



Additionality in GHG Mitigation

Background paper for
Agriculture's Role in Mitigating Climate Change
Workshop



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Additionality in GHG Mitigation Policy:

- **Motivation: Distinguish between actions or projects that are motivated by a policy from actions or projects that have already happened or will occur without the policy.**
- **Defined: To be credited or rewarded with GHG offsets, actions or projects must be taken as a result of the policy being implemented.**

Additionality: Key issues

- **Choice of baseline (or, point of reference):**
 - Historical or BAU
 - Any choice will be subjective
- **Penalizing early actions**
 - “Penalizes” good actors for doing the right thing early
- **Moral hazard**
 - create incentives for those already doing what would be rewarded under a new policy to change in order to be rewarded when the policy is implemented.

Additionality: Policy Approaches

- Limit Entry
 - Example: Specify threshold date. Actions that occur after that date are additional & actions that occur before it are not
 - Advantage: Relatively cost effective
 - Advantage: Addresses moral hazard
 - Difficulty: Will likely reward at least some projects that are not additional
 - Difficulty: Will be, to a degree, subjective

Additionality: Policy Approaches

- Document Justification
 - Advantage: High quality offsets
 - Advantage: Encourages broader set of offsets
 - Advantage: Likely economies of scale in developing documentation procedures, tools, and expertise
 - Difficulty: Relatively costly to implement (at least to start)
 - Difficulty: Does not address moral hazard (could be addressed with some form of limiting entry)

Additionality: Policy Approaches

- Discount Credits

- Advantage: Lets the market determine the relative value of different offsets given the state of science and the operating rules of the program.
- Difficulty: Projects that need the most assistance to be economically viable are the first to go with discounting. With larger discounts, the share of projects that would be done anyway or which need to least assistance will increase.

Additionality: Policy Approaches

- Accept it and adjust national/project goals
 - Focus on reducing GHG emissions (not on verifying every offset issued actually exists)
 - Requires an independent assessment mitigation impact (e.g., EPA's annual GHG Inventory)
 - Advantages and difficulties a matter of perspective:
 - Are time and resources saved by not having to deal with additionality? or
 - Is it simply assuming away the problem?