



# PUBLIC CONSULTATION ON PROPOSED UPDATES TO THE VCS METHODOLOGY DEVELOPMENT AND REVIEW PROCESS

DECEMBER 18, 2024

## 1 INTRODUCTION

The Verified Carbon Standard (VCS) Program is launching a public consultation on significant proposed changes to the Methodology Development and Review Process. The objective of these proposed changes is to accelerate timelines for methodology development to enable projects that contribute to climate action. We invite feedback from stakeholders to ensure that the changes we propose achieve their intended impact and do not have unintended consequences.

This document presents the following proposed updates to the VCS Methodology Development and Review Process:

- Shift from third-party to Verra-led methodology development
- Introduction of the Methodology Development Sponsorship Fund (MDSF)
- Shift from assessment by a validation/verification body (VVB) to review by a group of technical subject matter experts
- Formalization of periodic reviews of methodology idea notes

Verra will consider feedback received during this public consultation and amend the [Methodology Development and Review Process, v4.4](#) to reflect the final selected updates.

### 1.1 Consultation Process and Timeline

The planned timeline for implementing the consultation and publishing the updates is set out in Table 1 below.

Table 1. Tentative timeline

Tentative Dates	Activity
December 18, 2024–January 31, 2025	45-day public consultation
January–March 2025	Review comments and finalize proposals

Q2 2025

Publish VCS Program Methodology Development and Review Process changes

Please provide comments on any part of the proposed updates. Comments should be submitted electronically via the [link to the online public consultation platform](#) by 11:59 p.m. Anywhere on Earth (AoE; UTC –12) Friday, January 31, 2025. For instructions on how to use the digital public consultation platform, please see the [external user guide](#). The platform allows users to submit responses and come back to the form to edit completed responses up until the deadline.

We look forward to receiving your feedback. Please let us know at [methodologies@verra.org](mailto:methodologies@verra.org) if you have any questions as you engage in this consultation.

## 2 PROPOSED UPDATE: SHIFT FROM THIRD-PARTY TO VERRA-LED METHODOLOGY DEVELOPMENT

### 2.1 Background

Verra is committed to developing and managing high-quality methodologies across its programs, including the VCS Program. Methodologies for quantifying project benefits are a key component of the VCS Program and are considered an extension of the program rules (i.e., they operationalize specific rules and requirements for individual project types). Verra is responsible for establishing and maintaining those rules.

The *Methodology Development and Review Process, v4.4 (MDRP)* offers two approaches for methodology development:

- 1) A third-party developer leads (i.e., funds and manages) the methodology development process. The third-party developer prepares the methodology documentation (i.e., concept note, draft methodology, or draft project description) and funds the VVB assessment process.
- 2) Verra leads the methodology development process and hires a consultant to prepare the methodology documentation and manage the methodology development process (i.e., VVB assessment, public stakeholder consultation, and multiple Verra reviews). Verra funds the VVB assessment process.

Historically, the development of methodologies has mainly been led by third-party developers. However, since the MDRP was last updated, Verra has refined its approach to better manage methodology development in-house. While third-party developers contribute valuable expertise, they often face competing priorities. Methodology documentation authored primarily by third parties often requires substantial back-and-forth with Verra staff in order to progress toward high-quality methodologies that are consistent and align with the VCS Program. This often results in inefficient use of resources and extended timelines. On the other hand, the Verra-led approach, where Verra manages the development and coauthors the methodology, has proven to be more efficient.

Over the last year, we have successfully piloted alternative methodology development processes per Section 2.1.2 of the MDRP that demonstrated increased efficiency and reduced timelines.

This proposal seeks to streamline the piloted process and ensure consistency across methodologies by fully transferring management to Verra and redefining the roles of stakeholders. This will ensure that methodologies are developed in alignment with the VCS Program rules and requirements and best practices while accelerating the Methodology Development and Review Process to better meet market needs and enable climate action.

## 2.2 Proposal

Verra will lead, manage, and coordinate the development of all new methodologies and revisions. In this updated approach, Verra will take a more active role in authoring methodologies collaboratively with external consultants, third-party developers, and/or working groups.

External parties will continue to play a critical role and contribute in more impactful, efficient ways by:

- **Submitting methodology idea notes (MINs):** Propose innovative, impactful ideas and new project types, and scope expansion and ongoing improvements of existing methodologies.
- **Demonstrating demand and needs:** Provide information and details on the scope and potential of planned projects.
- **Providing technical expertise:** External parties – including consultants, third-party developers, and other subject matter experts – may help draft methodology documentation and contribute technical knowledge through technical working groups or workshops.
- **Providing funding:** Support methodology development through direct funding (see Section 3 for more details).

The updated MDRP will no longer serve as a process document for third-party developers but will outline how Verra develops methodologies and how stakeholders can contribute effectively to the development process.

The proposed new methodology development and review process is deemed to be equally or more robust since it will include the following elements:

- Leveraging Verra's in-house expertise more effectively
- Developing methodologies collaboratively with external parties
- Conducting a public stakeholder consultation
- Comprehensive review by a group of independent experts (see Section 4)

## 2.3 Requested Feedback

Verra is requesting feedback on the following:

- 1) Do you have any other suggestions on how external parties could make more impactful contributions throughout the methodology development process?

### **3 PROPOSED UPDATE: INTRODUCTION OF THE METHODOLOGY DEVELOPMENT SPONSORSHIP FUND (MDSF)**

#### **3.1 Background**

Verra has invested significant resources (funds and staff time) into VCS methodology development. Current methodology review fees (USD 15 000 for a new methodology) do not fully cover Verra's staff time required to produce high-quality methodologies. Verra estimates that the total cost of developing a new methodology ranges from USD 120 000 to USD 300 000, depending on the complexity and need for external expertise.

#### **3.2 Proposal**

With the proposed shift to Verra leading methodology development, Verra is looking to establish a more sustainable, long-term funding mechanism to ensure the costs of methodology development are covered up front, and time and resources are directed toward the most impactful new methodologies and essential updates to existing methodologies. There is a need to create a fair and equitable mechanism that enables both funding and non-monetary contributions from multiple stakeholders for each methodology.

Verra will establish a new funding mechanism, the Methodology Development Sponsorship Fund (MDSF). During early scoping of new proposals (i.e., the methodology idea note stage), Verra will establish a budget and publish a request for interest to determine demand for the new methodology and available resources to cover the full cost of methodology development.

Availability of funding will also serve as an additional criterion to help Verra prioritize and evaluate which methodologies to develop. Verra may contribute funds where external funding is not fully available.

Stakeholders that provide funding for methodology development will not be given preferential treatment nor be allowed to unfairly influence the content of methodologies. All methodologies will undergo the same rigorous development process, including stakeholder working groups or workshops, public consultation, and review by a group of independent experts to ensure broad applicability and prioritize market needs over individual stakeholder interests.

#### **3.3 Requested Feedback**

Verra is requesting feedback on the following:

- 1) Do you think there are any risks associated with Verra accepting funding for methodology development from external parties? If yes, how could Verra mitigate and reduce these risks?

- 2) Do you have an alternative proposal or approach for how VCS methodology development could be funded?

## **4 PROPOSED UPDATE: SHIFT FROM ASSESSMENT BY A VVB TO REVIEW BY A GROUP OF TECHNICAL SUBJECT MATTER EXPERTS**

### **4.1 Background**

The current MDRP requires a full validation/verification body (VVB) assessment for new methodologies and major revisions. The VVB assessments have proven to be lengthy and VVB capacity is limited due to the competing demand for project reviews. Further, VVBs do not always have the required research background to assess innovative new methodologies. Verra has piloted reviews by groups of independent experts as an alternative to full VVB assessments. This is deemed a more effective and efficient approach to ensure an equally or more robust review while reducing assessment timelines.

### **4.2 Proposal**

Verra proposes to shift from a full VVB assessment for all new methodologies and major revisions to a review by a group of independent technical subject matter experts. Using a group of independent technical subject matter experts aligns with the Core Carbon Principles (CCPs) Assessment Framework of the Integrity Council for the Voluntary Carbon Market (ICVCM) and the approach of other leading greenhouse gas programs.

The proposed updated approach includes the following:

- Verra selects and hires at least two independent experts with relevant subject matter expertise to review the technical rigor and consistency of the methodology.
- The expert review may start in parallel with the public stakeholder consultation. Expert reviewers provide an initial assessment and then review Verra's responses to the findings raised during the assessment.
- As the lead developer, Verra incorporates feedback from the expert reviewers and the public stakeholder consultation into the methodology, with support from coauthors.
- A separate Verra review team conducts the final review to ensure technical consistency and alignment with VCS Program rules and requirements, followed by technical editing.
- In some instances, a VVB assessment with limited scope may be conducted in parallel with the expert review to assess specific high-risk areas (e.g., auditability of critical aspects).

The updated approach will ensure that methodologies undergo a robust review process and align with best practices while reducing development and review timelines.

### 4.3 Requested Feedback

Verra is requesting feedback on the following:

- 1) Do you think the proposed shift to expert reviews will maintain or improve the rigor of the assessment process? If not, what additional measures do you suggest to improve rigor while balancing efficiency and timelines?
- 2) What qualifications, expertise, and other criteria should Verra consider when hiring experts to ensure a robust and credible review?

## 5 PROPOSED UPDATE: FORMALIZATION OF PERIODIC REVIEWS OF METHODOLOGY IDEA NOTES

### 5.1 Background

Methodology idea notes (MINs) were introduced with the December 2022 MDRP update to facilitate the submission of new ideas by any stakeholder without requiring development of technical concept notes and to assess the value and risk of new proposals before incurring major efforts. Since their introduction, Verra has reviewed MINs on a continuous basis. In the absence of MIN submissions, Verra initiates methodology development for strategic new methodologies and revisions that strengthen integrity.

The current VCS methodology development pipeline includes more than 80 proposals (for both new and revised methodologies). The large volume of new methodologies and revisions is slowing down overall development timelines. In July 2024, Verra [announced](#) a temporary pause on MIN reviews until Q1 2025 to effectively advance impactful climate action by delivering on priority methodologies already under development.

### 5.2 Proposal

Verra proposes to formalize a periodic review cycle for MINs to better align methodology development with Verra's staff capacity and to optimize prioritization of proposals with the highest impact and demand. Starting with an annual review process in 2025, the frequency of MIN reviews will be reassessed and updated in the future based on the status of the methodology development pipeline and staff capacity.

This approach will lead to more coordinated MIN reviews and allow Verra to allocate resources to high-priority proposals. The proposed MIN review process includes the following:

- **Submission deadlines:** Stakeholders submit MINs during the submission cycle established by Verra.

- **Evaluation and prioritization:** After each submission cycle ends, Verra reviews the submitted MINs. Proposals must align with VCS program rules and requirements. Proposals are prioritized based on their:
  - potential to mitigate climate change and contribute toward sustainable development.
  - applicability and whether they enable projects with a broad range of technologies, processes, and geographic regions.
  - ability to mitigate associated risks.
  - availability of funding and Verra staff capacity.
- **Publication of decisions:** Verra publishes the outcomes of each review cycle on the website and indicates which MINs will proceed, be put on hold, or be rejected.
- **Exceptions for out-of-cycle MIN reviews:** At Verra’s discretion, out-of-cycle MIN reviews may be considered for proposals that strengthen integrity, build onto existing processes, or align with Verra’s top priorities. Stakeholders are encouraged to submit MINs at any time during the submission cycle for consideration by Verra.

The proposed timeline for the review cycle in 2025 is as follows:

Dates	Milestone
July 17, 2024	Verra <a href="#">announced a pause</a> on reviewing MINs until Q1 2025.
January 31, 2025	Deadline for current MIN submission cycle
February 1–March 31, 2025	Verra completes MIN reviews, prioritizes the proposals received, and publishes its decisions.
February 1, 2025–January 31, 2026	Next submission cycle Stakeholders submit MINs. Verra may proceed with out-of-cycle reviews during this period.
February 1–March 31, 2026	Verra completes MIN reviews, prioritizes the proposals received, and publishes its decisions.
2026 onwards	Verra determines frequency of the next MIN submission cycles based on staff capacity and status of methodology development pipeline.

## 5.3 Requested Feedback

Verra is requesting feedback on the following:

- 1) Are there any other changes or improvements to the MIN submission and review process that Verra should consider? What are these?