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International Carbon Credits

Eurogas Recommendations

Eurogas welcomes the flexibility to use of up to 5% of international carbon credits towards the 2040 Climate target. To ensure their effective operationalization, we would like to highlight the following points.

Benefits and Risks

Eurogas considers the introduction of international carbon credits to offer **significant opportunities for investment and economic development beyond the EU**, while fostering the deployment of innovative renewable and low-carbon technologies. At the same time, they can contribute to their ecosystem protection, restoration, and climate resilience, contributing to sustained global emissions reduction and climate mitigation activities. They can also assist non-EU countries in aligning with the objectives of the Paris Agreement (2015), foster the development of carbon pricing mechanisms, and strengthen global climate diplomacy.

In some cases, such instruments can represent a **more cost-efficient pathway than domestic emissions reduction,** thereby supporting EU competitiveness, as they can alleviate economic pressure on EU–based industry.

Finally, they may be perceived as more acceptable to EU citizens compared to certain domestic climate measures, as they can represent actual emissions reduction and ensure fair benefit sharing, thereby enhancing overall **public support for climate action**.

At the same time, while recognising that the use of international carbon credits may entail certain risks, Eurogas considers that a robust EU framework, building on Article 6 of the Paris Agreement, can effectively mitigate such uncertainties.

Determining the eligibility of international credits in the EU framework

The EU framework should be aligned with established international rules, in particular Article 6.4 of the Paris Agreement Crediting Mechanism (PACM). The EU can ensure a high level of quality and integrity in the credits it acquires by recognising existing standards, methodologies and verification bodies or, where necessary, by developing its own validation processes and lists of eligible credit types and methodologies. **Any additional EU-specific requirement should be carefully assessed** to avoid creating unnecessary distortions or barriers in the global market.

In parallel, Eurogas believes that **robust governance and oversight are key.** In this regard, methodologies should be subject to approval by the European Commission, ensuring that only projects based on recognised and approved methodologies are eligible to transfer their internationally transferred mitigation outcomes (ITMOs) to meet the EU's 2040 target.

In particular, emission reductions and removals generated outside the EU should be subject to **independent third-party verification under certification schemes recognised and approved by the European Commission**, ensuring consistent quality standards. Oversight of validation and verification bodies should be strengthened through clear accreditation requirements, regular performance reviews, and strong conflict-of-interest safeguards, particularly where verifiers are contracted by project developers. EU-level approval should extend to both certification schemes and verification bodies to reinforce their independence and credibility. At the same time, measures should remain proportionate and aligned with Article 6 of the Paris Agreement and international best practices, avoiding unnecessary administrative burdens.

Transparency should also be ensured through the **publication of methodologies, monitoring data, and audit results**. In this regard, several key elements should be ensured. International carbon credits used for Member States' accounting should be publicly disclosed, including detailed information on their certification. In this respect, the EU should require full public disclosure of aggregated prices of certificates, credit use, methodologies applied and corresponding adjustment arrangements. Monitoring reports, verification outcomes, and information on permanence safeguards, consistent with emphasis on robust MRV and integrity should be published. Information on social and environmental co-benefits, should also be disclosed. **Transparency rules must be standardized, proportionate, and aligned with international practice and should avoid any disproportionate administrative burden**.

International credits deployment in the EU

Sourcing of international credits

Eurogas considers that credits should be primarily sourced from third countries which:

- Demonstrate a sufficient level of climate ambition.
- Have the greatest potential to generate credits at scale, particularly where this can be achieved cost-effectively.

Types of international credits

The European Union should allow for the use of **all types of international carbon credits**, notably emissions reductions and removals, while ensuring that high-quality standards are consistently applied. In particular, due consideration should be given to key environmental integrity criteria, including the additionality of mitigation outcomes, the robustness and conservativeness of monitoring and calculation methodologies, and the prevention, minimisation, and remediation of emissions leakage.

International credits use in the European Union

The EU framework should ensure sufficient flexibility so that both EU and/or Member States can achieve part of their 2040 targets through the use of high-quality credits. Such credits should be financed through a combination of sources, including the EU budget, Member States, and companies (e.g. under the polluter pays principle or as part of efforts to meet net-zero commitments).

When it comes to their use, all high-integrity international credits should be able to contribute to the EU's 2040 target, with different modalities depending on the policy use case. **For use in the LULUCF and the Effort Sharing Regulation sectors, a broader range of international carbon credits may be relevant, including nature-based reduction and removal credits, provided they meet robust standards**.

Regarding the sectors covered by the ETS1, we believe the option of using international credits covering permanent emissions reduction and removals should remain open. In particular, Eurogas recommends a cautious approach, including a thorough evaluation of the potential implications for system functioning, environmental integrity, and price signals as part of the impact assessment accompanying the ETS revision. In this regard, the role of international credits and the ETS revision should be assessed in parallel to ensure overall coherence and avoid unintended distortions.

For permanent carbon removals, monitoring, reporting, and verification (MRV) requirements should be consistent with the EU Carbon Removals Certification Framework (CRCF), ensuring alignment with existing EU standards.