Registration and Issuance
 Process
(Previous Version)

VCS Version 3
Procedural Document
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1 | Introduction

This document outlines the procedures for listing pipeline projects, registering projects and issuing verified carbon units (VCUs) under the VCS Program. The document is intended for use by project proponents, VCU buyers, VCU sellers and any other entities participating in the VCU market. Note that the *VCS Standard* and its related documents provide the rules and requirements for developing projects, and this document (the *Registration and Issuance Process*) should not be used for such purpose.

Projects may have one or many project proponents, though to aid readability, this document uses project proponent in the singular. For projects with multiple project proponents, *project proponents* should be substituted in place of *project proponent*, as appropriate.

The VCS registry system is a multi-registry system, comprised of a number of registries and a central project database. Project proponents interact with their chosen VCS registry to list pipeline projects, register projects and issue VCUs (i.e., project pipeline listing, project registration and VCU issuance are handled by the registries). The VCS registry administrators are responsible for undertaking a completeness check on documentation and for ensuring adherence to the VCS rules with respect to the pipeline listing process and the project registration process. The VCS registry administrators also upload information to the VCS project database, which acts as the central database to ensure uniqueness of projects and VCUs and to provide transparency of same to the public through its web interface.

The VCS project database provides the central repository for all information and documentation relating to pipeline and registered projects. The project database is also responsible for ensuring uniqueness of projects, issuing VCU serial numbers and tracking VCU retirement. The project database makes project and VCU information and documentation publicly available and can be accessed via the VCS website. The VCSA provides oversight of the VCS registry system. As set out in the *VCS Program Guide* the VCSA is responsible for reviewing project documentation and overseeing validation/verification bodies to ensure the integrity of projects and VCUs in the VCS registry system.

This document will be updated from time-to-time and readers shall ensure that they are using the most current version of the document.

2 | Opening a VCS Registry Account

A VCS registry account shall be opened by any market participant who wants to list a pipeline project, register a project and/or issue, trade or retire VCUs as set out in Diagram 1, with the notes that follow providing further details.

Diagram 1: Opening a VCS Registry Account
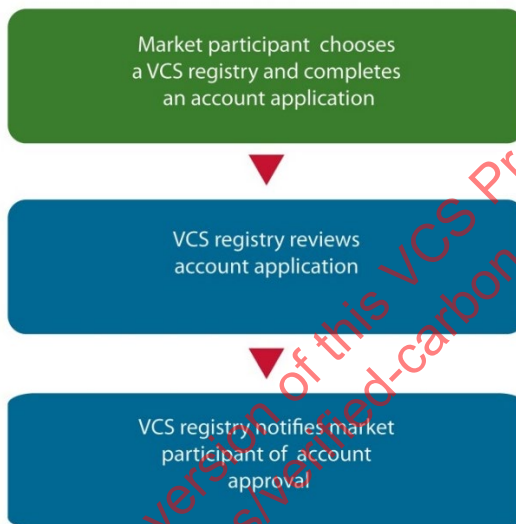
2.1.1 The VCS registry system is a multi-registry system and is comprised of the VCS project database and a number of VCS registries. Market participants can select the registry of their choosing, the contact details of which are available on the VCS website. Further details about the VCS registry system are available in the VCS *Program Guide*.

**2.1.2** A market participant can apply to open a VCS registry account at any time. For example, a would-be project proponent does not need to have a validated or verified project and a would-be VCU buyer does not need to have entered into a legal agreement to purchase VCUs in order to open a VCS registry account.

3 | Pipeline Listing Process

The VCS project database contains a project pipeline which lists projects before they are registered. Projects shall be listed on the project pipeline before the opening meeting between the validation/ verification body and the project proponent (such opening meeting representing the beginning of the validation process). The validation/verification body is responsible for checking that the project is listed on the project pipeline and shall not conduct the opening meeting or otherwise begin validation until such time as the project is listed. Note, also, that where a methodology element is put on hold or withdrawn, only projects that have been listed on the project pipeline by the date on which the methodology element is put on hold or withdrawn shall be granted the grace period for using the methodology element (i.e., any projects not listed on the project pipeline by such date shall not be granted the grace period). Project proponents may therefore wish to list their projects at the early stages of project development to ensure that they can take advantage of any grace periods. See VCS document *Methodology Approval Process* for more information on grace periods.

The date on which the project is listed on the project pipeline marks the beginning of that project's 30-day public comment period. Any comments shall be submitted to the VCSA at secretariat@v-c-s.org and respondents shall provide their name, organization, country and email address. At the end of the public comment period, the VCSA provides all and any comments received to the project proponent. The project proponent shall address such comments as set out in the *VCS Standard*.

The process for listing a project on the project pipeline is set out in Diagram 2 below, with the notes that follow providing further details.

Diagram 2: Pipeline Listing Process
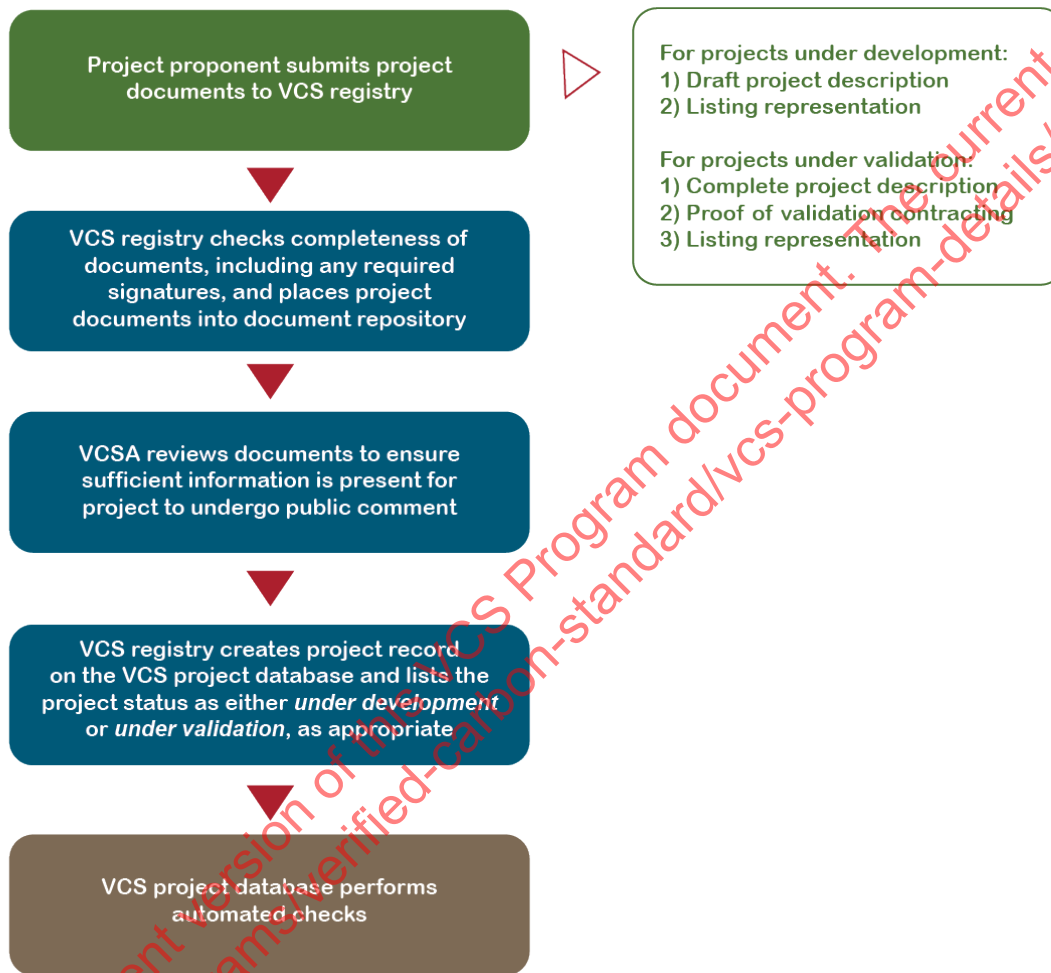
3.1 PROCESS

3.1.1 The only entities that may initiate the pipeline listing process are the project proponent, an entity to which the project proponent has assigned sole right to the GHG emission reductions or removals for the entire project crediting period, an entity who has been authorized by the project proponent(s) to list the project on the project pipeline or the authorized representative of any of these entities. No other entity can initiate the pipeline listing process.

3.1.2 Pipeline projects shall be listed as either *under development* or *under validation*. Projects under development are those which have not yet contracted a validation/verification body to perform validation. Projects under validation are those that have contracted a validation/verification body to perform validation (i.e., are ready to begin or have begun the validation process).

3.1.3 To list a project as *under development*, the following shall be submitted to the registry administrator:

1) A draft project description which shall include (at a minimum) the cover page and drafts of sections 1.1, 1.2, 1.3, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.11, 1.12.1, 2.1, 2.2, 2.3, 2.4, and 2.5 of the *VCS Project Description Template*. Note that indicative information is sufficient (e.g., the proposed approach for demonstrating additionality or establishing project ownership, rather than the full rationale and evidence that will be submitted for validation); and

2) A listing representation.

3.1.4 To list a project as *under validation*, the following shall be submitted to the registry administrator:

1) A complete project description (i.e., one with all sections of the *VCS Project Description Template* completed);

2) Proof of contracting of the validation, provided in accordance with Section 4.2.6; and

3) A listing representation.

Note – Pipeline projects may either apply an approved methodology or a methodology that is under development. Where a methodology under development is applied, the project description shall provide a reference for the draft version of the methodology.

3.1.5 The project status may be updated from *under development* to *under validation* where the required documentation set out in Section 3.1.4 is submitted (noting that a second listing representation is not required). The VCS registry shall undertake the relevant checks set out in Section 3.1.8.

3.1.6 The following applies with respect to the listing representation:

1) The VCS website provides the template for the listing representation. The template shall not be altered other than to fill in the project-specific details.

2) The listing representation shall be properly executed as a deed in accordance with applicable local laws and the organization's own constitutional documents (e.g., signature by directors and requirement of company seals).

3) Where more than one individual or organization can claim rights in respect of the execution of the listing representation, and there exists no other (single) entity which may execute the listing representation, all such individuals and organizations shall execute the listing representation, using the appropriate template available on the VCS website for pipeline projects with multiple project proponents, as applicable. Note that such representations may be executed in any necessary number of counterparts.

4) The signed originals of the listing representation shall be provided to the VCS registry administrator.

3.1.7 All project documents other than the listing representation may be submitted to the VCS registry administrator in electronic format.

3.1.8 The VCS registry administrator shall check the project documents submitted to ensure that:

1) The relevant sections of the *VCS Project Description Template* have been completed in accordance with Sections 3.1.3 and 3.1.4.

2) The listing representation has been signed by the relevant responsible parties.

3) Where required, proof of contracting has been properly submitted.

3.1.9 The VCSA reviews the project documents to ensure that sufficient information is present for the project to undergo public comment. The VCSA may require the project proponent to update project documentation before the registry administrator can proceed with listing the project on the VCS project database.

3.1.10 The registry administrator shall upload all relevant project documentation to the VCS project database. The registry administrator will use the information from the project documents to create the project record in the VCS registry. The status of the project shall be *under development* or *under validation*, as appropriate.

3.1.11 The VCS registry shall store the electronic and signed original project documents in its record-keeping system for a minimum period of 12 years from the date the project is listed on the project pipeline.

3.1.12 Where a pipeline project successfully completes validation, it may progress to project registration on the VCS project database, following the procedures set out in Section 4.

3.1.13 Where a pipeline project does not successfully complete validation within 12 months of its initial listing, the VCS registry administrator shall update the project status to *inactivated*, unless the VCS registry administrator is informed that validation is still being pursued. Likewise, inactivated projects may be reactivated by notifying the VCS registry administrator.

3.1.14 Where the VCSA has reason to believe that false or misleading project information has been submitted, the VCSA seeks clarification from the project proponent. Where the project proponent cannot satisfactorily justify the information provided for the pipeline project, the VCSA reserves the right to delist the project.

4 | Project Registration Process

The following steps are required under the VCS Program to register a project and issue VCUs, and these are presented in detail in this Section 4:

1) Project validation and verification

2) Registration and issuance request

3) Project review

4) Project registration and initial VCU issuance

5) Periodic VCU issuance

6) VCU retirements and cancellations

7) Project maintenance

For the purposes of this document, the project registration process refers to all or any of these six steps, as the case may be. The entity that initiates the project registration process may terminate the process at any one of these steps if it decides it does not want to register the project or have VCUs issued.

4.1   STEP 1: PROJECT VALIDATION AND VERIFICATION

The project shall be validated and the GHG emission reductions or removals verified as set out in Diagram 3 below, with the notes that follow providing further details.

Diagram 3: Validation of Project and Verification of GHG Emission Reductions or Removals
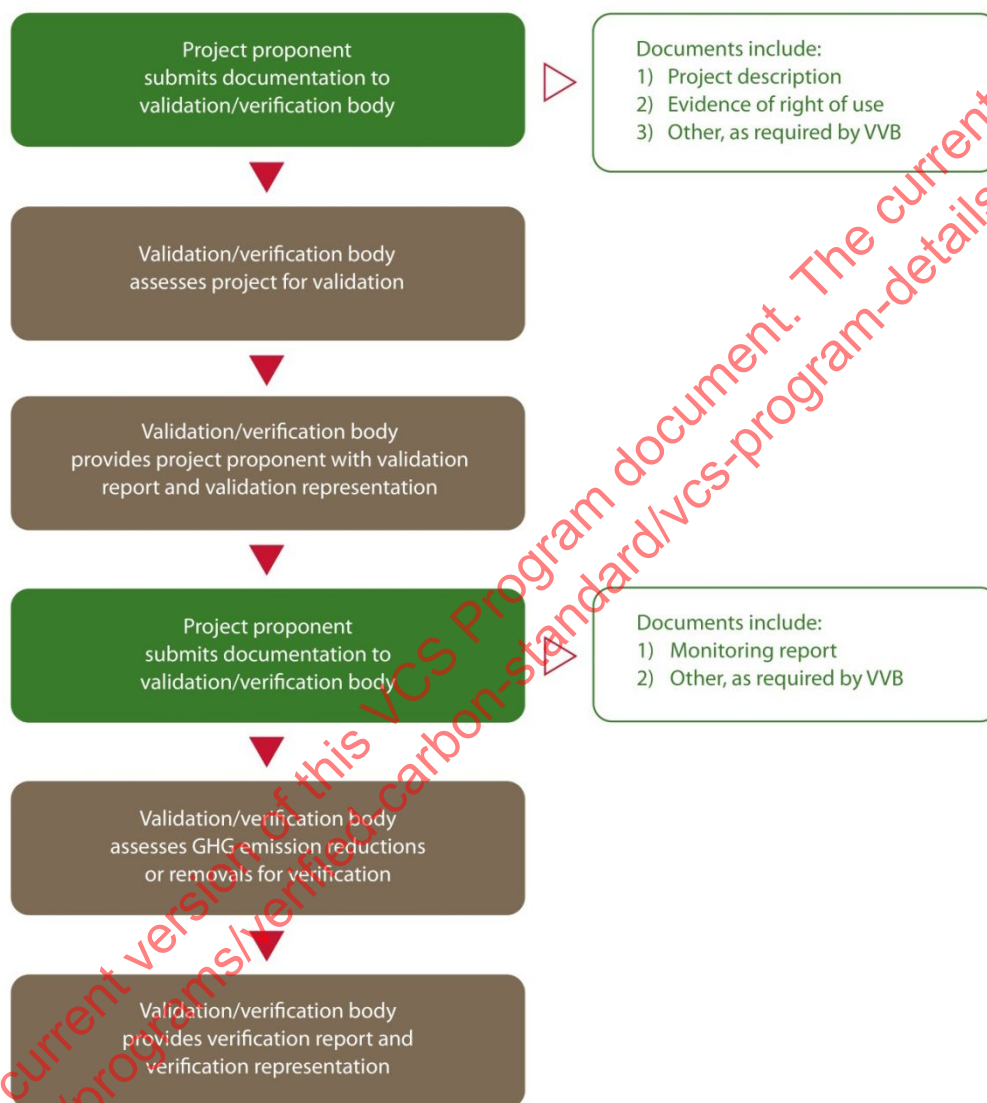
4.1.1 The requirements for validation and verification, including the requirements for validation/ verification bodies, are set out in the *VCS Standard* and the *VCS Program Guide*.

4.1.2 A single validation/verification body may undertake both validation and verification on a specific project, provided it has the required accreditation for the relevant sectoral scope(s) for both validation and verification.

4.1.3 The validation/verification body shall assess the project for compliance with the VCS rules and produce a validation report and validation representation. The validation representation, which is the deed issued by the validation/verification body containing a unilateral representation that it has validated the project's compliance with the applicable VCS rules, shall be prepared using the *VCS Validation Deed of Representation Template* and the validation/verification body shall ensure that it is properly executed as a deed in accordance with applicable local laws and the organization's own constitutional documents (e.g., signature by directors and requirement of company seals).

4.1.4 The validation/verification body shall assess the GHG emission reductions or removals for compliance with the VCS rules and produce a verification report and verification representation. The verification representation, which is the deed issued by the validation/verification body containing a unilateral representation that it has verified the relevant GHG emission reductions or removals in accordance with the applicable VCS rules, shall be prepared using the *VCS Verification Deed of Representation Template* and the validation/verification body shall ensure that it is properly executed as a deed in accordance with applicable local laws and the organization's own constitutional documents (e.g., signature by directors and requirement of company seals).

4.1.5 Projects registered under another GHG program may also register with the VCS Program (though project proponents shall not claim credit for the same GHG emission reductions or removals under both programs) and the following applies:

1) The project shall comply with all the applicable VCS rules, including project start date and project crediting period requirements.

2) Project validation shall be completed within one of the following time periods:

a) Non-AFOLU Projects

   i) The other GHG program validation (or verification, where the approved GHG program does not have a validation step) or VCS validation shall be completed within two years of the project start date.

   ii) Additional time is granted for non-AFOLU projects to complete validation where they are applying a new VCS methodology. Specifically, projects using a new VCS methodology and completing validation within one year of the approval of the methodology by the VCSA may complete validation within three years of the project start date. Note that *new VCS methodology* in this context refers to both newly issued VCS methodologies and newly issued VCS revisions to approved GHG program methodologies. The grace period does not apply where projects are applying subsequent versions of such new methodologies and new methodology revisions.

   iii) For projects registered under approved GHG programs, the approved GHG program validation (or verification) or VCS validation shall be completed or contracted before 19 November 2008. In relation to contracts entered into before 19 November 2008,

the approved GHG program validation (or verification) or VCS validation, as the case may be, shall be completed before 19 November 2009 (i.e., at least one or other of the validations shall be completed before 19 November 2009). Proof of contracting of the approved GHG program validation (or verification) or VCS validation, as the case may be, prior to 19 November 2008 shall be provided in accordance with Section 4.2.6.

b) <u>AFOLU Projects</u>

    i) Projects with a project start date on or after 8 March 2008 shall complete the other GHG program validation (or verification) or VCS validation within five years of the project start date.

    ii) Projects with a project start date on or after 1 January 2002 and before 8 March 2008 shall complete the other GHG program validation (or verification) or VCS validation before 8 March 2013.

    iii) Projects with a project start date before 1 January 2002 shall complete validation (other GHG program validation or verification, or VCS validation) and verification on or before 1 October 2011.

    iv) Additional time is granted for projects with a project start date prior to 1 January 2002 to complete validation and verification where they are applying a new VCS methodology. Such projects shall complete validation and verification within one year of the approval of the methodology, and no later than 1 October 2012. *New VCS methodology* in this context has the same meaning as set out in Section 4.1.5(2)(a)(ii).

Note – The above validation timelines include the rules under VCS Version 3, and previous versions of the VCS Program, and all such rules are provided in this document in order to facilitate the registration of both historical and more recent projects. Project eligibility in respect of project start date and validation timeline for all new projects shall be assessed against the rules set out in the *VCS Standard* and shall not be assessed against the above.

3) Where the project is registered under the Clean Development Mechanism (CDM) and is seeking registration with the VCS Program, and where the project description and validation report follow CDM templates and procedures, the cover page and sections 1.1, 1.2, 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 1.12.1, 1.12.2, 1.12.3, 1.12.4,1.13 and 2.6 of the *VCS Project Description Template* shall be completed and a validation/verification body shall undertake a validation of same to validate the project's compliance with the VCS rules. Such further validation, which shall be accompanied by a validation representation, may be submitted to the VCS registry administrator in a separate validation report or within the verification report. The additional project description shall also be submitted to the VCS registry administrator.

4) Where the project is registered under the Joint Implementation (JI) program and is seeking registration with the VCS Program, and where the project description and determination report follow JI templates and procedures, a new *VCS Project Description Template* shall be completed (applying a methodology eligible under the VCS Program) and a validation/verification body shall undertake a full validation of same in accordance with the VCS rules. The validation report shall be accompanied by a validation representation. The validation report shall be submitted to the VCS registry administrator in a separate validation report or within the verification report. The additional project description shall also be submitted to the VCS registry administrator.

5) Where the project is registered under the Climate Action Reserve and is seeking registration with the VCS Program, and where the project submittal form and verification report follow Climate Action Reserve templates and procedures, the cover page and sections 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.9, 1.10, 1.12.1, 1.12.2, 1.12,3, 1.12,4, 1.13, 2.6, 5.1, 5.2, 5.3 and 5.4 of the *VCS Project Description Template* shall be completed and a validation/verification body shall undertake a validation of same to validate the project's compliance with VCS rules. Such further validation, which shall be accompanied by a validation representation, may be submitted to the VCS registry administrator in a separate validation report or within the verification report. The additional project description shall also be submitted to the VCS registry administrator.

6) Where a validation report (or verification report) under an approved GHG program was issued to the project before 19 March 2008 (the date on which the VCSA issued the above rules in a policy announcement), the project does not need to complete a further validation of the required sections of the *VCS Project Description Template*, nor does the validation/verification body need to provide a validation representation (i.e., the validation report issued under the approved GHG program is sufficient and no further validation is required).

7) Where the project is a non-AFOLU project registered under a GHG program that is not an approved GHG program and is seeking registration with the VCS Program, and where a validation or verification report has been issued for the project under such program by an entity approved by the program, the following applies:

a) The project start date shall be on or after 19 November 2007.

b) A new project description (applying a methodology eligible under the VCS Program) shall be completed and a validation/verification body shall undertake a full validation of same in accordance with the VCS rules. The validation report shall be accompanied by a validation representation. The validation report shall be submitted to the VCS registry administrator in a separate validation report or within the verification report.

c) The validation or verification under the other GHG program shall be completed within the relevant validation deadline set out in the *VCS Standard*. Validation or verification is deemed to have been completed when the validation or verification report that is submitted to the other GHG program to request registration has been issued.

8) AFOLU projects may be registered under the VCS Program and an approved GHG program only (i.e., not the VCS Program and a non-approved GHG program), and the following applies:

a) All and any (VCS) monitoring and verification reports shall state the total amount of credits (GHG credits and, where applicable, buffer credits) issued under the other GHG program.

b) A non-permanence risk report shall be prepared in accordance with the VCS document *AFOLU Non-Permanence Risk Tool* and a validation/verification body shall undertake a full validation of same in accordance with the VCS rules. The non-permanence risk analysis shall be based upon the project as a whole, though the buffer withholding shall apply to the net change in carbon stocks for which credits are sought under the VCS Program. The *Non-Permanence Risk Report* shall also be submitted to the VCS registry administrator.

Note - Such projects shall have any verification reports issued as set out in Section 4.1.4.

4.1.6 The following applies in relation to the project start date, validation and verification under *VCS Version 1*:

1) The project start date for projects validated against VCS Version 1 shall not be before 1 January 2000.

2) Verification against the *VCS Version 1* shall have been completed before 19 November 2007 or contracted before such date for that specific single monitoring period. Subsequent monitoring periods shall be verified against the prevailing version of the VCS. Projects validated against the *VCS Version 1*, but where a validation/verification body for that specific single monitoring period was not contracted by 19 November 2007 shall be verified against the prevailing version of the VCS.

4.1.7 The VCS project database can display separate vintages within one verification period. For example, where the verification period is 1 January 2012 to 30 June 2013, the project proponent may wish to have one VCU issuance record for the 2012 VCUs and a separate VCU issuance record for the 2013 VCUs. The creation of such separate VCU issuance records in respect of one verification period is only possible where the monitoring report and associated verification report specify the vintage breakdown. Thus, the monitoring report and associated verification report will need to specify the number of GHG emission reductions or removals generated in 2012 and the number generated in 2013. Vintage breakdown may be specified at a finer granularity than calendar years, and where vintage dates are specified with day, month and year, corresponding VCU issuance records can be created in the VCS project database accordingly. Where the vintage breakdown or the day, month and year start and end dates for the vintage period are not provided, there can only be one VCU issuance record in respect of the verification report (i.e., the VCS registry administrator shall not arbitrarily assign a vintage breakdown where none is specified in the verification report).

Note – Due to the intricacies of accounting for GHG emission reductions and removals in AFOLU ARR and IFM projects with harvesting, such projects may not break down verification periods into vintage periods when any year within the verification period has a negative number of GHG emission reductions or removals. For such projects, the vintage period shall be equivalent to the verification period.

4.2 STEP 2: REGISTRATION AND ISSUANCE REQUEST

The project is presented to a VCS registry for registration and issuance as set out in Diagram 4 below, with the notes that follow providing further details.

Diagram 4: Project Registration Request

Project proponent
submits project documents
to VCS registry

Documents include:
1) Project description
2) Validation report
3) Validation representation
4) Registration representation
5) Monitoring report
6) Verification report
7) Verification representation
8) Issuance representation
9) Other, as required
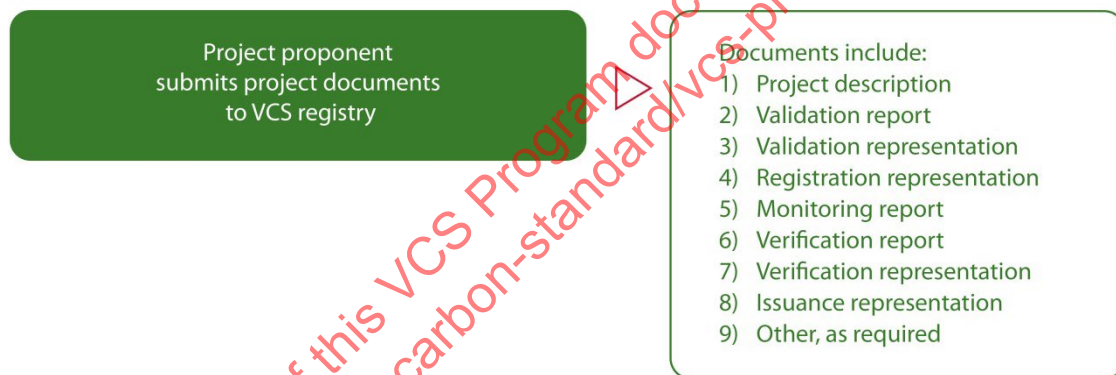
4.2.1 The only entities that may initiate the project registration process are the project proponent, an entity to which the project proponent has assigned sole right to the GHG emission reductions or removals for the entire project crediting period, or the authorized representative of either of these entities. No other entity can initiate the project registration process (other than provided for under the grandparenting process set out in Section 5).

4.2.2 Registration of a project may be requested when the project has completed project validation but before the first verification of GHG emission reductions or removals. Some project proponents may be interested in doing this by way of giving market visibility and credibility to their projects.

4.2.3 Where the project is presented for registration without VCU issuance, the relevant documents that shall be provided to the VCS registry administrator are the project description, the validation report, the validation representation, the registration representation, and any AFOLU specific documentation, communications agreement, proof of right or proof of contracting.

4.2.4 Where the project is presented for registration and VCU issuance, the relevant documents that shall be provided to the VCS registry administrator are the project description, the validation report, the validation representation, the registration representation, the monitoring report, the verification report, the verification representation, the issuance representation, and any AFOLU specific documentation, communications agreement, proof of right, proof of contracting or evidence and representation with respect to cancellation of GHG credits under another GHG program. Where a project description deviation has been applied, and a revised project description is issued, such project description shall be provided to the registry administrator. Likewise, where a project crediting period has been renewed, the revised project description and new validation report and validation representation shall be provided to the registry administrator.

4.2.5 The following shall apply with respect to the project proponent representations:

1) The VCS website provides the templates for the registration representation, issuance representation and all other project proponent representations. The templates shall not be altered other than to fill in the project specific details.

2) The project proponent representations shall be properly executed as deeds in accordance with applicable local laws and the organization's own constitutional documents (e.g., signature by directors, requirement of company seals).

3) Where more than one individual or organization can claim rights in respect of the execution of the project proponent representations, all such individuals and organizations shall execute the project proponent representations, using the appropriate templates available on the VCS website for projects with multiple project proponents, as applicable. Note that such representations may be executed in any necessary number of counterparts.

4) The signed originals of the project proponent representations shall be provided to the VCS registry administrator.

4.2.6 Proof of contracting shall be provided to the VCS registry administrator where required as set out in Sections 3.1.4, 4.1.5 and 4.3.3. The project proponent or its authorized representative shall provide evidence of the legal agreement between the project proponent (or other entity that has contracted the validation/verification body to undertake validation) and the validation/verification body, in relation to validation of the project. A final legal agreement, letter of intent, memorandum of understanding or term sheet shall serve as proof of contracting. Such evidence of proof of contracting shall be uploaded to the VCS project database as a private document (for VCSA internal auditing purposes) and therefore will not be publicly available.

4.2.7 All project documents other than the project proponent representations may be submitted to the VCS registry administrator in electronic format, noting that as set out in Sections 4.1.3 and 4.1.4 respectively, it may be required that the validation representation and verification representation are provided to the VCS registry administrator in signed original form.

4.2.8 There is no need to submit proof of right to the VCS registry administrator where the project proponent or its authorized representative is initiating the project registration process. Proof of right shall be submitted to the VCS registry where an entity other than the project proponent or its authorized representative is initiating the project registration process. Evidencing proof of right is as set out below.

4.2.9 The entity initiating the project registration process or its authorized representative shall submit to the VCS registry administrator the legal agreement(s) transferring the right to the GHG emission reductions or removals for the entire project crediting period to it from the project proponent. Where there are one or more intermediaries standing between the entity initiating the project registration process and the project proponent, the VCS registry administrator shall check all the legal agreements documenting the complete chain of transfer of right to the GHG emission reductions or removals to the entity from the project proponent. Legal agreement(s) shall be in English or shall be an official translation of the legal agreement(s).

4.2.10 In consideration of confidentiality, the entirety of the aforementioned legal agreement(s) need not be shown, but the VCS registry administrator shall undertake the checks set out in Table 1 (if submitting an official translation of the legal agreement(s), only such information needs to be translated and shown to the VCS registry administrator).

Table 1: Evidence for Proof of Right

Information required	VCS registry administrator check
Names of the parties to the agreement	The parties are the entity initiating the project registration process (buyer or transferee) and the project proponent (seller or transferor), or where there is one or more intermediaries, the parties shall be the relevant parties in the chain of ownership between project proponent and the entity initiating the project registration process
Date of the agreement	Appropriate to the project and transaction subject of the legal agreement
Project name	Same as the project that the entity is presenting for registration
Project crediting period	The project crediting period is defined, with a start date and duration (or end date) specified
Clause that transfers the right to the GHG emission reductions or removals between the parties to the agreement	The clause transfers the right to the GHG emission reductions or removals generated by the project for the project crediting period
Signatures of parties to the legal agreement	The legal agreement is signed by both parties to the agreement

4.2.11 The project proponent may protect commercially sensitive information by uploading a public project description and a private project description. The private project description will not be publicly available. The public project description differs from the private project description only in that it does not contain commercially sensitive information.

4.2.12 The VCS Program allows projects registered under an approved GHG program (e.g., CDM) to also register with the VCS Program, as set out in Section 4.1.5. In such cases, the documentation required for the project registration process is the same as required for projects registering under the VCS Program only, but noting the following:

1) As given in the definition of project description, the project description need not use the *VCS Project Description Template*, provided it uses the project description template specified by the relevant approved GHG program.

2) Additional validation documentation may be required, as set out in Section 4.1.5.

3) Where GHG emission reductions or removals from one verification period are split between the VCS Program and an approved GHG program, evidence shall be submitted to the VCS registry administrator that any GHG emission reductions or removals presented for VCU issuance have not been issued as GHG credits under the approved GHG program, or where such GHG credits have been issued under the approved GHG program that they have been cancelled. In the latter of these cases, the project proponent or its authorized representative shall also sign and submit to the VCS registry administrator a VCU conversion representation.

4) AFOLU projects are subject to the rules and requirements for non-permanence risk analysis and buffer withholding set out in Section 6. The buffer withholding percentage determined by the tool shall be applied to the proportion of GHG credits to be issued under the VCS Program (only).

5) Where a loss event or a reversal occurs, the project shall comply with the rules for reporting a loss event and holding and cancelling credits set out in Section 6.3. Such reporting, holding and cancelling shall apply to the proportion of credits (GHG credits and buffer credits) granted to date under the VCS Program. For example, if 50 percent of the total credits (GHG credits and, where applicable, buffer credits) granted to the project to date have been granted under the VCS Program and a loss event results in a reversal of GHG emission reductions or removals achieved to date (in relation to which credits have been issued and buffered), buffer credits would be cancelled to cover 50 percent of the reversal.

4.2.13 Where the project is registered with both the VCS Program and the CDM, and where temporary GHG credits have been issued to the project (i.e., tCERs and lCERs) which have expired without having been sold or retired, such credits may be issued under the VCS Program in accordance with the requirements in Section 4.2.15. Where temporary credits have expired, evidence of their expiration shall be provided.

4.2.14 The VCS Program also allows non-AFOLU projects registered under a non-approved GHG program to also register with the VCS Program. In such cases, the documentation required for the project registration process is the same as required for projects registering under the VCS Program only. Where GHG emission reductions or removals from one verification period are split between the VCS Program and a non-approved GHG program, the same requirements set out in Section 4.2.12(3) shall apply.

4.2.15 The VCS Program allows projects registered under an approved GHG program to cancel GHG credits issued under the approved GHG program and have them issued as VCUs in a VCS registry. In such cases, the following applies:

1) An official notification or other evidence of cancellation of the GHG credits under the approved GHG program and a signed VCU conversion representation shall be provided to the registry administrator.

2) Where the project is registered under the CDM, those documents required for project registration and Certified Emission Reduction (CER) issuance under the CDM shall be provided to the registry administrator. The registry administrator shall create a project record on the VCS project database, noting that such record shall have the status *credits transferred from other GHG program*. Such projects are not considered to be registered under the VCS Program and are not eligible for verification under the VCS without first complying with the procedures for registration with the VCS Program and an approved GHG program set out in Section 4.2.12.

3) Where the project is registered under the JI program, the project shall also register with the VCS Program before Emission Reduction Units (ERUs) may be converted into VCUs[1]. Following registration with the VCS Program, such projects shall provide those documents required for ERU issuance under the JI program to the registry administrator.

4) Where the project is registered under an approved GHG program other than the CDM or the JI programs, the process for GHG credit conversion as specified on the VCS website shall be followed.

5) Where the project is an AFOLU project, the project shall also register with the VCS Program before GHG credits issued under an approved GHG program may be converted into VCUs. The buffer withholding percentage for such projects shall be applied to the number of GHG credits being converted.

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[1] The flexibility inherent within the JI program (e.g., use of an approved methodology not required) means it is necessary for JI projects to register with the VCS Program in order to determine whether ERUs issued to such projects are eligible for conversion into VCUs.

4.2.16   Where projects have created another form of GHG-related environmental credit, such as renewable energy certificates, evidence shall be provided to the VCS registry administrator demonstrating that the GHG emission reductions or removals presented for VCU issuance have not also been recognized as another GHG-related environmental credit, or that any such credits have not been used and have been cancelled under the relevant program.

4.2.17   Grouped projects and AFOLU projects with geographic areas characterized by one or more geodetic polygons shall provide the geodetic information to the VCS registry administrator in the format specified in the *VCS Standard*.

4.2.18   The VCS Program allows VCUs to be labelled with additional certifications that have been granted to the project. The VCS website provides the list of standards that are accepted as VCU labels, together with the procedure for attaining such VCU labels.
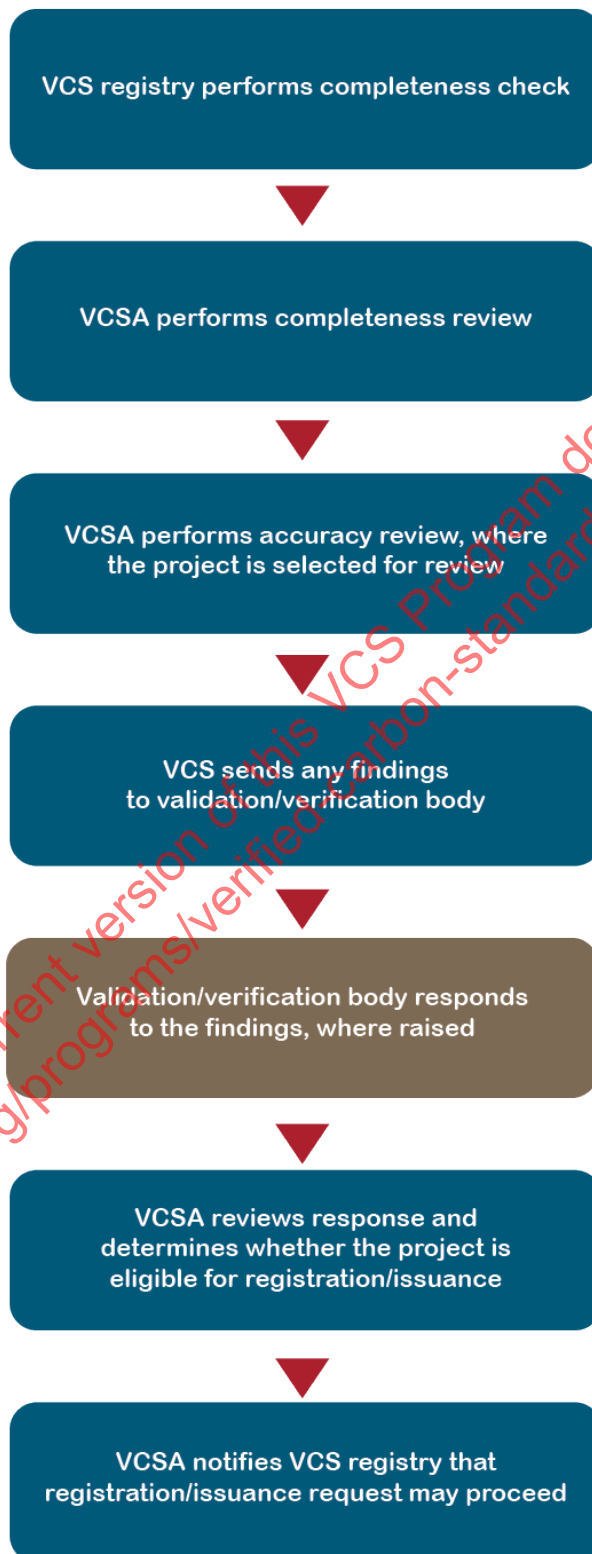
4.3   STEP 3: PROJECT REVIEW

The project review is a three part process consisting of a completeness check (undertaken by the VCS registry administrator), a completeness review (undertaken by the VCSA) and an accuracy review (undertaken by the VCSA, at its discretion) of the project registration, VCU issuance or project crediting period renewal request. The project review process is set out in Diagram 5 below. The VCS registry administrator notifies the project proponent (or its authorized representative) and the validation/verification body at the start and completion of each review.

Note that the VCS registry administrator completeness check is triggered when the relevant documentation for registration, issuance or project crediting period renewal is submitted to the registry. As such, project proponents are encouraged to submit their documentation to the registry administrator as soon as it is ready, so that the project review process may be completed at an early stage.

Note also that when submitting issuance documentation, it is not necessary to immediately request issuance of VCUs. Instead, the registry administrator will begin its completeness check following receipt of the relevant documentation, and the VCSA will begin its completeness review and accuracy review (where undertaken) afterwards. VCUs may then be issued upon request to the registry administrator any time following the completion of such reviews.

Further details on the project review process are provided in this section.

Diagram 5: Review of Project Registration and VCU Issuance Request

VCS registry performs completeness check

VCSA performs completeness review

VCSA performs accuracy review, where the project is selected for review

VCS sends any findings to validation/verification body

Validation/verification body responds to the findings, where raised

VCSA reviews response and determines whether the project is eligible for registration/issuance

VCSA notifies VCS registry that registration/issuance request may proceed

Completeness Check

4.3.1   The VCS registry administrator shall undertake a completeness check of the request. The purpose of the completeness check is to ensure that all documents are complete and duly signed where necessary, the validation or verification has been completed by an eligible validation/verification body and within required timeframes and the GHG emission reductions and removals have not been issued under another GHG program. The completeness check shall be completed within five business days.

4.3.2   The validation/verification body shall be accredited for the sectoral scope(s) relevant to the project and shall have signed the required agreement with the VCSA. The VCS project database maintains information on validation/verification bodies and the VCS registry administrator shall check the following on the VCS project database:

1)   The validation/verification body that conducted validation of the project was accredited for the relevant sectoral scope for validation at the date(s) on which the validation report and validation representation were issued.

2)   The validation/verification body that conducted verification of the project was accredited for the relevant sectoral scope for verification at the date(s) on which the verification report and verification representation were issued.

4.3.3   The VCS registry administrator shall check the project documents submitted to ensure that:

1)   Each of the project documents is complete. This requires the VCS registry administrator to check that all relevant sections of each of the project documents have been completed, but does not require them to perform checks on the content and accuracy of the project documents. The VCS registry administrator will use information from the project documents to create the project record in the VCS registry and VCS project database, and to this extent the VCS registry shall check the content and accuracy of the project documents.

2)   Each project document, with the exception of the project description, the non-permanence risk report, the validation report, the monitoring report and the verification report, is signed by the relevant responsible parties.

3)   *VCS 2007* and later version validations have been contracted or completed within the appropriate timeframes, in accordance with the VCS rules.

4)   *VCS Version 1* validation and verification have been completed within the appropriate timeframes, in accordance with the VCS rules. Specifically, the VCS registry administrator shall check the following:

   a)   The issue date of the *VCS Version 1* validation report shall be before 19 November 2007, or the validation/verification body shall have been contracted before 19 November 2007. With respect to contracts entered into before such date, the validation report shall be issued by 19 May 2008 and proof of contracting shall be evidenced as set out in Section 4.2.6.

b) The issue date of the *VCS Version 1* verification report shall be before 19 November 2007, or the validation/verification body shall be contracted before 19 November 2007. With respect to contracts entered into before such date, there is no specific date by which the verification report for that specific verification period needs to be issued, but proof of contracting shall be evidenced as set out in Section 4.2.6.

Note – For *VCS Version 1* projects developed under the VCS, the initial verification serves as the *VCS Version 1* validation. For projects developed under approved GHG programs employing an independent validation step, the approved GHG program validation serves as the *VCS Version 1* validation.

4.3.4   The VCS registry administrator shall check that the GHG emission reductions or removals presented for VCU issuance have not been issued under any other GHG program or recognized under a program which creates GHG-related environmental credits (such as renewable energy certificates). The checks performed by the VCS registry administrator shall be as provided by the VCSA, and if the GHG emission reductions or removals presented for VCU issuance are found to have been issued under another program, the VCU issuance request shall be rejected and the project shall no longer be eligible for crediting under the VCS Program. Such checks shall be performed upon each and every VCU issuance. Where the project is being presented for registration only (i.e., without VCU issuance requested), such checks need not be undertaken. VCS registry administrators shall be notified of any change to the list of other programs that need to be checked.

Note - As set out in Sections 4.2.12, 4.2.13, 4.2.15 and 4.2.15. GHG emission reductions or removals from one verification period can be split between the VCS Program and another GHG program.

4.3.5   The VCS registry shall store the electronic and signed original project documents in its record-keeping system for a minimum period of 12 years from the retirement date of the last VCU to which the project documents relate.

4.3.6   Where the VCS registry administrator determines that the project has failed to comply with the VCS rules, the VCS registry administrator shall inform the project proponent (or its authorized representative) and the validation/verification body that the project fails to demonstrate compliance with the VCS rules and is ineligible for registration, stating the reasons. Upon request by the project proponent or its authorized representative, the registry administrator shall return the project documents to the project proponent or its authorized representative.

Completeness Review

4.3.7 The VCSA undertakes a completeness review of the request to inform whether it will conduct a full accuracy review. The purpose of the completeness review is to ensure that appropriate information has been used to complete all project documents, the baseline scenario and additionality have been correctly assessed and the validation and/or verification has been completed by an eligible validation/verification body. The VCSA completes the review within five business days.

4.3.8 The VCSA reviews the project documents submitted to ensure that all sections of each project document have been completed with appropriate information.

4.3.9 The VCSA reviews the assessment of the project baseline and additionality (at validation and project crediting period renewal) to ensure adherence to the VCS rules and the applied methodology.

4.3.10 The VCSA checks that the requirement for rotation of validation/verification bodies has been met, as follows:

1) Validation (including project crediting period renewal validation) and the first verification of a project (in a given project crediting period) may be undertaken by the same validation/verification body. However, the subsequent verification shall be undertaken by a different validation/verification body. For example, if validation and verification were undertaken at the same time, the subsequent verification would have to be undertaken by a different validation/verification body. If validation were undertaken first (i.e., separately), the first verification could be undertaken by the same validation/verification body, but the subsequent verification would have to be undertaken by a different validation/verification body.

2) A validation/verification body may not verify more than six consecutive years of a project's GHG emission reductions or removals. The validation/verification body may undertake further verification for the project only when at least three years of the project's GHG emission reductions or removals have been verified by a different validation/verification body. Additionally, where a validation/verification body verifies the final six consecutive years of a project crediting period, the project crediting period renewal validation shall be undertaken by a different validation/verification body. Notwithstanding these rules, where AFOLU projects have verification periods longer than six years, a validation/verification body is permitted to verify more than six consecutive years of a project's GHG emission reductions or removals, and the subsequent verification shall be undertaken by a different validation/verification body.

Where a project violates the requirements for rotation of validation/verification bodies for the first time, the project shall be subject to a mandatory accuracy review and the VCSA reserves the right to require the project to redo validation and/or verification with a different validation/verification body. Where a project violates these requirements for a second time, the project shall be required to redo validation and/or verification with a different validation/verification body.

Accuracy Review

4.3.11   The VCSA may, at its discretion, undertake an accuracy review of the registration, issuance or project crediting period renewal request, the scope of which is to ensure full adherence of the validation or verification to the VCS rules and the applied methodology. Where the VCSA undertakes such an accuracy review, the VCS registry administrator shall notify the project proponent (or its authorized representative) and the validation/verification body. Any findings issued as a result of the VCSA review shall be addressed before the registry administrator can proceed with the registration or issuance request. The VCSA determines whether it will undertake a review, completes the review and issues any findings within 20 business days.

4.3.12   Where no findings are raised during the accuracy review, the VCSA notifies the VCS registry administrator that the project registration or VCU issuance may proceed in accordance with Section 4.4.

4.3.13   Where material non-conformances are identified during the accuracy review (see the *VCS Standard* for further details on the threshold for materiality), the validation/verification body shall respond to the findings issued (e.g., corrective action requests and clarification requests) by the VCSA, in accordance with the following procedure:

1)   The validation/verification body shall provide a written response to each finding, undertake, (or ensure that the project proponent undertakes, as appropriate) revisions to the project documents where necessary, and submit all revised documents to the VCSA. The VCSA reviews such documents within 10 business days.

2)   Where the findings are addressed to the satisfaction of the VCSA, the VCSA notifies the VCS registry administrator that the project registration or VCU issuance may proceed in accordance with Section 4.4.

3)   Where the findings are not addressed to the satisfaction of the VCSA, the VCSA may issue a further round of findings (not to exceed a total of three rounds of findings).

4)   Where the findings are not addressed to the satisfaction of the VCSA after the third round and/or where the VCSA otherwise determines that the project has failed to demonstrate compliance with VCS rules, the registration and/or issuance request shall not be accepted. The VCSA notifies the project proponent (or its authorized representative) and the validation/verification body of same. The findings may be addressed and the request resubmitted three months after such notification, except where the project is ultimately deemed by the VCSA to not qualify under the VCS Program.

5) Where the accuracy review identifies errors or quality issues in a previous validation or verification, the procedures set out in Section 7 shall apply.

6) Where no response is received from the validation/verification body within 60 business days from the date the findings were issued, the VCSA reserves the right to assume that the project proponent does not intend to pursue the project registration or VCU issuance request. Where the VCSA determines this to be the case, the project registration and VCU issuance request shall not be accepted, and the VCSA notifies the project proponent (or its authorized representative) and the validation/verification body of same. The registration and/or issuance request may be resubmitted three months after such notification, except where the project is ultimately deemed by the VCSA to not qualify under the VCS Program.

Note - For the purpose of determining adherence to deadlines with respect to methodology validity and completion of validation and verification, the dates of the project documents submitted under the initial registration or issuance request shall be used (rather than the dates of the revised documents).

4.4   STEP 4: PROJECT REGISTRATION AND INITIAL VCU ISSUANCE

The project is registered and the VCUs are issued on the VCS project database as set out in Diagram 6, with the notes that follow providing further details.

Diagram 6: Project Registration and Initial VCU Issuance
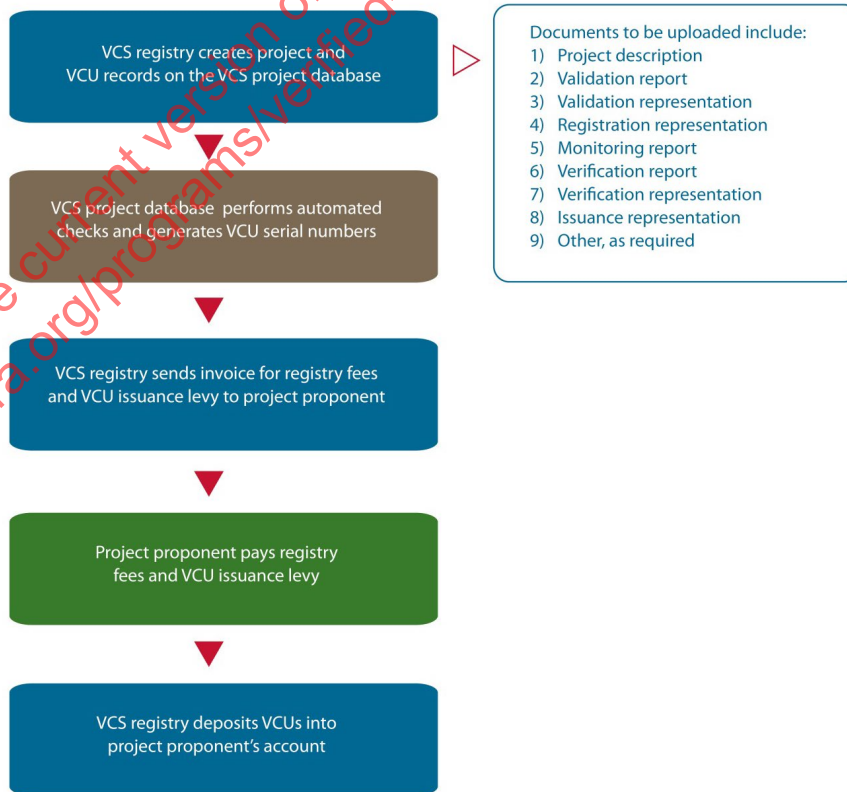
4.4.1   Where the project is presented for registration without VCU issuance, the project description, validation report, validation representation, registration representation and any AFOLU specific documentation or communications agreement shall be uploaded to the VCS project database as public documents. Any proof of right or proof of contracting shall be uploaded to the VCS project database as private documents (for VCSA internal auditing purposes) and therefore will not be publicly available.

4.4.2   Where the project is presented for registration and VCU issuance, the project description, validation report, validation representation, registration representation, monitoring report, verification report, verification representation, issuance representation and any AFOLU specific documentation, communications agreement or VCU conversion representation shall be uploaded to the VCS project database as public documents. Any proof of right or proof of contracting shall be uploaded to the VCS project database as private documents (for VCSA internal auditing purposes) and therefore will not be publicly available. Where a project description deviation has been applied, and a revised project description is issued, such project description shall be uploaded to the VCS project database as a public document. Likewise, where a project crediting period has been renewed, the revised project description and new validation report and validation representation shall be uploaded to the VCS project database as public documents.

4.4.3   The project's geodetic co-ordinates shall be entered onto the project record on the VCS project database. The VCS project database checks that there are no other projects within a five kilometer radius. Where there are projects within a five kilometer radius, the VCS project database notifies the VCS registry and provides a list of the overlapping projects. The VCS registry administrator shall confirm that the project being presented for registration is unique and not one of the overlapping projects, noting that it is possible to have two projects operated by the same project proponent at the same location (they would be different activities described in separate project descriptions, with separate validation and verification). It may do this on its own if sufficient information is available or by contacting the validation/verification body of the project being presented for registration who shall confirm that it is unique and not one of the overlapping projects. Where the VCS registry administrator is unable to confirm uniqueness of the project, the project cannot be registered.

4.4.4   The registration fee shall be collected by the VCS registry administrator before the project is registered.

4.4.5   VCUs can be issued incrementally from a verification report (i.e., when the project proponent or its authorized representative requests VCU issuance, it can request issuance of part of the verification report volume and request issuance of the remaining volume at a later date). The following shall apply:

1) The entity requesting VCU issuance shall instruct the VCS registry administrator that it is requesting VCU issuance for only part of the verification report volume and shall specify the volume for which it is requesting VCU issuance.

2) The VCU issuance levy and any fees charged by the VCS registry are payable on the volume of VCUs which are issued, not the total verification report volume.

3) The VCSA does not specify thresholds or timeframes on incremental VCU issuance (e.g., the total number of incremental VCU issuances that can be made from a verification report and the elapsed time between first and last VCU issuance from the verification report). The VCS registries are entitled to apply such thresholds and timeframes as them deem necessary.

4) The VCS project database displays the total verification report volume, the volume of VCUs issued to date and the history of VCU issuances with respect to the verification report.

5) The entity requesting VCU issuance does not have to request VCU issuance of the total verification report volume (i.e., it can choose to only request VCU issuance for a part of the verification report volume and never request issuance of the remaining verification report volume).

6) VCUs are not subject to any discounting with respect to their fungibility. VCU owners, programs, or other climate change efforts that accept VCUs may apply a discount at their own discretion.
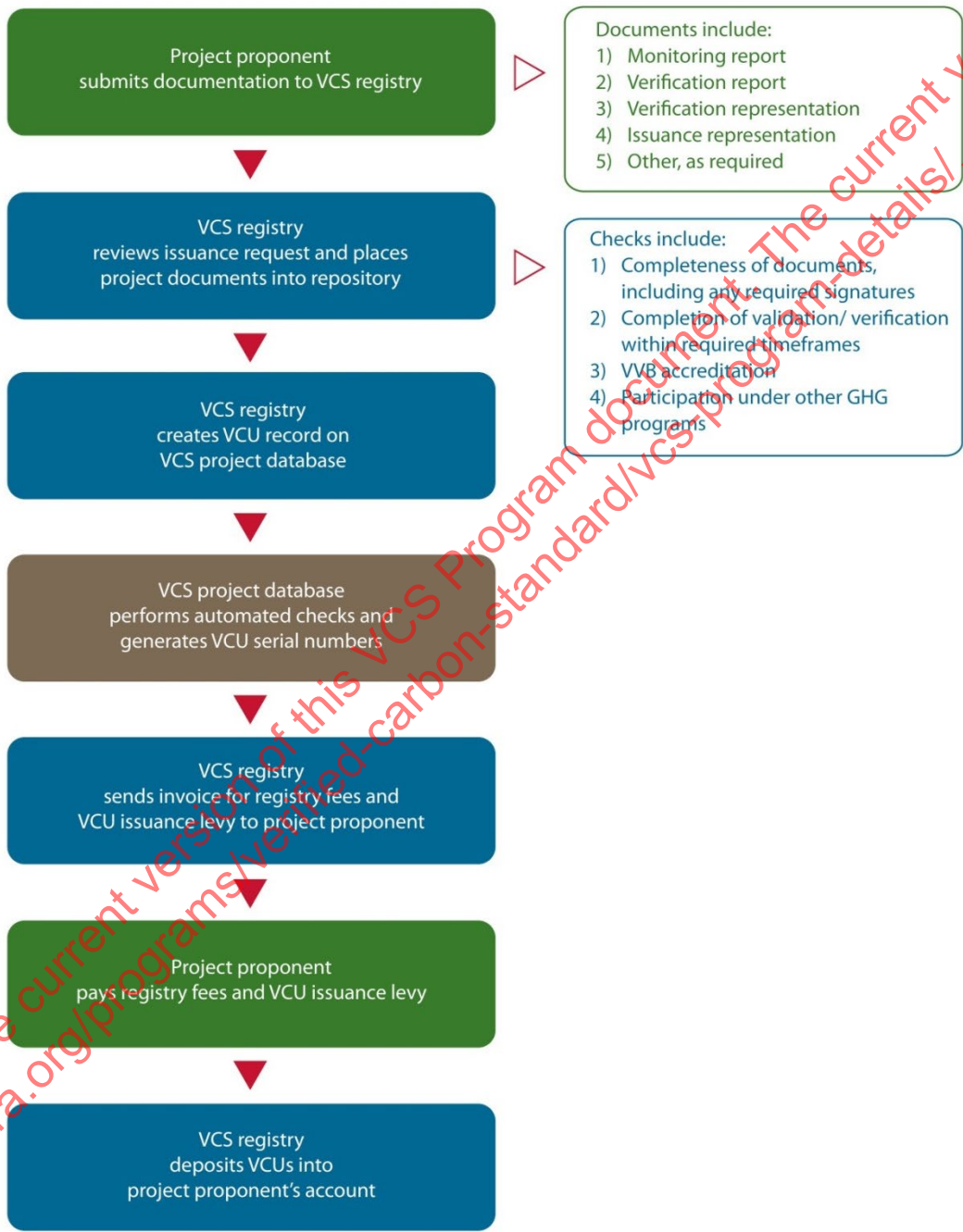
4.4.6 Where the project has cancelled GHG credits issued under an approved GHG program and is having them issued as VCUs (as set out in Section 4.2.15), the project reference number under the approved GHG program shall be noted on the project record on the VCS project database.

4.4.7 The VCU issuance levy shall be collected by the VCS registry administrator before VCUs are deposited into an account.

4.5   STEP 5: PERIODIC VCU ISSUANCE

There may be issuance of VCUs subsequent to the initial issuance of VCUs to the project as set out in Diagram 7 below, with the notes that follow providing further details.

Diagram 7: Periodic VCU Issuance

Project proponent
submits documentation to VCS registry

Documents include:
1) Monitoring report
2) Verification report
3) Verification representation
4) Issuance representation
5) Other, as required

VCS registry
reviews issuance request and places
project documents into repository

Checks include:
1) Completeness of documents,
   including any required signatures
2) Completion of validation/ verification
   within required timeframes
3) VVB accreditation
4) Participation under other GHG
   programs

VCS registry
creates VCU record on
VCS project database

VCS project database
performs automated checks and
generates VCU serial numbers

VCS registry
sends invoice for registry fees and
VCU issuance levy to project proponent

Project proponent
pays registry fees and VCU issuance levy

VCS registry
deposits VCUs into
project proponent's account

4.5.1 All and any periodic VCU issuances shall be initiated by the project proponent stated on the project record in the VCS registry and VCS project database or its authorized representative. Where another entity wants to become the project proponent (and therefore assume the roles and responsibilities of a project proponent with respect to the VCS registry system), the process set out in Section 8 shall be followed. The new project proponent on the project record in the VCS registry and VCS project database or its authorized representative can then initiate VCU issuance.

4.6   STEP 6: VCU RETIREMENTS AND CANCELLATIONS

The VCS project database displays the status of every VCU issued under the VCS Program. VCUs may have a status of active, retired or cancelled. Note that VCU *retirement* and *cancellation* have specific meanings, as set out in VCS document *Program Definitions*.

The process for retiring active VCUs is set out in Sections 4.6.1-4.6.4 below. The process for cancelling active VCUs is set out in Sections 4.6.5-4.6.8 below.

4.6.1 VCUs may be retired as set out in Diagram 8 below, with the notes that follow providing further details.

Diagram 8: VCU Retirement

4.6.2 All and any VCU retirements shall be initiated by the registry account holder or its authorized representative.
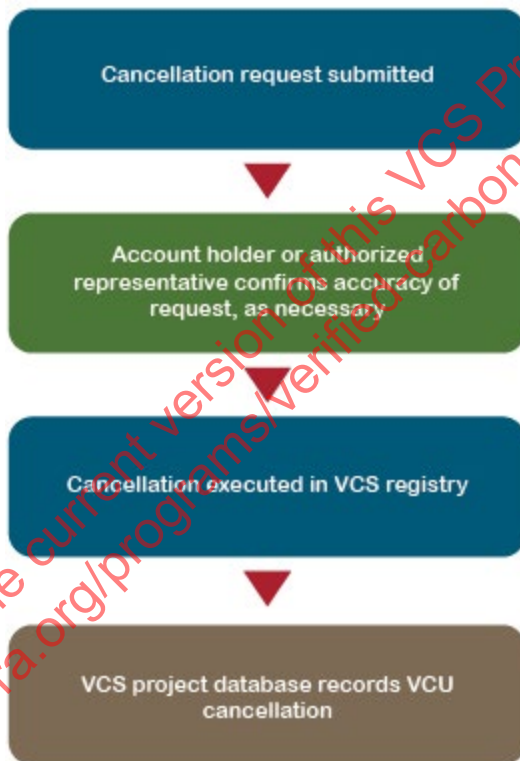
4.6.3 The registry account holder or its authorized representative may execute a VCU retirement through its VCS registry account. The VCS registry system records the details of all VCU retirements.

4.6.4 VCUs can be retired incrementally from a registry accountholder's VCU holdings (i.e., when the VCU holder or its authorized representative requests VCU retirement, it can request retirement of part of the VCU holdings and request retirement of any or all of the remaining holdings at a later date). In such cases, the following shall apply:

1) The registry account holder or its authorized representative shall designate the specific set of VCUs for retirement through its VCS registry account.

2) Any fees charged by the VCS registry are payable on the volume of VCUs which are retired, not the total VCU holdings volume.

3) The VCSA does not specify thresholds or timeframes on incremental VCU retirement (e.g., the total number of incremental VCU retirements that can be made from a registry accountholder's VCU holdings and the elapsed time between first and last VCU retirement from those holdings). The VCS registries are entitled to apply such thresholds and timeframes as they deem necessary.

4.6.5 VCUs may be cancelled as set out in Diagram 9 below, with the notes that follow providing further details.

Diagram 9: VCU Cancellation

4.6.6 The registry account holder, its authorized representative, the other GHG program in which the registry account holder is participating or the VCSA may initiate a VCU cancellation. Note that the initiator and recipient of a VCU cancellation request depends on the specific circumstances of the cancellation (e.g., where VCUs are being converted into another form of GHG credit, the cancellation request may be submitted to the VCSA by the other GHG program in which the registry account holder is participating).

4.6.7 The registry account holder or its authorized representative may be asked to confirm the details of the VCU cancellation request (with either the VCSA, the registry administrator or both, depending on the circumstances of the cancellation).

4.6.8 VCUs are cancelled in the VCS registry system and the VCS registry system records the details of all VCU cancellations.

4.7 STEP 7: PROJECT MAINTENANCE

Project details may be updated as set out in Diagram 10 below, with the notes that follow providing further details.

Diagram 10: Project Maintenance
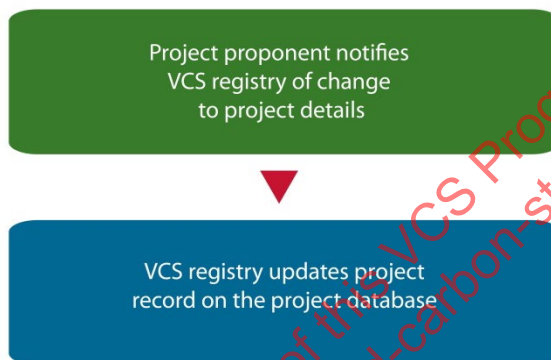
4.7.1 Where the project proponent wishes to withdraw the project from the VCS Program (e.g., in order to transfer the project to another GHG program), the following applies:

1) The project proponent shall submit a letter (in English) on its organization letterhead, to the VCS registry administrator, requesting that the project be withdrawn. Such letter must include the project name, project ID, the reason for the withdrawal request and the signatures and contact information of all project proponents.

2) The registry administrator shall notify the VCSA of the withdrawal request. The VCSA reviews the withdrawal request and notifies the registry administrator whether the request is approved. The VCSA may request additional information prior to approving the request.

3) Upon VCSA approval, the registry administrator shall update the status of the project to *withdrawn*. The project information shall remain publicly available on the VCS project database, but the project will not be able to issue VCUs.

4) In the case of an AFOLU project where VCUs have been previously issued, the following applies:

a) The project shall not be eligible for any release of buffer credits.

b) Where the VCSA confirms that the project has registered with another GHG program, all buffer credits associated with the project shall be cancelled.

c) Where the VCSA is unable to confirm that the project has registered with another GHG program, buffer credits shall be cancelled over time in accordance with the rules set out in Section 6.3.4 below.

5) Withdrawn projects may rejoin the VCS Program where the project proponent submits a letter to the registry administrator requesting same. Such letter must include the information specified in Section 4.7.1(1) above. The VCSA reviews the project to determine whether it is eligible to rejoin the VCS Program, and notifies the project proponent of the outcome of the review. Where the project is eligible to rejoin the VCS Program, the VCSA instructs the registry administrator to update the status of the project accordingly. Where the project is not eligible to rejoin the VCS Program, the project shall remain withdrawn.

5 | Grandparenting Project Registration Process

5.1 RATIONALE AND CRITERIA

GHG emission reductions or removals verified against the VCS have been bought and sold in the market prior to the VCS registries and VCS project database becoming operational, and as such there may be multiple entities with rights to GHG emission reductions or removals relating to a single project. In recognition of this, there is a grandparenting process under which the entity initiating the project registration process need not be the project proponent nor an entity to which the project proponent has assigned sole right to the GHG emission reductions or removals for the entire project crediting period.

Under the grandparenting process, any entity that has, or has acquired at some point in time, proof of right in respect of the entire volume of a verification report can initiate the project registration process. Such proof of right shall be for the entire volume of the verification report and where it is for only a portion of the verification report volume (e.g., an upstream seller sold portions of the verification report volume to multiple buyers), the entity cannot initiate the project registration process. Instead, an entity upstream that has, or has acquired at some point in time, proof of right to the entire verification report volume shall initiate the project registration process. VCUs can then be transferred to end-buyers from within the VCS registry system.

The grandparenting process can be applied to GHG emission reductions or removals where a verification report has been issued on or before 30 September 2009, whether it is against *VCS Version 1*, *VCS 2007* or *VCS 2007.1* (*VCS Version 2* was never a working version of the VCS and is invalid). Verification reports issued after this date are subject to the normal project registration process as described in Section 4 of this document.

5.2   PROCESS

The grandparenting process is the same as the normal project registration process, but with the following exceptions:

5.2.1   The validation representation issued by the validation/verification body need not be prepared using the *VCS Validation Deed of Representation*, though it shall contain a unilateral representation that the validation/verification body has validated the project's compliance with the applicable VCS rules. Such statement may be issued as part of the validation report or as a separate document.

5.2.2   The verification representation issued by the validation/verification body need not be prepared using the *VCS Verification Deed of Representation*, though it shall contain a unilateral representation that the validation/verification body has verified that the relevant GHG emission reductions or removals have occurred in accordance with the applicable VCS rules. Such statement can be issued as part of the verification report or as a separate document.

5.2.3   Where the entity initiating the project registration process is not the project proponent or its authorized representative, it shall show the VCS registry administrator evidence of proof of right to the GHG emission reductions or removals as part of the project registration process. Evidencing proof of right is as set out below.

The entity initiating the project registration process shall present the VCS registry administrator the legal agreement(s) transferring the right to the GHG emission reductions or removals to it from the project proponent. Where there are one or more intermediaries standing between the entity and the project proponent, the VCS registry administrator shall check all the legal agreements documenting the complete chain of transfer of right to the GHG emission reductions or removals to the entity from the project proponent. The VCS Program does not specify the kinds of legal documents that shall be presented, though it is anticipated that emission reduction purchase agreements and/or delivery notices will be the documents typically used to evidence proof of right. Legal agreement(s) shall be in English or shall be an official translation of the legal agreement(s).

In consideration of confidentiality, the entirety of the aforementioned legal agreement(s) need not be shown, but the VCS registry administrator shall undertake the checks set out in Table 2 (if submitting an official translation of the legal agreement(s), only such information needs to be shown to the VCS registry administrator).

Table 2: Evidence for Proof of Right under the Grandparenting Process

Information required	VCS registry administrator check
Names of the parties to the agreement	The parties are the entity initiating the project registration process (buyer or transferee) and the project proponent (seller or transferor), or where there is one or more intermediaries, the parties shall be the relevant parties in the chain of ownership between project proponent and the entity initiating the project registration process
Date of the agreement	Appropriate to the project and transaction subject of the legal agreement
Project name	Same as the project that the entity is presenting for registration
Clause that transfers the right to the GHG emission reductions or removals between the parties to the agreement	The clause properly transfers the right to the GHG emission reductions or removals generated by the project and for which the entity is seeking VCU issuance
Verification period or total tonnage for which right to the GHG emission reductions or removals is being transferred between parties to the agreement	The legal agreement defines a verification period or total tonnage of GHG emission reductions or removals that is being transferred between the parties to the legal agreement. The verification period matches the verification period in the verification report and, where applicable, the total tonnage of GHG emission reductions or removals matches the total tonnage in the verification report. Note that the verification period in the legal agreement may be called a crediting period or similar, and this is acceptable
Signatures of parties to the legal agreement	The legal agreement is signed by both parties to the agreement

5.2.4   Where the entity initiating the project registration process is not the project proponent, the registration representation shall not be submitted (though all other project documents, including the issuance representation which shall be signed by the entity initiating the project registration process, shall be submitted) and the project proponent shall be invited to submit the registration representation as set out in Section 4.2.5.

5.2.5   The VCS registry administrator shall create the project record in the VCS registry and VCS project database with the project proponent stated as the project proponent (i.e., the project record shall show the project proponent stated in the project description validated by the validation/ verification body as the project proponent). Where there are multiple project proponents on the project description, a communications agreement shall be provided to the VCS registry administrator as set out in Section 8.1.

5.2.6   On each occasion of VCU issuance, including the first, the VCS registry administrator shall send an email to the project proponent notifying it of the following:

1)   The project name and verification report(s) that have been presented for issuance, and the name of the entity that has presented it.

2) Subsequent to the presentation of verification reports accepted under the grandparenting process, the project proponent or an entity to which it has assigned sole right to the GHG emission reductions or removals for the project crediting period shall sign a registration representation. Until such entity signs the registration representation, no further VCUs can be issued to the project.

The VCS registry administrator does not need a reply from the project proponent in order to proceed with the grandparenting process and the onus is on the project proponent to take action should it wish to sign the registration representation.

6 | AFOLU Pooled Buffer Account

The VCS Program addresses the non-permanence risk associated with AFOLU project activities by requiring projects to set aside non-tradable buffer credits to cover unforeseen losses in carbon stocks. The buffer credits from all projects are held in a single AFOLU pooled buffer account, which can be drawn upon in the event of a reversal in carbon stocks in any individual project.

6.1 ASSIGNMENT OF BUFFER CREDITS AT FIRST REQUEST FOR ISSUANCE

At first VCU issuance, buffer credits shall be deposited into the AFOLU pooled buffer account, in accordance with the procedures below.

6.1.1 The number of credits to be deposited in the AFOLU pooled buffer account is determined by the non-permanence risk report assessed by the validation/verification body(s), in accordance with the requirements set out in VCS document *AFOLU Requirements*. The report establishes the non-permanence risk rating, and this percentage is applied to the net change in the project's carbon stocks (stated in the verification report) to determine the number of credits to be deposited in the AFOLU pooled buffer account.

6.1.2 Buffer credits are not issued a VCU serial number nor are they considered to be VCUs. They are not subject to the VCU issuance levy.

6.2 ASSIGNMENT AND RELEASE OF BUFFER CREDITS AT SUBSEQUENT REQUESTS FOR ISSUANCE

Buffer credits associated with the project may be released over time, as an incentive for continued verification and to recognize that certain project risks decrease as the project's longevity is demonstrated, in accordance with the procedures below.

6.2.1 The project is eligible to release buffer credits where the non-permanence risk rating in the current verification report remains the same or decreases from the previous verification report. The release of buffer credits from the AFOLU pooled buffer account occurs when a verification report is presented to the VCS registry and VCU issuance is requested. When buffer credits are released from the AFOLU pooled buffer account, they shall be issued as VCUs into the designated VCS registry account upon payment of the VCU issuance levy.

6.2.2 Release of buffer credits may only occur where a verification report (submitted to request VCU issuance) was issued at least five years after the issuance date of the verification report previously submitted to request VCU issuance. The first release of buffer credits shall be no sooner than five years after the first verification report was issued and presented to the registry for VCU issuance. Subsequent releases of buffer credits shall not occur more frequently than once every five years. Where verification reports are issued at intervals shorter than once every five years, buffer credits shall be released no sooner than the issuance date of a verification report that is at least five years after the issuance date of the verification report used to request the previous release of buffer credits (and shall be released at the request for VCU issuance). Where verification events occur at intervals longer than five years, the 15 percent time release (see Section 6.2.4) shall be compounded based on the number of five-year intervals that have passed since the last verification report was issued.

6.2.3 Where the project's non-permanence risk rating at the current verification period remains the same as the non-permanence risk rating at the last verification period, buffer credits shall be deposited into the AFOLU pooled buffer account in accordance with the procedure set out in Section 6.1 above.

A 15 percent "time release" of buffer credits is then applied where the five-year interval set out in section 6.2.2 has passed. This 15 percent time release shall be applied to the total number of buffer credits associated with the project to-date (i.e., the number of buffer credits previously held in the AFOLU pooled buffer account plus the number of buffer credits newly deposited). The deposit and release of buffer credits may be calculated and handled so that the registry administrator carries out a single transaction for the deposit/release of net buffer credits. An example of how the buffer withholding may be reduced over time is available on the VCS website.

6.2.4 Where the project's non-permanence risk rating at the current verification period is lower than the non-permanence risk rating at the previous verification period, the new non-permanence risk rating shall be applied and buffer credits shall be deposited into the AFOLU pooled buffer account in accordance with the procedure set out in Section 6.1 above.

The new non-permanence risk rating is also applied to all buffer credits associated with the project that are already deposited in the AFOLU pooled buffer account from previous verification periods. This means previously deposited buffer credits that are in excess of the reduced withholding percentage shall be released and issued as VCUs where the five-year interval set out in section 6.2.2 has passed.

A 15 percent time release of buffer credits is then applied to the total number of buffer credits associated with the project to-date (i.e., the number of buffer credits previously held in the AFOLU pooled buffer account plus the number of buffer credits newly deposited). The deposit and release of buffer credits may be calculated and handled so that the registry administrator carries out a single transaction for the deposit/release of net buffer credits.

6.2.5 Where the project's non-permanence risk rating at the current verification period is higher than the non-permanence risk rating at the previous verification period, no release of buffer credits shall occur. Buffer credits shall be deposited into the AFOLU pooled buffer account in accordance with the procedure set out in Section 6.1 above.

6.3   CANCELLATION AND HOLDING OF BUFFER CREDITS

Buffer credits are cancelled from the AFOLU pooled buffer account where there are negative net GHG emission reductions or removals associated with the project (as compared to the baseline), and are put on hold in certain situations, as outlined in this section.

6.3.1 Where an event occurs that is likely to qualify as a loss event (see VCS document *Program Definitions* for definition of loss event) and VCUs have been previously issued, a loss event report shall be prepared and submitted to the VCS registry administrator, as follows:

1) The loss event report shall be prepared using the *VCS Loss Event Report Template*.

2) The loss event report shall be accompanied by a loss event representation signed by the project proponent. The template for the loss event representation is available on the VCS website.

3) The loss event report shall be submitted to the VCS registry administrator within two years of the loss event. Where a loss event report is not submitted within two years of the loss event, the project shall no longer be eligible to issue VCUs.

4) The VCS registry administrator shall put buffer credits from the AFOLU pooled buffer account on hold, in an amount equivalent to the estimated loss stated in the loss event report.

6.3.2 The following applies with respect to the verification report submitted subsequent to a loss event:

1) Where the net GHG benefit of the project for the verification period is negative, a reversal has occurred (see VCS document *Program Definitions* for definition of reversal) and the following applies:

a) Where the total reversal is less than the number of credits put on hold after the submission of the loss event report, the VCS registry administrator shall cancel buffer credits equivalent to the reversal. Any remaining buffer credits shall be released from their on-hold status (though remain in the AFOLU pooled buffer account).

b) Where the reversal is greater than the number of credits put on hold after the submission of the loss event report, the full amount of buffer credits put on hold with respect to the submission of the loss event report shall be cancelled, and additional buffer credits from the AFOLU pooled buffer account shall be cancelled to fully account for the reversal.

2) Where the net GHG benefit for the verification period is positive (i.e., all losses have been made up over the verification period), a reversal has not occurred and buffer credits put on hold after the submission of the loss event report shall be released from their on-hold status (but shall remain in the AFOLU pooled buffer account).

6.3.3 The following applies with respect to the VCU issuance subsequent to a reversal:

1) Where the reversal is a catastrophic reversal (see VCS document *Program Definitions* for the definition of catastrophic reversal) the following applies:

a) GHG credits shall be deposited in the AFOLU pooled buffer account in an amount equivalent to the additional number of buffer credits cancelled after the reversal, above what has been previously contributed by the project. For example, if the project previously contributed 100 buffer credits and 150 credits were cancelled from the AFOLU pooled buffer account after a reversal, the project would deposit 50 buffer credits (to replenish the pool at large). Buffer credits deposited to replenish the pool after a reversal (50 in the example above) shall never be eligible for release back to the project.

b) Where further GHG credits are available for VCU issuance after replenishing the AFOLU pooled buffer account, additional buffer credits shall be deposited in the AFOLU pooled buffer account in accordance with Section 6.2 (applying the non-permanence risk rating only to those remaining GHG credits eligible for VCU issuance).

2) Where the reversal is a non-catastrophic reversal, the following applies:

a) GHG credits shall be deposited in the AFOLU pooled buffer account in an amount equivalent to the full reversal.

b) Where further GHG credits are available for VCU issuance after replenishing the AFOLU pooled buffer account, additional buffer credits shall be deposited in the AFOLU pooled buffer account in accordance with Section 6.2 (applying the non-permanence risk rating only to those remaining GHG credits available for VCU issuance).

6.3.4 Where a project fails to submit a verification report to a VCS registry within five years of its last verification, 50 percent of the buffer credits associated with the project shall be put on hold. After a further five years, all of its remaining buffer credits shall be put on hold. Where no subsequent verification report has been presented within a period of 15 years, and the project crediting period has not yet expired, buffer credits shall be cancelled from the AFOLU pooled buffer account in an amount equivalent to the total number of VCUs issued to the project (including buffer credits put on hold).

6.3.5 Where buffer credits are put on hold because a project does not submit a verification report within five years of the previous verification, the project may re-claim buffer credits. A new verification report shall be submitted prior to the expiration of the project crediting period. The VCS registry administrator shall re-assign buffer credits that have been put on hold in accordance with the procedure set out in Section 6.1.1 above.

6.3.6 The remaining balance of buffer credits associated with a project shall be cancelled at the end of the project crediting period.

7 | Quality Control of Registered Projects

7.1 PROCESS

7.1.1 The VCSA may, at its discretion, review registered projects and issued VCUs where it has concerns about adherence of the project to the VCS rules and the applied methodology. A review may be triggered by any of the following:

1) A validation/verification body performing a verification of a registered project identifies an error or quality issue in a previous validation or verification.

2) A project proponent identifies an error or quality issue after the registration or issuance of the project.

3) A stakeholder has concerns about a registered project[2].

4) The VCSA itself identifies an error or quality issue, as part of routine operations.

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[2] Concerns may be raised, in confidence, with the VCSA at any time.

7.1.2 Where a review is triggered, the VCSA notifies the project proponent (or its authorized representative) and the relevant validation/verification body of the review and may suspend further VCU issuance while the review is performed.

7.1.3 Where material non-conformances are identified during the review (see the *VCS Standard* for further details on the threshold for materiality), the validation/verification body shall provide a written response to findings (e.g., corrective action requests or clarification requests) issued by the VCSA. The VCSA also suspends further VCU issuance, where it has not already done so.

Note - Where the relevant validation/verification body is unable to respond due to reasons such as a cease of operations or accreditation, the VCSA may solicit a response to the findings from alternative entities such as the project proponent or another validation/verification body.

7.1.4 The follow up actions of the validation/verification body and/or project proponent shall depend on whether the relevant validation or verification was completed before, on or after 8 April 2014, and shall be as set out in Tables 3 and 4 below. In all cases, the relevant validation/verification body shall undertake a root cause analysis to identify why such quality issues occurred.

Table 3: Actions for Validations and Verifications Completed Before 8 April 2014

	Issues found, but no excess VCU issuance and no risk of future excess issuance	Issues found, with excess VCU issuance and/or risk of future excess issuance
Project qualifies under program	1) Validation/verification body shall conduct a root cause analysis 2) The VCSA lifts suspension on VCU issuance	1) Validation/verification body shall conduct a root cause analysis 2) Validation/verification body or project proponent, as appropriate, shall revise project documents 3) The VCSA lifts suspension on VCU issuance, upon acceptance of project document revisions 4) VCS registry administrator shall upload revised project documents to VCS project database
Project does not qualify under program	1) Validation/verification body shall conduct a root cause analysis 2) No further VCU issuance is permitted	1) Validation/verification body shall conduct a root cause analysis 2) No further VCU issuance is permitted

Table 4: Actions for Validations and Verifications Completed On or After 8 April 2014

	Issues found, but no excess VCU issuance and no risk of future excess issuance	Issues found, with excess VCU issuance and/or risk of future excess issuance
Project qualifies under program	1) Validation/verification body shall conduct a root cause analysis 2) Validation/verification body or project proponent, as appropriate, shall revise project documents 3) The VCSA lifts suspension on VCU issuance, upon acceptance of project document revisions 4) VCS registry administrator shall upload revised project documents to VCS project database	1) Validation/verification body shall conduct a root cause analysis 2) Where significant performance issues are found, and as appropriate, disciplinary action shall be taken against the validation/verification body 3) Validation/verification body or project proponent, as appropriate, shall revise project documents 4) Project proponent may need to compensate for excess issuance (see Section 7.1.5) 5) The VCSA lifts suspension on VCU issuance, upon acceptance of project document revisions by the VCSA 6) VCS registry administrator shall upload revised project documents to VCS project database
Project does not qualify under program	1) Validation/verification body shall conduct a root cause analysis 2) Where significant performance issues are found, and as appropriate, disciplinary action shall be taken against the validation/verification body 3) No further VCU issuance is permitted	1) Validation/verification body shall conduct a root cause analysis 2) Where significant performance issues are found, and as appropriate, disciplinary action shall be taken against the validation/verification body 3) Project proponent may need to compensate for excess issuance (see Section 7.1.5) 4) No further VCU issuance is permitted

7.1.5 Where the VCSA determines that VCUs have been issued in excess of the correct amount, the following applies:

1) The project proponent is responsible for compensating for excess VCU issuance where the VCSA deems, acting reasonably, that there has been a material erroneous issuance of VCUs in respect of the project, as a result of the fraudulent conduct, negligence, intentional act, recklessness, misrepresentation or mistake of the project proponent, as set out further in the issuance representation.

2) Any compensation for excess VCU issuance shall be through the following, with the VCSA using reasonable efforts to work with the project proponent to ensure that any adverse impacts on the project proponent are minimized to the extent possible.

3) Where the excess VCUs remain in the project proponent's VCS registry account and it can be demonstrated that they have not been used for offsetting purposes, immediate cancellation of the VCUs.

4) Replacement of VCUs through immediate cancellation from subsequent issuances of VCUs to the project.

5) Purchase by the project proponent of an equivalent number of replacement VCUs, and cancellation of same, within 60 business days of receiving formal VCSA notification of such required action.

6) Where the project proponent fails to compensate for excess VCU issuance, the VCSA may take action against the project proponent, including applying sanctions with respect to its registry account activities until such time as the excess issuance has been compensated.

8 | Further Information

8.1   COMMUNICATIONS AGREEMENT

8.1.1   The purpose of the communications agreement is to allow an authorized representative to interact with the VCS registry on behalf of the project proponent and designate the account into which VCUs may be deposited. The following is provided by way of further clarification:

1) Where there are multiple project proponents stated in the project description a communications agreement shall be provided to the VCS registry administrator signed by all project proponents. The communications agreement shall designate an authorized representative and the account into which any VCUs shall be issued. Where a subsequent registration representation is provided to the VCS registry administrator for the purpose of switching the project proponent, a communications agreement shall also be provided in respect of designation of an authorized representative or the account into which any VCUs shall be issued. Such communications agreement shall supersede any prior communications agreement.

2) Where there is a single project proponent and a registration representation is provided to the VCS registry administrator, a communications agreement may also be provided in respect of designation of an authorized representative or the account into which any VCUs shall be issued. Where a subsequent registration representation is provided to the registry administrator for the purpose of switching the project proponent, a communications agreement may also be provided. Any such communications agreement shall supersede any prior communications agreement. Where a communications agreement is not provided, authorized representation reverts to the (new) project proponent.

8.2   SWITCHING THE NOMINATED VCS REGISTRY

8.2.1   Once a project is registered with the VCS registry, the project proponent or its authorized representative can choose to move the project to a different VCS registry. The second VCS registry then becomes the new nominated VCS registry. The process for changing the nominated VCS registry is as follows:

1) The project proponent or its authorized representative shall register the project as set out in the project registration process. It can move the project to a new nominated VCS registry before any VCUs are issued, after VCUs have been issued, or after VCUs have been partially issued from a verification report, as set out in Section 4.4.5.

2) The project proponent or its authorized representative shall open an account with the new nominated VCS registry.

3) The project proponent or its authorized representative shall notify the original nominated VCS registry administrator and the new nominated VCS registry administrator that it wants to change the nominated VCS registry. The project proponent or its authorized representative shall receive approval from both administrators before proceeding.

4) Within three business days (as accounted for by the original nominated VCS registry) of the request by the project proponent or its authorized representative, the original nominated VCS registry administrator shall take the following action required to give up its status as the nominated VCS registry:

   a) Update the project record on the VCS project database to change the Nominated VCS Registry from the original nominated VCS registry to the new nominated VCS registry.

   b) Send the project documents to the new nominated VCS registry administrator as follows:

      i) Electronic copies of all project documents to the new nominated VCS registry administrator, including electronic copies of original project documents.

      ii) All original project documents via tracked and traceable delivery to the new nominated VCS registry administrator.

5) When the new nominated VCS registry administrator has received and accepted the electronic and original project documents, the project proponent or its authorized representative shall be informed and can then request VCU issuance via the new nominated VCS registry. Where the new nominated VCS registry administrator receives but does not accept the project documents, it shall notify the original nominated VCS registry administrator and the project proponent, or its authorized representative. The new nominated registry shall also return, via tracked and traceable delivery, the project documents to the original nominated VCS registry administrator and shall update the project record on the VCS project database to change the Nominated VCS Registry from the new nominated VCS registry to the original nominated VCS registry.

8.3 RELEASE AND ACCESSION OF PROJECT PROPONENTS

8.3.1 Project proponents may join or leave a project subsequent to project validation and registration. Such accession and release is handled via representations made by acceding entities and project proponents as follows:

1) Where an entity wants to join a project, it and the existing project proponent(s) shall sign an accession representation, which shall be prepared using the *VCS Deed of Accession Template* and properly executed as a deed in accordance with applicable local laws and the organization's own constitutional documents. Where more than one entity wants to join the project, one accession representation shall be signed for each acceding entity.

2) Where a project proponent wants to leave a project (i.e., give up its rights and obligations in respect of the project), it, the remaining project proponent(s) and the VCS registry shall sign a partial release representation, which shall be prepared using the *VCS Deed of Partial Release Template* and properly executed as a deed in accordance with applicable local laws and the organization's own constitutional documents. Where more than one project proponent wants to be released from the project, one partial release representation shall be signed for each project proponent that is leaving. Note that a project shall always have at least one project proponent, so there shall always be at least one remaining registration representor (project proponent) that signs the partial release representation.

3) The accession and/or partial release representations shall be submitted to the VCS registry administrator, who shall upload the accession and/or partial release representations to the VCS project database and update the project record to reflect the change in project proponent.

4) Once this process is complete, only the new project proponent or its authorized representative can initiate subsequent VCU issuance.

Note – Where a project has one project proponent only and the project proponent wants to leave the project in favor of another entity, this is handled by having the new entity accede to the project via an accession representation and the original project proponent released from the project via a release representation.

APPENDIX 1: DOCUMENT HISTORY

Version	Date	Comment
v3.0	8 Mar 2011	Initial version released under *VCS Version 3*
v3.1	15 Jul 2011	Main updates (all effective on issue date):
		1) Clarified the language for the validation deadline of AFOLU projects.
		2) Provided an extension of the validation/verification deadline for AFOLU projects with a start date before 1 January 2002.
		3) Incorporated requirements for projects registered sequentially under the VCS Program and a GHG program that is not an approved GHG program.
		4) Inserted reference to VCS policy on VCU tags.
		5) Clarified the rules on grace period granted to projects using new methodologies.
v3.2	1 Feb 2012	Main updates (all effective on issue date):
		1) Included requirements and procedures for AFOLU projects registering and issuing credits under the VCS Program and an approved GHG program (Sections 4.1.5 and 4.2.12).
		2) Clarified that the first release of buffer credits occurs at least five years after the first verification event. (Section 6.2.2)
v3.3	1 May 2012	Added procedures for listing pipeline projects (Section 3) (effective on issue date).
v3.4	4 Oct 2012	Main updates (all effective on issue date, unless otherwise stated):
		1) Clarified that project eligibility shall be determined in accordance with the *VCS Standard* (Sections 1 and 4.1.5).
		2) Added requirement that project pipeline listing is mandatory before the opening meeting between the validation/verification body and the project proponent, and only projects that have been listed on the project pipeline by the date a methodology element is put on hold or withdrawn shall be granted the grace period for using such methodology element (Section 3). Effective from 4 April 2013.
		3) Clarified what constitutes a project *under validation* (Section 3.1.2).
		4) Clarified that indicative information is sufficient for draft project descriptions submitted for listing as *under development* (Section 3.1.3).
		5) Replaced *proof of right* with *right of use* in Diagram 3 (Section 4.1).
		6) Removed procedures for combining validation and verification reports into one document (previously Section 4.1.7).
		7) Added registry procedures for handling the renewal of the project crediting period and the submission of project description deviation documentation (Sections 4.2.4 and 4.4.2).
		8) Specified rules on rotation of VVBs (Section 4.3.10). Effective immediately, unless evidence of contracting for verification prior to 4 October 2012 is provided.
		9) Clarified that the VCSA reserves the right to review projects following a registration or issuance request (Section 4.3.11).

		10) Removed option for project proponents to choose to make registered projects unavailable for public viewing (Section 4.4.1). Effective immediately for new registrations; effective 4 April 2013 for currently *registered private* projects.
		11) Added registry procedures for handling a loss event and/or a reversal (Sections 6.3.1, 6.3.2 and 6.3.3).
v3.5	8 Oct 2013	Main updates (all effective on issue date):
		1) Revised the project review process (Section 4.3).
		2) Included VCS registry checks on other GHG-related environmental credits (Sections 4.2.15 and 4.3.4).
		3) Clarified VVB rotation requirements at project crediting period renewal (Section 4.3.10).
		4) Clarified when buffer credits can be released (Sections 6.1 and 6.2).
		5) Documented the procedure for quality control of registered projects (Section 7).
		6) Made minor edits and clarifications to text and grammar (throughout).
v3.6	25 Mar 2015	Main updates (all effective on issue date, unless otherwise stated):
		1) Clarified language with respect to projects registered under other GHG programs which are seeking registration with the VCS Program (Sections 4.1.5, 4.1.5(3), 4.1.5(5), 4.1.5(7), 4.2.12, and 4.2.14).
		2) Introduced requirements and procedures for projects registered under the Joint Implementation program to also register with the VCS Program (Section 4.1.5(4)).
		3) Clarified process for AFOLU projects to convert GHG credits issued under an approved GHG program into VCUs (Section 4.2.13 and 4.2.15(5)).
		4) Introduced additional detail to process for converting Emission Reduction Units (ERUs) into VCUs (Section 4.2.15).
		5) Incorporated 30 October 2014 clarification with respect to the VCS accuracy review trigger (Section 4.3).
		6) Added reference to the registration fee (Section 4.4.4). Effective 1 July 2015.
		7) Introduced process for projects to withdraw from the VCS Program (Section 4.7.1).
v3.7	19 Oct 2016	Main updates (all effective on issue date, unless otherwise stated):
		1) Introduced requirements for public comment periods for projects (Section 3). Effective from 19 April 2017.
		2) Replaced term *right of use* with *project ownership* (Section 3.1.3(1))
		3) Replaced term *VCU tag* with *VCU label* (Section 4.2.18)
		4) Clarified that VCUs are not subject to any discounting with respect to their fungibility (Section 4.4.5(6))
		5) Clarified process by which VCU retirements and cancellations are executed (Section 4.6)
v3.8	21 Jun 2017	Main updates (all effective on issue date, unless otherwise stated):
		1) Introduced a VCS completeness review at the pipeline listing, registration and issuance request stage (Sections 3.1.9, 4.3, 4.3.1, 4.3.7 - 4.3.11, deleted former 4.3.3)

| | | 2) | Introduced explicit consequences for violating VVB rotation requirements (Section 4.3.10) |
| | | 3) | Updated CDM gap validation process and introduced new Climate Action Reserve gap validation process (Section 4.1.5(3, 5)) |

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