

Assessing the Cool Farm Tool and the GHG Protocol Draft Land Sector and Removals Guidance: CFT Scope and Upcoming Functionalities

Executive Summary

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I. ACKNOWLEDGEMENTS

This report was written by Dr. Megan McKerchar, Science and Methods Manager at Cool Farm Alliance, with support from Richard Sheane, Director, and Megan MacGillivray, Sustainability Consultant, both at 3Keel, and reviewed by Richard Profit, CEO and David McMahon, Product Manager, both at Cool Farm Alliance.

II. EXECUTIVE SUMMARY

A. Context

Farm GHG tools have played a critical role in delivering land sector greenhouse accounting and reporting. As expectations and complexity grow in this space, they will continue to be the only workable solution for growers and their customers.

To date, farm GHG tool methods and reporting have been developed primarily with the goal of supporting decision-making on farm, and reporting product-level footprints to customers for use in corporate emissions accounting.

The new draft Land Sector and Removals Guidance (LSRG) from the GHG Protocol is intended to build upon existing GHG Protocol corporate-level standards and show how companies should account for and report GHG emissions, CO₂ removals, and carbon storage from land-based activities and products.

The report outlines three main aspects, which include the discrepancies between the Cool Farm Tool (CFT) and the recently proposed Land Sector and Removals Guidance (LSRG), aspects that are beyond the tool's scope boundaries, and new functionalities that are within the tool's scope and are planned for inclusion in 2024, either incrementally or as part of the CFT 3.0 version update.

It is important to note that the guidance is draft and expected to be finalised in 2024. Given the complexity and importance of the document we would not be surprised if deadlines for the final document version change. When the final guidance is published, we may need to change our plans for consistency to the final LSRG guidance.

B. Approach

The core of the work has been to review all 156 of the 'requirements' within Part 1 of the draft guidance. Each of the 156 requirements were assessed against a set of qualitative criteria – including whether the CFT enables each requirement to be met (from the perspective of a CFA corporate member using CFT outputs in their reporting).

The "requirements" assessment was carried out by a single person at 3Keel - Richard Sheane - to ensure consistency of interpretation. The initial assessment was reviewed by Dr Megan McKerchar, Science and Methods Manager for the CFA.

In addition, a review of Part 2 was undertaken, extracting relevant ‘guidance’ text of relevance to the CFT. These assessments were used to underpin findings and recommendations below. This was predominantly around the methodology required for carbon removal accounting in chapter 18.

C. Findings

Overall, we classified the 156 requirements in Part 1 into six broad types of requirements (see Table 1 below for types, number of requirements and description of type).

Table 1 - Summary of LSRG requirements by type

Type of requirement	Number of requirements	Summary of requirements (non-exhaustive)
Scope & boundaries	20	Defines various aspects of organisation and operational boundaries of GHG inventory; requirement to define ‘managed’ lands; defines which categories of emissions and removals to include; defines which carbon pools to include; defines which greenhouse gases to include etc; Requirement to estimate consequential emissions from interventions
Calculation methods	5	Requirement to use “annual stock change” accounting for land management carbon removals; Calculation methods for land use change
Credit accounting	5	Requirements on how to avoid double-counting of carbon credits sold by land sector businesses
Removals safeguards	26	A significant number of requirements have been introduced to increase accuracy, relevance and confidence that carbon removals are ‘real’ (e.g., requirements on primary data, monitoring, etc). The overarching safeguards are set out in Chapter 6 with land-specific requirements in Chapter 8.
Target-setting	7	Defines how emissions reductions and removals targets should be set. All of these are found in Chapter 12. For the purposes of a CFA corporate member these may not be relevant as Science-Based Targets Initiative requirements will more likely specify methods adopted.
Reporting	86	Defines information that needs to be disclosed in order for the GHG inventory to conform to guidance. Most requirements in Chapter 14
Grand Total	156	

More than 50% of the requirements relate to ‘reporting’ requirements e.g. “Whether third-party assurance was performed” and “Data sources, methods, and assumptions used to quantify Land use change emissions”.

In addition to the typical sorts of carbon accounting requirements on scope, boundaries, calculation methods and target setting there are two novel types of requirements: carbon removal safeguards and requirements on how to avoid double-counting of carbon credits sold outside of the GHG inventory.

It is worth noting that, apart from carbon removals (Chapter 18), there are no minimum ‘Tier’ of calculations required for emissions (e.g., enteric methane, soil N₂O, etc). Companies are encouraged to use or develop Tier 2 or Tier 3 models specific to their owned or managed land or where they have traceability to the land management units of origin. Tier 3 approaches are required for carbon removals (to satisfy the new ‘permanence’ and ‘conservativeness’ principles).

Given the goal of the LSRG and also the novelty of some of the requirements (e.g., removals monitoring) our assessment found that **of the 156 requirements, 73 are not in scope for the CFT, and CFT 2.0 currently enables 25 of them**, while the remainder are either in scope and not yet met fully or pending review of the final guidance – see breakdown in Table 2

Table 2 – Status of the 156 Requirements in the LSRG compared to the Cool Farm Tool

Does CFT outputs meet requirement?	Count
Not applicable	73
Yes	25
Partially	21
Partially - but unsure of applicability until final guidance.	2
No - but unsure of the applicability until final guidance.	7
No	28

We have identified the gaps in these requirements and will be working to close them in 2023 and 2024, either through incremental updates or the planned update in CFT 3.0. This includes new functionality, some relatively minor method additions, an update to our SOC method, including uncertainty estimates and defining our boundaries in the technical description.

D. Conclusions

On the surface, the LSRG's objective of achieving full Scope 3 reporting may appear to align with the goals of the CFT. Both initiatives recognize the importance of addressing greenhouse gas emissions and promoting sustainability within the agricultural sector. However, when examining the requirements outlined in the draft LSRG document, it becomes evident that there are significant differences that prevent complete alignment with the primary goal of the CFT.

The primary goal of the CFT is to provide product-level greenhouse gas data at farm level to members of the CFA (Cool Farm Alliance), enabling them to incorporate this data into their Scope 3 inventories. This data serves as a valuable decision support tool at the farm level, allowing individual farmers to understand and manage the environmental impact of their agricultural practices.

In contrast, the LSRG's aim of achieving full Scope 3 reporting encompasses a broader scope that goes beyond individual farms. It includes the entire value chain of organisations, which

may involve additional reporting and data collection requirements. The LSRG may be focused on gathering and reporting comprehensive data on greenhouse gas emissions and removals from various activities within the land sector, including agriculture, forestry, and land use. This broader scope may not align precisely with the specific needs of the CFT and its goal of providing product-level greenhouse gas data at the farm level.

Therefore, while the LSRG and the CFT share a common goal of addressing greenhouse gas emissions, it is essential to acknowledge that the requirements outlined in the draft LSRG document may not fully align with the primary objective of the CFT. The CFT's focus on product-level greenhouse gas data and its role as a decision support tool at the farm level may not be fully served by the comprehensive reporting approach of the LSRG.

In summary, although the LSRG's goal of achieving full Scope 3 reporting may seem aligned with the CFT's objectives initially, the specific requirements outlined in the draft LSRG document do not completely align with the primary goal of the CFT, which is to provide product-level greenhouse gas data to CFA members for their Scope 3 inventories and as a decision support tool at the farm level. The LSRG's broader scope and additional reporting requirements may not fully cater to the specific needs of the CFT and its member farmers.

Based on the information provided, it is our opinion that claiming "full conformance" to the draft LSRG is not appropriate to the scope of the cool farm tool. We therefore think a more appropriate claim would be that "the CFT's methodologies, data sources and accounting methods are consistent with the LSRG". And that the **"CFT's reporting supports the development of corporate inventories that conform to the LSRG"**.