

SUBSEQUENT PROJECT INSTANCE ENROLLMENTS

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This document provides an update on Verra's position on subsequent project instance enrollments following the February through March 2022 consultation.

1 BACKGROUND

Verra is increasingly hearing that landowners (e.g., farmers and family foresters) participating in grouped projects want the flexibility to exit one carbon project and enroll in another. The new project may be with the same or a different project proponent or with the VCS Program or another carbon standard. In the absence of such flexibility, some landowners are hesitant to enroll in a carbon project due to concerns that their future eligibility to participate in another project may be compromised. Therefore, more guidance on landowner enrollment in subsequent projects is needed.

From February through March 2022, Verra held a public consultation on proposed updates to the VCS Program that would allow instances to transfer from one project to another. Overall, commenters supported this idea; however, many had questions about how it would be implemented. As noted in the consultation document, the proposal requires significant changes to the Verra Registry and, for this reason, would not be operational until these changes are made. Given this, rather than immediately introducing the proposed updates into the Verified Carbon Standard, Verra has chosen to clarify our current position. In this document, we also share a high-level overview of our proposed plans to give project proponents and landowners a sense of what they may anticipate in the future. **Caution must be employed when interpreting this document since there is no guarantee that Verra's proposed actions on this issue will proceed as outlined or at all.**

2 CURRENT POSITION

The VCS Program does not currently have rules that explicitly prohibit landowners from participating in successive projects. It also does not have any guidance suggesting that this is allowed nor procedures to do so that ensure the avoidance of double counting. Therefore, at this time, Verra has decided project instances in grouped projects **shall not** leave one VCS project and subsequently enroll in another VCS project. This position has been clarified in Section 3.5.16(8) of the VCS *Standard v4.3*.

3 FUTURE PLANS

Verra intends to allow instances participating in some AFOLU grouped projects¹ to leave one VCS project and subsequently enroll in another. This flexibility is anticipated to be available to instances starting in approximately Q4 2024, assuming no significant issues are identified.

3.1 Immediate next steps

To begin preparing for subsequent project instance enrollments, Verra will need to collect more granular data on project instances, including (but potentially not limited to):

- Project instance participant
- Instance emissions reduction and removal data;
- Instance buffer contributions;
- Instance start dates;
- Unique instance identifier numbers; and
- KML files.

Verra will work on modifying its monitoring and verification report templates in the coming months to reflect these changes. Guidance on KML file requirements for grouped projects has been added to Section 3.10.2(3) of the *VCS Standard v4.3*.

3.2 Long-term vision

Verra envisions that project instance transfers would be managed through the Verra Registry by a request-based process that would move the instance and its associated registry data (noted In Section 3.1 above) to another project. Spatial data will be used to confirm that each instance is only associated with a single project. However, Verra intends to conduct further legal analysis about this project instance transfer proposal, including on the ownership of the emission reductions and removals.

Verra has begun to draft some rules and requirements that may initially be set to grant project instances the flexibility to change projects in some circumstances. Verra is sharing this draft proposal in the box below to provide insight to project proponents encountering this issue when speaking with landowners considering participation in carbon credit projects. **Verra cannot guarantee that the proposal below will be formally adopted into the VCS Program until further research and consultation are completed.**

¹ Please note that Verra is still determining whether this flexibility should be limited to the subset of AFOLU project types where we anticipate the greatest need (i.e., ALM, IFM and ARR projects), or if it should also include REDD and WRC projects, which may be more complicated due to the use of leakage belts and reference regions.

Proposed Future Subsequent Project Instance Registration Requirements

- Project activities shall be monitored continually. There shall not be a gap in monitoring between when the instance leaves one project and starts with another.
- The total crediting period for instances previously part of another project shall not exceed the timeframes outlined in Sections 3.8.2 to 3.8.8 of the *VCS Standard*. For instances that were previously part of another project, the start date is when activities began reducing or removing GHG emissions as part of the original project.
- Instances added to existing projects shall meet the rules and requirements specific to grouped projects outlined in the *VCS Standard*.
- Where an instance leaves a project to join another VCS project, only the new project proponent shall include the instance in its project during verification.
- To avoid double counting, when a project activity instance leaves a project to join another project, the instance shall be assessed during the verification of the subsequent project to ensure that two projects are not seeking credit for the same GHG emission reduction or removal. This assessment shall involve:
 - Confirming the instance is only associated with one project in the Verra Registry; and
 - Checking the subsequent project's GHG accounting to ensure the GHG emission reductions and removals are counted only from the date the instance joined the project.
- Instances shall not:
 - Change projects more than once every three years;
 - Transfer into a VCS project from another GHG program;
 - Transfer only part of their total project area to a new project; or
 - Switch methodologies when changing projects.
- If an instance in a grouped project leaves a project and immediately joins another VCS project, the original project proponent does not need to conservatively assume a loss of the carbon stock previously credited or continue to monitor the instance. The permanence liability of the instance should become the full responsibility of the new project proponent moving forward, including the permanence liability associated with any credits issued by the instance under the previous project (i.e., any credits issued by the instance since its start date). All buffer credits associated with the instance shall be transferred to the new project's registry account and included in calculating potential future buffer credit releases.

Please contact programupdates@verra.org with feedback or questions about this announcement.