steps may be performed in any order and are conducted separately for the emission reductions and removals claimed.

Account for results from registered carbon projects and/or other GHG programs

Apply deductions for verified results (ERRs) from other initiatives (projects or programs) either led by the Participant or by other stakeholders. This is to avoid double counting from projects participating in other GHG programs and verifying results within the accounting area for the same calendar year and/or from initiatives led by the Participant, such as bi-lateral agreements, results-based payments, or others.

The deduction for each calendar year should be based on the verified or soon to be verified number of ERRs from the other GHG program or the results receiving payment. It should include any ERRs which could ever be issued from the project for a given calendar year. For some GHG programs, this may include the uncertainty or buffer pool credits if these credits can eventually be returned and transacted by the project.

The deduction shall be made on a like-for-like basis, deducting emission reduction credits from the TREES emission reductions and removal credits from the TREES removals. If no credit type distinction is made by the other GHG program or results-based payments, then the deduction shall be applied to TREES emission reductions.

Account for TREES results to which Participant does not have rights

In addition to the previous deductions, Participants must also apply deductions for ERRs to which the Participant has not obtained the rights even if they are not part of a registered project or program. These ERRs may belong to landowners or other stakeholders with recognized rights to the ERRs under the jurisdiction's laws. The deduction taken for each calendar year should be based on an approach which must be transparently described in the TREES Registration Document, developed in line with the TREES Safeguards, and able to be verified. Possible approaches could include a spatial risk allocation method, using a percentage of forest area, or other methods appropriate for the jurisdictional context.

Calculate buffer pool contribution

Determine the buffer pool contribution (Section 7.1 of TREES 2.0) as a percentage of the ERRs after subtracting the ERRs to which the Participant has not obtained rights and/or results verified or soon to be verified by other programs for the relevant calendar year.

Calculate leakage and uncertainty deductions

Apply deductions for Leakage and Uncertainty (Section 7.2 and Section 8 of TREES 2.0). Each calculation will use the gross annual ERR performance value to identify the deduction amount. This means that both are calculated relative to the gross ERRs before subtracting the results for which the jurisdiction has no rights and/or the results verified or soon to be verified under other schemes for the relevant calendar year.

Step 3: Determine final credit volumes

Use the gross ERR performance and subtract the leakage and uncertainty deductions as well as the buffer pool contribution, the ERRs from other programs/projects, and the ERRs to which the Participant does not have rights. The application of any or all deductions cannot result in a negative volume of TREES results. For example, if the deduction of ERs to account for verified credits from other programs is more than the volume of ERs generated using the TREES CL, then no TREES Credits will be issued for emission reductions.

This is illustrated in a calculation template offered on the website: Standard & Templates - ART Architecture for REDD+ Transactions. This template is non-comprehensive, and the ART Secretariat encourages Participants to reach out with any inquiries directly via REDD@winrock.org.