

# VCS Standardized Methods: Scaling Up GHG Reductions



New requirements for standardized methods offer a robust framework for streamlining project approval and scaling up greenhouse gas (GHG) emission reductions.

Most greenhouse gas (GHG) reduction projects today use a financial test to determine whether an activity is additional as well as a project-specific baseline for measuring emission reductions. While this project-by-project approach has its advantages, it can also be time consuming and expensive. To solve this, VCS offers a comprehensive set of requirements for developing methodologies using standardized methods that dramatically streamline the processes of determining additionality and establishing emission baselines.

The concept of standardized methods is widely recognized in climate policy circles, and individual methodologies have already been piloted under VCS and other GHG programs. However, development of methodologies using standardized methods has been limited by the lack of clear guidance and requirements.

## What Are Standardized Methods?

Standardized methods use pre-defined criteria to streamline the process of establishing baselines and additionality for classes of activities. Individual activities or performance can be evaluated against pre-defined criteria or thresholds to determine eligibility.

By simplifying the project development process, standardized methods lower transaction costs and provide a streamlined way to scale up project development. They also remove a great deal of subjectivity, providing far more certain outcomes. If widely applied, these methods can dramatically lower transaction costs across whole classes of activities and allow for scaling up of emission reductions to a level that could make a meaningful impact on the climate.

## Why Standardized Methods?

GHG projects must first establish a baseline emission level against which reductions are measured. Then they must show that GHG emission reductions are 'additional,' or would not have happened under a business-as-usual scenario. Most projects must start from scratch to calculate a baseline level that is specifically tailored to the project. To establish additionality, projects typically rely on a financial viability test to demonstrate that the project would not have been viable on its own without carbon finance.

While these approaches have advantages, they also have major limitations. First and foremost, project-by-project approaches are typically time-consuming and expensive, especially because the various factors affecting each project must first be identified and then audited. Project-by-project approaches can also be subjective. Without robust auditing systems they can produce results that vary from project to project. These limitations have made it difficult to scale up project-level emission reductions to needed levels. Standardized methods offer a wholly different approach.

Standardized methods can be used by project developers, industry associations or governments to deliver reductions swiftly and affordably across multiple projects, industries or sectors. By lowering costs and helping speed project approval, this ensures industries and governments can curb GHG emissions at the pace and scale required to address climate change.



## VCS Requirements for Standardized Methods

VCS has pioneered comprehensive new requirements for developing standardized methods. These requirements were established by VCS in close collaboration with a steering committee of global experts, bringing together technical, academic, non-profit, auditor, policy-maker and project developer perspectives. The work of the steering committee was subjected to a rigorous peer review by top experts in the field, and finally to a broad public consultation. Final requirements were released in 2012, providing the first truly comprehensive framework for the development of standardized methods.

The requirements cover two specific standardized methods — performance methods, which use performance benchmarks, and activity methods, which use positive lists.

### Performance Benchmarks

Performance methods use benchmarks to both determine additionality and establish crediting baselines. Under performance methods, a benchmark threshold is established at the outset, and all performance that meets or exceeds the threshold is considered additional, provided other qualifying criteria are met as well. A performance benchmark can also serve as the baseline for crediting emission reductions and removals.

For example, the commercial real estate sector could establish a benchmark for a given level of CO<sub>2</sub>e emitted per square meter of floor space. In the land use sector, benchmarks could include tonnes of carbon sequestered per hectare of managed forest, or tonnes of nitrogen fertilizer applied per hectare of agricultural land. For industrial sectors, the benchmark could be tied to a unit of output such as tonnes of CO<sub>2</sub>e emitted per tonne of clinker or steel produced. Activities that perform at top efficiency levels can qualify for crediting.

### Positive Lists

An activity method allows specific activities on a positive list to pre-qualify as additional. Using a positive list, additionality can be pre-determined for classes of project activities that have low levels of adoption in the marketplace, that are not the least cost option or that have no revenue streams besides carbon finance. Activities qualifying for the positive list are accepted as additional and projects qualify for crediting automatically. Project developers relying on positive lists still need to establish a baseline against which to measure emission reductions.

Both positive lists and performance benchmarks are assessed at least every five years to ensure the methods reflect current data and projects applying the methods maintain environmental integrity.

## Who Uses Standardized Methods?

The United Nations Clean Development Mechanism (CDM) has made great strides to develop standardized methods. In addition, emerging compliance systems like California and Australia have expressed a clear preference for standardized methods. Bilateral crediting mechanisms emerging around the world could also rely on standardized methods. Standardized methods in some form will most likely be used for crediting some Nationally Appropriate Mitigation Actions as well as for the development of New Market Mechanisms under the United Nations Framework Convention on Climate Change (UNFCCC).

Many industry associations are well placed to develop standardized methods for their sectors, as are industry leaders wanting to demonstrate climate leadership. Standardized methods will likely be the preferred crediting approaches in the future.



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Learn more at [www.v-c-s.org/standardized-methods](http://www.v-c-s.org/standardized-methods)

*Founded in 2005 by the Climate Group, the International Emissions Trading Association, the World Economic Forum and the World Business Council for Sustainable Development, the Verified Carbon Standard has become one of the world's most widely used carbon accounting standards. VCS has revolutionized the market developing trusted and innovative tools, as well as pioneering efforts to develop standardized methods that will streamline the project approval process, reduce transaction costs and enhance transparency. Across the world, projects using the VCS Standard have issued more than 100 million credits.*