

# WILL's contribution to VERRA's consultation about the use of Early Finance Carbon Unit (EFCU)<sup>1</sup>



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The global health crisis we are experiencing poses particular challenges in the face of the climate crisis, which is just as urgent. As recently as October 2018, the IPCC recommended reducing GHG emissions by 45% in 2030 compared to 2010 as the reference year. This represented nearly 200 billion tons of GHG emissions to be permanently suppressed by 2030. And this is only the beginning of the path towards the global target of 2050, where several stakeholders have committed to achieving a "carbon netzero"<sup>2</sup>. Beyond this date, all states and nations will need to remain carbon neutral for several decades and in a sustainable way. The following objectives must therefore be maintained:

1. Ambitious cumulative annual reduction targets, locally, nationally and internationally;
2. Ambitious cumulative annual sequestration targets, locally, nationally and internationally for the next 100 years, at least until 2120.

In this context, the preamble of the Paris Accord<sup>3</sup> adequately responds to the challenges of our time. It is with these considerations in mind that we are submitting our comments on the scale of financing of carbon credits projects and the need highlighted by TSVCM to multiply the volumes of carbon credits by 15 to 160 times the actual volume of 100 million carbon credits/year<sup>4</sup>.

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<sup>1</sup> <https://verra.org/early-finance-carbon-unit-public-consultation/>

<sup>2</sup> Netzerocarbon : <https://www.wri.org/blog/2019/09/what-does-net-zero-emissions-mean-6-common-questions-answered>

<sup>3</sup> <https://cop23.unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>4</sup> <https://www.iif.com/tsvcm>

Will Solutions (WILL) has been developing its voluntary carbon market (VCM) experience since 2007 (please refer to the Appendix 1). A first step was to assess and then develop the design of a methodology (VM0018) under the VCS program version 3.0, which operates in open source. Then, we implemented a first group project involving the completion of 4 quantifications (Monitoring Report) and verifications. The first sales of these verified carbon credits directly to end buyers were realized through international brokers (secondary market) and new emerging digital trading platforms. We have also distributed our offset credits directly to individual consumers, NGOs, corporations in several economic sectors. So, we bring to TSVCM our qualified and extensive field experience of the life cycle management of a carbon credit<sup>5</sup>, from methodology design, the qualification, and the quantification of a GHG reduction, its verification, and its serialization up to its sale to an end-buyer, who will retire it.

Our contribution to the VERRA questions about the use of EFCU, is summarized below in our main findings over some recommended actions:

1. **Definition of the EFCU:** Early finance carbon unit.
2. **The intention of EFCU:** install and stimulate the financing of new carbon projects, at their early concept stage and to exceed the initial force of inertia.
3. **The type of financial tools:** EFCU financial transaction should be encompassed in the form of a promissory note between lender (the project proponent) and the buyer.
4. **The use of EFCU** should not be limited to Nature based Solution (NBS) projects and should be used to finance at a large scale group project reductions that are dedicated to thousands of SME facilities which do not have the internal resource (financial, knowledge and the sufficient volume of GHG reductions) to act alone in this field.
5. **To fix a limitation** of 50% to Nature Based Solution (NBS) projects and reduction projects eligible to EFCU financing.
6. **Compliance:** the projects must comply with the following criteria :
  - a. Projects submitted to the VCS program and validated by an authorized and recognized VVB;
  - b. Projects validated after January 1<sup>st</sup>, 2020.
7. **The buying of those EFCU** should be limited to specialised buyers: private finances (pension funds, banks, insurances and hedge funds on climate) and institutional: governments (all levels), green funds, central banks and infrastructure banks.

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<sup>5</sup>Taskforce on Scaling Voluntary Carbon Markets, November 2020, page 24

**8. Financial recommendation:** taking act of lesson of the latest financial crisis of 2007-2008 (avoid the use and reuse of agglomerated carbon credits devaluated and or discredited (such as the early 4,6 billion CDM offset, with limited, if not, no value). Instead, buy them back or write them off and then act on next steps without them.

**9. Rating of the EFCU should be based on:**

- a. *Nature of the risk:* transition risk, liability risk and reputational risk;
- b. *Rating the risk;* should be realized by a third party;
- c. EFCU limitation by project should be fixed to 20% to 25% the validated volume by a VVB.

**10. Other general considerations:**

- a. Please, do not limit climate action to regulated pricing (such as taxes, Cap & Trade, regulations), and use the complementary VCM space, by a clearer delimitation between voluntary carbon markets, avoiding double counting issue. We need both regulated and VCM working together, as VCM can bring larger participation and green financing beyond regulations.
- b. Keeping current VCMs - those that are credible and active - and quickly multiplying them by more than 10 or 30 times, is essential for achieving the targets of the Paris Agreement. This is required to obtain larger society participation, including on the side of GHG reductions (Demand side) by citizens and Small and Medium Enterprises (SMEs), and not exclusively to larger companies, which have the resources to act on the carbon markets. In fact, we think that the voluntary demand outlooks projected by the Network for Greening the Financial System (NGFS) and Taskforce survey are not sufficiently ambitious, as described in exhibit 16<sup>6</sup>. We should be more ambitious.
- c. About reductions (avoidance)/sequestration and GHG emission removals: We think that beyond the listing of the three components as tools, GHG reductions should be prioritized, followed by sequestration and finally removals. Today, avoidance is the key element of the three components; it is a target that is achievable, measurable, more secure to reach and less risky.
- d. Regarding the attributes to carbon offsets, we recommend, in order to avoid complexity and obtain larger participation, to limit the attributes to carbon offsets to no more than 5.

These attributes should be considered:

- i. The choice of a recognized VCM's program;
- ii. The nature of the project (reduction/sequestration/removal);
- iii. Location of the project ( by sub-region (province, state, nation and continents) with a target of approximately 2,000 around the world;

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<sup>6</sup> Idem, page 46

- iv. The social impacts, such as the association to the United Nations' Sustainable Development Goals (SDG);
  - v. The unit pricing should indicate the level of non-greenwashing and show a fair distribution of green money to all countries around the world.
- 11.** The rationale of the climate economics: VCM and regulated markets can raise awareness of society about the different pricing used and which will be used in the next years; the carbon social cost, the regulated price, the impact price and greenwashing; in brief, assess the dark side of humanity; greenwashing, fraud, greed and corruption.
- 12.** It is essential to encourage all civil society to participate by reducing and buying offsets beyond any climate regulation. To achieve that, the mutualisation of expertise for all citizens and SMEs and the automatization of the data ground collection for their reductions represent a real technological and business opportunity.
- 13.** We strongly believe in the development of local initiatives to reduce and sequester GHG emissions, supported and backed by local purchases (hyper local approach). These initiatives must remain accessible and be stimulated in order to complement any regulated pricing. In this respect, the possibility of using existing technologies such as Internet of Things (IoT), Artificial Intelligence (AI), Block Chain and 5G to connect locally the buildings of such a cluster is in the field of today's developments.

Hoping our comments will be useful. We remain available to discuss at your convenience.

## About WILL

WILL Solutions Inc. (WILL) is a B Corp. certified Canadian private company headquartered in Beloeil, QC. The company is active in the voluntary carbon market sector with the Sustainable Community project. Since March 2020, WILL is part of the B Corp netzero2030 initiative<sup>7</sup>. WILL has a social philosophy based on sharing. It rests on two major pillars: democratizing access to carbon credits through the pooling of local GHG reduction projects by Quebec SMEs and NPOs and returning as much money as possible to these partners following the sale of carbon credits by WILL. The company has been carbon neutral since 2007 and is committed to returning 10% of its net profit to community based projects and initiatives that support sustainable development.

## About Sustainable Community

Sustainable Community (SC) is a project to democratize the voluntary carbon market that is validated under the VCS program administered by VERRA. SC is the first cluster project of the 1,622 validated projects worldwide that brings together GHG reductions as a one stop solution for its members. This community business model made up of hundreds of micro-projects is intended to operate as a catalyst for local actions that engage a variety of stakeholders. On July 21, Sustainable Community was awarded the Solar Impulse Label. Internet reference: <https://solarimpulse.com/efficient-solutions/sustainable-community>.

# SUSTAINABLE COMMUNITY CLIMATE SOLUTIONS

Will Solutions is helping millions of Businesses **worldwide** to take action on Climate Change

**Get rewarded**  
for reducing your  
GHGs emissions

**Find** high quality VCU to  
**contribute by offsetting**  
your GHGs emissions

**Community match making**  
tailor made sale for Hyper  
local carbon units



Small GHG emitters

> Will <



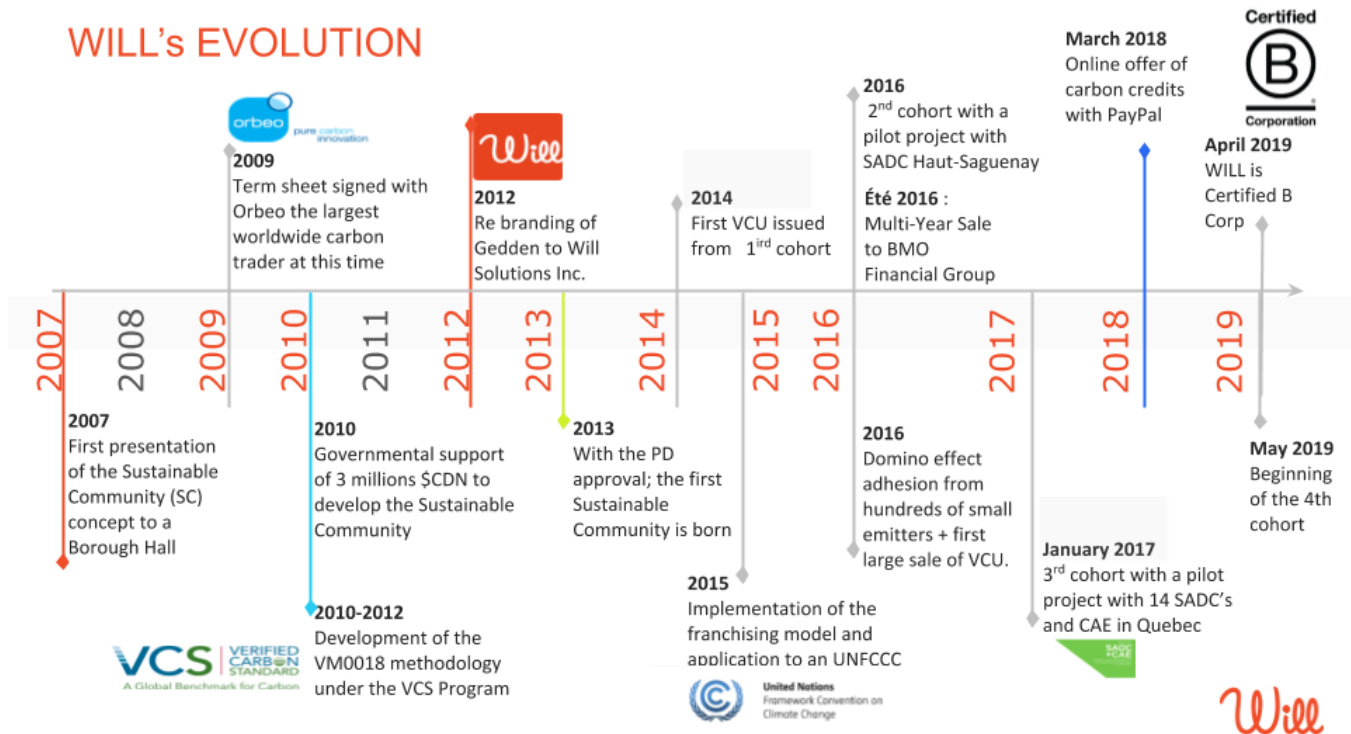
Carbon credit buyers & sponsors

<sup>7</sup><https://www.bcorpclimatecollective.org/net-zero-2030>

## APPENDIX 1

KPI of the result for the period 2010-2020: history and the anteriority from 2007

### WILL'S EVOLUTION




[https://www.solutionswill.com/en/blog\\_post/wills-social-innovation-model/](https://www.solutionswill.com/en/blog_post/wills-social-innovation-model/)

### The project major steps carried out so far:


1. **May 2007**: Interest of Mr. DeSousa, mayor of the Saint-Laurent borough;
2. **Autumn 2008**: Presentation of the project to the *Agence de l'Efficacité Énergétique du Québec (AEEQ)*, under the scope of the "Technoclimat" Program;
3. **April 2010**: Selection of VCS standard, development of the technology supporting our project, online-release on the VCS's web site (Dec 2010) and double validation process (Sept. 2011);
4. **June 2010**: Signature and implementation of a contribution from AEEQ (Technoclimat Program);
5. **October 2010**: Signature of the 1st industrial park (DEL) with a financial contribution from RecycQuébec;
6. **March 2011**: First private financing from C3E;
7. **April 2011**: First pre-sale of carbon credits;
8. **June 2011**: Contribution from Emploi-Québec in the scope of "Projets d'envergure économique";
9. **January 2012**: Deposit of the 1st technological patent for the American market at USPTO;

10. **Winter 2012:** Deployment of commercial and operational activities in the Quebec territory;
11. **Winter 2012:** Completion of the first audits ex-antes;
12. **February 2012:** VCS final acceptance in February 2012 (VM0018);
13. **March 2012:** Press release and Webinar from VCS;
14. **July 2013:** First validated cluster project under the VM0018;
15. **February 2014:** First Monitoring Report (quantification of GHG reduction) verified by a third recognized party under the Quebec cluster project;
16. **November 2017:** Second Monitoring Report (quantification of GHG reduction) verified by a third recognized party under the Quebec cluster project;
17. **July 2019:** Third Monitoring Report (quantification of GHG reduction) verified by a third recognized party under the Quebec cluster project;
18. **August 2020:** Fourth Monitoring Report (quantification of GHG reduction) verified by a third recognized party under the Quebec cluster project;
19. **March-October 2020:** internal preparation for the renewal of the PD (period 2020-2029);
20. **January 2021:** Project Document's renewal validation process by a recognized VVB.


**87**  
members from the Sustainable Community have generated carbon-credits.



**5.2**  
Million tCO<sub>2</sub>e quantified, verified and available for purchase.



**SUMMER 2020**  
Planned start of the 5<sup>th</sup> cohort.



**1,000**  
buildings operating under Quebec's Sustainable Community.



**12 Months**  
Target length of one cohort that will include GHG reductions from transportation, automation, Block Chain and 5G.

