

BP's Feedback and Comments on The REDD+ Environmental Excellency Standard (TREES)

BP recognises the urgency of action required to meet the Paris Agreement, and the significant contribution that Natural Climate Solutions can make. We welcome the efforts of those involved in the creation of TREES to support the financing of large scale NCS implementation.

Key comments/concerns:

Crediting level

- An approach that only includes the historical data to calculate future deforestation could disincentive national and subnational governments that have been committed to avoid deforestation in the past but are still facing its threats.
- To better reflect the current situation in the program area, a 5-year baseline would be preferable to a 10-year baseline.
- A methodological panel could be formed to independently assess crediting levels created using more country-specific modelling such as consideration of commodity prices or allow HFLD countries greater recognition of ongoing efforts to prevent deforestation.

Crediting period

- To sustainably reduce emissions from deforestation or forest degradation, national and/or subnational jurisdictions will require a sustainable rural economic development program. These programs take significant time to implement, with some time lag before emission reductions may be seen. Moving the goalposts by reducing the crediting level by 20% after just 5 years will make it very challenging for these programs to result in emission reductions and could disincentivise action.
- Extending the crediting period and reducing/removing the 20% ratchet would better incentivise the long-term initiatives required to sustainably reduce emissions. This would enable private sector investors to have longer term visibility required for their investments and give enough time for implemented activities to result in verifiable emission reductions.

Participation of sub-national jurisdictions

- Some subnational governments may be ready to adhere to TREES before the national government is. TREES should allow subnational governments to be eligible to participate as a stand-alone entity with the approval of the national government so that jurisdictions can generate and sell ERs before the national government has a jurisdictional program in place. The subnational government will stop being a participant when the national government adheres to TREES and the subnational accounting will transition as described in section 5.2.
- To accommodate the range of stages of country readiness, rather than a specific cut-off date of 2025, we suggest subnational jurisdictions could participate for a maximum crediting period(s) of 10 years, after which crediting must transition to the national level. This will enable more subnational and national governments to participate and gain experience, while maintaining a clear incentive to move towards national level accounting.

Participation of private sector entities

- It is challenging for private sector entities to invest in activities which reduce deforestation in a sub-section of the program area, due to risk of deforestation activities in other sections resulting in no emission credit generation. We encourage the development of further

guidance on nesting to enable TREES Participants to facilitate private sector participation while ensuring the avoidance of double counting.

Eligible activities, and emission removals

- Emission removals associated with reforestation, afforestation, enhancement of forest carbon stocks, or improved forest management are an integral part of natural climate solutions. They generally require significant up-front investment and hence predictable returns over a decade+ time horizon to justify the investment. These activities should be included from the beginning to incentivise national or subnational governments to direct investment into activities which generate emission removals.

Governance and registries

- We welcome the independent third-party reviews embedded in the validation and verification of programs, and the use of a Registry, which supports effective market operation. We encourage the ART Registry to develop links to other emissions trading registries to support the fungibility of TREES credits with international carbon markets.