Overview of August 2023 VCS Program Updates

12 September 2023

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Webbinar Objectives

- Provide an overview of the August 2023 VCS Program Updates
- Answer questions from stakeholders on the VCS Program Updates

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Agenda

I. Introduction to the August 2023 VCS Program updates

II. Overview of the updates

Usability & Transparency	Improved VCS project templates Registration and Issuance Process improvements New VCU labels
Program Integrity Updates	Clarified double-counting requirements Revised safeguard and stakeholder engagement requirements Revised project longevity and monitoring requirements Updated version of AFOLU non-permanence risk tool New VVB sanction procedure Upstream displacement discount factor Other new methodology requirements

III. Q&A

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Photo by Nick Hall /
Avoiding Planned Deforestation and Degradation in the Valdivian Coastal Reserve, Chile

Upcoming webinars

September 25, 10:30am ET | Overview of VCS Program Updates for Project Developers

September 26, 12:00 pm ET | Overview of new VCU labels

September 28, 12:00pm ET | Overview of VCS Program Updates for Validation/Verification Bodies

Introduction to the August 2023 VCS Program updates

- **Appreciation for stakeholder input**
  - February 2022 | Public Consultation –AFOLU Non-permanence Risk Tool
  - June 2022 | New Verra Unit Labels Consultation
  - July 2022 | Public Consultation – Guidelines on crediting upstream displacement
  - February 2023 | Public Consultation on the VCS Program
  - June 2023 | Public Consultation on Proposed Changes to the VCS Program

- **How to navigate VCS Program updates**
  - The August 2023 VCS Program Updates Overview and Effective Dates (PDF) document provides a list of all updates and their effective dates
    - Listed in order of appearance in the VCS program documents; unique ID# assigned and reflected in document history appendices
  - VCS Rules & Requirements page includes links to all new program documents

August 2023 VCS Program Updates — Effective Dates

https://verra.org/wp-content/uploads/2023/08/**August-2023-Overview-of-VCS-Program-Updates-Effective-Dates**.pdf

About effective dates

"Effective immediately" means that the update applies to all project requests submitted on or after the release date (29 August 2023).

"All project requests" refers to any project request submitted to the Verra Registry, e.g., pipeline listing requests (as under development or under validation), project registration requests, and verification approval requests.

For updates that are not effective immediately, project proponents may conform with updated requirements before the effective date. If project proponents choose to make such update ahead of the effective dates, the validation/verification body must validate or verify the project in accordance with the updated requirements.

Program Usability & Transparency

Revised VCS Project Templates

Update ID#51	**New VCS project templates** feature the following updates: • Additional guidance for users (both project developers and VVBs) • Enhanced formatting to provide clarity on required sections • Additions and revisions resulting from other program updates (e.g., sections related to new labels) Updated digital templates will be available on the Verra Project Hub in the coming months. New templates are listed on the VCS Program Rules and Requirements page.
Effective date	The effective date for the new templates is March 1, 2024. All project requests submitted on or after that date must use the new templates.

Improvements to the Registration and Issuance Process

Update ID#45	To accurately reflect the internal review process and provide a more formal structure for handling reviews that may not be accepted, Verra has streamlined the review section of the Registration and Issuance Process to include information on **project request denials.**
Effective date	Effective immediately

Update ID#11 and ID#37	Changed '**catastrophic' and 'non-catastrophic' to 'avoidable' and 'unavoidable'** Clarified the procedure for **failure to submit a loss event** report within two years of the discovery date. Clarified when a loss event report should be submitted if a loss is discovered during verification
Effective date	Effective immediately

Improvements to the Registration and Issuance Process (continued)

Update ID#5	Section 4.2.6 Clarified what documents are required to be submitted at **baseline reassessment**. Clarified procedures related to baseline reassessment and inactive statuses. Section 5.3.9 Clarified that baseline reassessment is required to reactivate an already registered project.
Effective date	Section 4.2.6 Effective for all project requests submitted on or after 1 March 2024 Section 5.3.9 Effective immediately

VCU Labels: Mitigation Outcome Type

Update ID#16	Updates to the *VCS Standard, v4.5* and VCS Project templates: Projects must quantify and report **GHG emission reductions and carbon dioxide removals** separately, where the applied methodology provides procedures and equations to do so. VCS Projects using methodologies that result exclusively in either reduction VCUs or removal VCUs will be able to add the respective labels to their VCUs. Registry functionality and methodology updates to enable labeling of projects that have a mix of reductions and removals is under development. Specific guidance for the use of these labels and how to apply for them is available in the newly added *Mitigation Outcome Type Label Guidance, v1.0* (PDF).
Effective date	Updates to the *VCS Standard, v4.5* and VCS Project templates: Effective for all project requests submitted on or after 1 March 2024. Label available now for projects using methodologies resulting exclusively in reductions or removals.

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VCU Labels: Article 6 Authorization

Update ID#35	**Article 6 labels** are now available to identify VCUs that have been authorized by host countries for use under Article 6 of the Paris Agreement. Three Article 6 Labels are available, which indicate authorized uses: • Article 6 Authorized – NDC Use • Article 6 Authorized – International mitigation purposes • Article 6 Authorized – Other purposes Specific guidance for authorization and obtaining an Article 6 Label is outlined in the new *Article 6 Label Guidance, v1.0* document. Article 6 authorization is not required for all VCUs, except for specific retirement purposes.
Effective date	Effective immediately.

VCU Labels: Article 6 Authorization

Update ID#35	**Article 6 labels**
	Verra has created a template for the Letter of Authorization, available for download on the 'VCS Labels' website.
	The template is intended to assist project proponents in approaching a host Party to request Article 6 authorization.
	Using the template is optional. The host Party may provide a Letter of Authorization in any format of their choice, provided all required information is included.
	Information requirements for the Letter of Authorization, including explanations of such requirements, are outlined in the *Article 6 Label Guidance, v1.0* document.
Effective date	Effective immediately.

VCU Labels: CORSIA

Update ID#35	**CORSIA labels**
	International Civil Aviation Organization (ICAO) sets criteria for CORSIA Eligible Emissions Units.
	The VCS Program is approved for use towards the 'Pilot Phase, 2021–2023' compliance period, for VCUs vintages from 2016 to 2020.
	Existing CORSIA labels have been updated to: 'CORSIA — Pilot Phase, 2021–2023.'
	The VCS Program has received conditional approval for the 'First Phase (2024–2026)' compliance period. Verra has complete all required updates to align the VCS Program with 'First Phase' eligibility. Verra currently awaits full approval from ICAO.
	'CORSIA — First Phase (2024–2026)' labels will be available after Verra receives full approval from ICAO.
Effective date	CORSIA Pilot Phase Label effective immediately.

Program Integrity-related updates

Clarified double-counting requirements

Update ID#20, ID#21, ID # 23	To align with CORSIA and ICVCM, Verra clarified the VCS double counting requirements, as well as disclosure and evidence requirements for no double issuance and no double claiming. Updated supply chain reporting requirements. For details, please see: • VCS Standard, v4.5, Section 3.23, 3.24 • Registration and Issuance Process, v4.4, Section 4.2 • Updated VCS templates • VCS Program Definitions, v4.4 • 'Double claiming,' 'double counting,' 'double issuance,' 'double use,' 'binding emissions limit,' 'GHG-related environmental credit system, 'emissions trading program', 'GHG program', 'Scope 3 emissions double claiming', and 'supply chain.'
Effective date	VCS Program definitions are effective immediately. Updates to the VCS Standard, v4.5, and Registration and Issuance Process, v4.4: Effective for all project requests submitted on or after 1 March 2024.

Stakeholder Engagement Requirements

Update ID#18	New requirement for timing of **stakeholder engagement**. Expanded requirements on stakeholder engagement including further specification of Free, Prior, and Informed Consent (FPIC). Included procedures for comments received outside of a public comment period. Note: Section 3.18.2 does not apply to projects with a start date prior to 1 October 2023. See the *Corrections and Clarifications to the VCS Program Rules and Requirements, published 25 September 2023.*
Effective date	1 March 2024

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Safeguard and Stakeholder Engagement Requirements

Update ID#18	All safeguards now apply to the whole program.
	Expanded no-net harm to include specific requirements related to human rights, worker's safety, gender equity, property rights, and risks to stakeholders and the environment.
	Included new provisions on benefit-sharing plans.
Effective date	1 March 2024

Ecosystem Safeguard Requirements

Update ID#18	Updated **ecosystem conversion requirements**. Strengthened invasive species requirements and introduced reporting requirements for non-native species usage and justification. Introduced a requirement on the usage of non-native species and monoculture in ARR and WRC.
Effective date	Effective for all project requests submitted on or after 1 March 2024, except for 3.19.27 (3) which does not apply to projects with a start date prior to 1 March 2024, pending further consultation. *See Correction and Clarification to the VCS Program Rules and Requirements,* published 12 September 2023.

Project longevity and monitoring requirements

Update ID#10	Updated **non-permanence monitoring and compensation requirements** to a minimum of 40 years. • The minimum project longevity period has been increased to 40 years • Projects follow the monitoring and compensation requirements when the crediting period is less than 40 years or an instance leaves a project before the end of the project longevity. • Verra may monitor a project or class of project types where the crediting period is less than 40 years.
Effective date	This update is effective for projects which request registration on or after 1 January 2024. See the *Corrections and Clarifications to the VCS Program Rules and Requirements, published 25 September 2023.*

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Updated version of the AFOLU Non-permanence Risk Tool

Update ID#8	A new version of the **AFOLU Non-Permanence Risk Tool** has been released (v4.1). Key updates include: • Incorporation of future climate change impacts and sea level rise • Additional agriculture-specific risks and mitigation measures • Increased minimum withholdings and added withholdings for past government intervention and failure to submit a loss report. • Made adaptive management plans a requirement. • Extended project longevity period to 40 years and removed stakeholder engagement mitigation measure (now required in the VCS Standard, v4.5) The new **AFOLU Non-Permanence Risk Assessment Calculator** will be available soon on the Verra Project Hub.
Effective date	Effective for all project requests submitted on or after 1 January 2024.

Validation/verification body oversight and sanction procedures

Update ID#2	Added information about Verra's role in overseeing **validation/verification body performance**. Added a new section to the *VCS Program Guide* on sanctions of validation/verification bodies in cases of non-conformance with Verra rules. This means • Verra may conduct VVB reviews, and where shortcomings are identified, Verra provides feedback, requires the VVB to address non-conformities, and reports VVB performance to the respective accreditation body. • Verra may implement sanctions on VVBs in cases of non-conformance. Updated the VCS *Program Fee Schedule* to specify the VVB reinstatement fee
Effective date	Effective immediately

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Discounting upstream emission displacement

Update ID#31	Updated requirements for methodologies that credit **upstream displacement activities** (e.g., displacing high-carbon products with lower-carbon alternatives). Methodologies must provide evidence of 1:1 displacement. In the absence of this evidence, methodologies must provide an upstream displacement discount factor. A default discount factor of 30% must be applied where more specific evidence of displacement is unavailable.
Effective date	Effective immediately for all new methodologies under development which have not yet initiated public consultation. Revisions to existing methodologies must incorporate these requirements prior to their approval. Verra has issued minor revisions to approved methodologies that credit upstream displacement. Projects listed using the old versions will have six months to complete validation; all new projects must use the revised methodologies.

Other *VCS Methodology Requirements* updates

Updates	- Clarified requirement for subject matter expertise of validation/verification bodies assessing methodologies in the *VCS Program Guide* and MDRP (ID#3) - Added requirements to account for government policies and legal requirements when identifying the baseline scenario (ID#15) - Added requirements to determine GHG emission reductions and carbon dioxide removals separately (ID#16) - Added requirements to ensure compatibility with transition to net zero (ID#28) - Clarified requirements for project methods using historical data (ID#31) - Clarified requirements for methodologies using investment barrier analysis to assess additionality (ID#32)
Effective date	Effective immediately for all new methodologies under development which have not yet initiated public consultation. Revisions to existing methodologies must incorporate these requirements prior to their approval.

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Q&A

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Thank You

For questions pertaining to VCS Program Updates: programupdates@verra.org

For general questions pertaining to the VCS Program: info@verra.org

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