



# PROPOSED UPDATES TO THE VCS PROGRAM

7 February 2022

## 1 INTRODUCTION

As the Verified Carbon Standard (VCS) Program evolves, requirements are updated periodically to strengthen or expand the program's scope and ensure that projects deliver real, additional emission reductions and removals. We invite feedback from stakeholders to ensure that the changes we propose achieve their intended impact and do not have unintended consequences.

This document presents the following proposed updates to the VCS Program:

1. Updates to the *Agriculture, Forestry and Other Land Use (AFOLU) Non-permanence Risk Tool* and *Jurisdictional and Nested REDD+ (JNR) Non-permanence Risk Tool* (Section 2);
2. Updates to uncertainty requirements (Section 3);
3. Introduction of tonne-year accounting (Section 4);
4. Clarification of rules around the subsequent registration of project instances in other VCS projects (Section 5);
5. Clarification on how to manage non-permanence risk when instances leave in grouped projects and those with multiple activity instances (Section 6); and,
6. Refinement of requirements for qualifying acceptable peer-reviewed literature (Section 7).

Verra would update VCS Program documents including but not limited to the [VCS Standard v4.2](#), [VCS Methodology Requirements v4.1](#) and the [VCS Methodology Approval Process v4.0](#) to reflect these updates. All VCS Program documents referenced herein can be found on the Verra website at <https://verra.org/project/vcs-program/rules-and-requirements/>.

### 1.1 Consultation Process and Timeline

Verra has discussed the proposed updates with project proponents, investors, technical experts, validation/verification bodies and others. The planned timeline for implementing the consultation and rule approval process going forward is set out in Table 1 below.

Table 1. Tentative timeline

Tentative Date(s)	Activity
7 February – 8 April	60-day public consultation
16 February	Consultation webinar
April – May	Review comments and finalize proposals
June	Publish VCS Program rule changes

Please provide comments on any part of this document. We would especially appreciate responses to questions in the 'Requested Feedback' sections. Comments may be submitted in any format to [secretariat@verra.org](mailto:secretariat@verra.org) by 8 April 2022. After the consultation, we will use the input provided on these proposals to finalize the associated VCS rules and requirements.

We look forward to your feedback. Please let us know if you have any questions as you engage in this consultation.

## 2 AFOLU AND JNR NON-PERMANENCE RISK TOOLS

### 2.1 Background

The VCS Program addresses the non-permanence risk of its AFOLU projects and Jurisdictional and Nested REDD+ (JNR) programs by requiring them to deposit a percentage of their credits into a shared buffer pool which may be drawn upon in the case of a loss event (e.g., forest fire or hurricane). The percentage of credits that must be deposited into this shared pool is based on an assessment of the non-permanence risk using the *AFOLU* or *JNR Non-Permanence Risk Tool*, as appropriate. Where carbon stock is known or believed to be lost, buffer credits are canceled from the buffer pool to cover the loss. The cancellation of buffer credits ensures that all VCU's issued to AFOLU projects or JNR programs are permanent.

Over the past few years, Verra has sought input from experts and conducted modeled stress tests on the AFOLU buffer pool. Through this work, we identified a number of gaps and challenges associated with the buffer system and the application of the Non-Permanence Risk Tools. The proposed updates aim to address the following:

- 1) Predicted future impacts of climate change and sea level rise:** The current versions of the *AFOLU* and *JNR Non-Permanence Risk Tools* require AFOLU projects and JNR programs to base their assessment of natural risk on the historical frequency and severity of relevant risk events within the project area or region over the past 100 years. However, the Intergovernmental Panel on Climate Change (IPCC) reports that certain extreme weather and other climatic events have increased in frequency and severity in many areas and are expected to continue to

increase due to the effects of climate change.<sup>1</sup> AFOLU projects and JNR programs are not currently required to take these expected future impacts into account in their natural risk scores, and therefore may be underestimating the non-permanence risk from such future weather and climatic events.

Additionally, projects that may be impacted by sea level rise (e.g., wetland restoration and conservation projects in the coastal zone) must account for predicted impacts within their quantification of project emission reductions and removals, which can be challenging given the uncertainty of many long-term predictions of sea level rise.

- 2) **Agricultural land management (ALM)-specific risks and mitigation options:** ALM projects can have unique operational challenges (e.g., land ownership), risks and mitigation opportunities (e.g., related to changes in crop yield) that are not well-captured in the current version of the *AFOLU Non-Permanence Risk Tool*.

Verra is considering a number of future updates to the buffer system to address other gaps and challenges identified through the buffer stress test work, including a [proposed a long-term reversal monitoring system](#).

## 2.2 Proposal

Verra proposes to incorporate the following updates in the *AFOLU* and *JNR Non-Permanence Risk Tools* (as relevant):

- 1) **Predicted future impacts of climate change and sea level rise:** Update the natural risk sections of the *AFOLU* and *JNR Non-Permanence Risk Tools* to require AFOLU projects and JNR programs to take predicted future impacts of climate change, including sea level rise where relevant, into account in their natural risk scores. The approach to assessing the predicted future impacts from climate change is as follows:
  - a) AFOLU projects and JNR programs would be required to assess the historical frequency and severity of natural disturbances (following the process set out in the current versions of the NPRTs) and assess the potential for future climatic changes to identify the appropriate amplification factor. The assessment of future predicted climatic changes would be based on the concept of climatic impact drivers (CIDs) under the Working Group I of the IPCC in AR6.<sup>2</sup>
  - b) All projects and programs would be required to use the relevant *Risk Report Calculation Tool* to determine the predicted future climate impact. The *Risk Report Calculation Tool* includes information from the IPCC about predicted changes to relevant CIDs and automatically populates values for each project or program based on the region(s) where they are located. The CIDs would be used to calculate an amplification factor applied to disturbance types that may be impacted by climate change (e.g., drought or

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<sup>1</sup> IPCC Special Report on Climate Change and Land, Chapter 2: Land-Climate Interactions [https://www.ipcc.ch/site/assets/uploads/2019/08/2c-Chapter-2\\_FINAL.pdf](https://www.ipcc.ch/site/assets/uploads/2019/08/2c-Chapter-2_FINAL.pdf).

<sup>2</sup> See <https://www.ipcc.ch/site/assets/uploads/2021/04/The-concept-of-risk-in-the-IPCC-Sixth-Assessment-Report.pdf>.

fire). The amplification factor would not be applied to disturbance types not impacted by climate change (e.g., volcanic activity or earthquakes).

- c) AFOLU projects and JNR programs located in the coastal zone would be required to assess the predicted impact of sea level rise on their carbon stocks using a similar approach to that used to predict future climate impacts on other CIDs. Additionally, we would add mitigation measures for sea level rise in the *Non-Permanence Risk Tools*.
- d) Because the assessment of risk of carbon stock loss from sea level rise would be incorporated into the *AFOLU Non-Permanence Risk Tool*, we would update the requirement set out in Section 3.6.30 of the *VCS Methodology Requirements* to clarify that the section does not apply to impacts on carbon stocks from sea level rise and that relevant methodologies do not need to require projects to estimate the impact of sea level rise on carbon stock over a time period of 100 years. Note that the other requirements related to sea level rise in the *VCS Methodology Requirements* would remain, as planning for sea level rise is an integral component of coastal wetland project design, for example.

- 2) **ALM-specific risks and mitigation options:** Update the *AFOLU Non-Permanence Risk Tool* to incorporate ALM-specific risks and mitigation options. These updates include adding risks and mitigation options related to training farmers in new agricultural practices and the potential for a decrease in agricultural yield that may occur during the first few years of some regenerative agricultural practices.

The proposed updates are incorporated in track changes in draft versions of the following documents:

- 1) [AFOLU Non-Permanence Risk Tool](#)
- 2) [AFOLU Risk Report Calculation Tool](#) (note that the [shapefiles](#) are available for download for use with the tool)
- 3) [Risk Report Calculation Tool Guidance](#)

*Note: Verra will update the JNR Non-Permanence Risk Tool and create a JNR Risk Report Calculation Tool to require jurisdictional programs to take predicted future climate impacts and sea level rise into account following the same structure and principles as the updates made to the AFOLU versions of these documents.*

## 2.3 Requested Feedback

Verra requests general feedback on the proposed changes and on the following questions:

- 1) Are the instructions for how to use the *AFOLU Risk Report Calculation Tool* clear? What suggestions do you have for how the tool could be made more user-friendly?
- 2) Are the CIDs used to determine the amplification factor for predicting future climate change impacts appropriate (see the draft *AFOLU Risk Report Calculation Tool* for a full list of included CIDs)? Should any additional CIDs be included in the analysis?

- 3) Are the proposed options to mitigate sea level rise appropriate? Should any additional options be added?
- 4) Are the newly proposed ALM-specific risks and mitigation options appropriate? Why or why not? Are there any additional risks or mitigation options for ALM projects that are missing and should be added to the *AFOLU Non-Permanence Risk Tool*?
- 5) Are the proposed scores for new risks and mitigation options appropriate? Why or why not?

### 3 UNCERTAINTY REQUIREMENTS

#### 3.1 Background

Understanding the uncertainties associated with GHG emission reduction and removal (ERR) estimates is a key part of estimating the total GHG benefit of VCS projects. Where uncertainties are high, deductions on total ERR estimates must be applied to ensure conservativeness. The statistical approaches to estimate uncertainties vary and should be based on sound statistical principles. The IPCC has an entire [chapter](#) dedicated to uncertainty assessment in its *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*.

There is a need for clear guidance to enhance consistency in approaches to uncertainty across methodologies and projects. Where different approaches to uncertainty assessment are used, it can lead to inconsistent outcomes. For example, with input from expert consultants, Verra recently found that different approaches to uncertainty assessment in Verra's various avoiding unplanned deforestation (AUDD) methodologies lead to significant differences in ERR estimates. This is being addressed via updates to uncertainty procedures in all AUDD methodologies and the new Jurisdictional and Nested REDD framework.

The following proposal aims to provide more clarity on how to address uncertainty throughout the VCS Program. The update would bring Verra's approach in line with the latest science and best practices and clarify procedures for methodology developers and validation/verification bodies (VVBs) involved in the methodology approval process.

#### 3.2 Proposal

Verra is proposing to replace the existing Section 2.4 Uncertainty in the *VCS Methodology Requirements* as follows:

##### Concept

~~Uncertainty is a characteristic of a measurement or sample that describes the dispersion of values that could reasonably be attributed to the measured value. Certain measurements and sampled data will have inherent uncertainty. Where relevant, methodologies shall set out procedures for projects to estimate uncertainty and apply confidence deductions to account for uncertainty, according to recognized statistical approaches.~~

##### Requirements

~~2.4.1 Where applicable, methodology elements shall provide a means to estimate a 90 or 95 percent confidence interval. Where a methodology applies a 90 percent confidence interval and the width of the confidence interval exceeds 20 percent of the estimated value or where a methodology applies a 95 percent confidence interval and the width of the confidence interval exceeds 30 percent of the estimated value, an appropriate confidence deduction shall be applied.~~

~~2.4.2 Methods used for estimating uncertainty shall be based on recognized statistical approaches such as those described in the *IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*. Confidence deductions shall be applied using conservative factors such as those specified in the *CDM Meth Panel guidance on addressing uncertainty in its Thirty Second Meeting Report, Annex 14*.~~

#### *Concept*

Uncertainty is defined by the IPCC as the lack of knowledge of the true value of a variable that can be described as a probability density function characterizing the range and likelihood of possible values. The *2019 Refinement to the 2006 IPCC Guidelines for National GHG Inventories*<sup>1</sup> provides further guidance on key concepts and terminology including applicable definitions of random error, systematic error, and related terms.

Methodologies need to be designed to reduce systematic and random error as far as practical. Where relevant, methodologies need to set out procedures for projects to estimate residual random error according to recognized statistical approaches, and to apply conservativeness deductions to reduce the risk of overestimating emission reductions due to random error.

#### *Requirements*

2.4.1 Methods used for estimating random error shall be based on recognized statistical approaches such as those described in the latest IPCC guidance.<sup>2</sup>

2.4.2 Where it is unlikely that the half-width of the two-sided 90 percent confidence interval for estimating emission reductions could exceed 10 percent of the estimated value, methodologies may exclude random uncertainty.

2.4.3 Where it is likely that the half-width of the two-sided 90 percent confidence interval for estimating emission reductions could exceed 10 percent of the estimated value, methodologies shall:

- 1) Set out a procedure to estimate a two-sided 90 percent confidence interval for the emission reduction estimates, considering random error of baseline emissions and project emissions, as well as the underlying data and parameters. Where analyzing random errors of emission reduction estimates is not practical, the uncertainty analysis may focus on estimates of emissions, activity data and emission factors; and
- 2) Set out a procedure to calculate an appropriate conservativeness deduction. The deductions shall usually be applied to estimates of emission reductions but may alternatively be applied to estimates of emissions, activity data and emission factors in cases where this is not practical.

*[The following are two proposed approaches for determining the appropriate conservativeness deduction, one of which is more flexible than the other. After the public consultation period, Verra will select and publish the appropriate approach based on comments received.]*

[Approach A] The methodology may follow examples of appropriate conservativeness deductions available in the CDM Meth Panel *Proposed guidance*

on addressing uncertainty bias in its Thirty-second Meeting Report, Annex 14<sup>3</sup> as well as in Climatic Change 166, 26 (2021).<sup>4</sup>

OR

[Approach B] The methodology shall apply a conservativeness deduction as follows:<sup>3</sup>

First, a discount factor shall be established:

Discount factor = - Uncertainty /  $t_{\alpha=10\%}$  \*  $t_{\alpha=66.6\%}$

Where:

Discount factor      Discount factor to be applied for calculating the conservativeness deduction; %

Uncertainty            Half-width of the 90% confidence interval as percentage of the mean estimate; %

$t_{\alpha=10\%}$                 t-value for the *two-sided* 90% confidence interval, approximately 1.6449; dimensionless

$t_{\alpha=66.6\%}$               t-value for a *one-sided* 66.67% confidence interval, approximately 0.4307; dimensionless

Second, the estimate shall be corrected downwards by the discount factor to arrive at a conservatively discounted estimate:

Conservatively discounted estimate = Estimate \* (1 - Discount factor)

2.4.4 Where the half-width of the two-sided 90 percent confidence interval exceeds 100 percent of the emission reduction estimate, the project is not eligible for crediting.

Footnotes to proposed Section 2.4:

<sup>1</sup> See Volume 1, Chapter 3, Section 3.1.3 available at <https://www.ipcc-nggip.iges.or.jp/public/2019rf/vol1.html>.

<sup>2</sup> At the time of writing, guidance on uncertainties is included in Volume 1, Chapter 3 of the *2019 Refinement to the 2006 IPCC Guidelines for National GHG Inventories* (<https://www.ipcc-nggip.iges.or.jp/public/2019rf/vol1.html>).

<sup>3</sup> Available at [https://cdm.unfccc.int/Panels/meth/meeting/08/032/mp\\_032\\_an14.pdf](https://cdm.unfccc.int/Panels/meth/meeting/08/032/mp_032_an14.pdf)

<sup>4</sup> Available at <https://doi.org/10.1007/s10584-021-03079-z>

<sup>3</sup> This conservativeness deduction is based on Climatic Change 166, 26 (2021) available at <https://doi.org/10.1007/s10584-021-03079-z>.

Verra is further proposing to add the following clause to Section 6.1.3 of the *VCS Methodology Approval Process* describing the scope of VVB assessment of new methodologies:

15) **Uncertainty:** Assessment of whether the approach for addressing uncertainty is appropriate, adequate and in compliance with the VCS Program rules on uncertainty. This shall include a determination of whether there is a significant risk that the half-width of the



two-sided 90 percent confidence interval for estimating emission reductions could exceed 10% of the estimated value.

Finally, Verra would replace the current definition of uncertainty in the *Program Definitions* with that of the IPCC, as stated in the first sentence of the proposed revisions to the Concept of Section 2.4 of the *VCS Methodology Requirements*, above.

### 3.3 Requested Feedback

Verra is requesting feedback on the following:

- 1) Do you agree with the proposed new text on uncertainty assessment? Do you have any suggested improvements or additions?
- 2) The proposed requirements would treat uncertainties at the 90% level, while the current requirements offer the option to treat uncertainties at the 90% level or at the 95% level. Do you agree that the previous optionality in Version 4.0 of the *VCS Methodology Requirements* allowing methodologies to choose one of two thresholds for uncertainty deduction (i.e., 20% at the 90% level or 30% at the 95% level) should be eliminated to provide more consistency across methodologies and projects?
- 3) Do you agree that projects with uncertainty of more than 100% should not be eligible for crediting?
- 4) The proposed requirements do not require an uncertainty assessment and uncertainty discounting in the quantification of leakage, but only for estimates of emissions in the project and baseline scenarios. Is this appropriate?
- 5) Of the proposed approaches under requirement (3), is Approach A or Approach B more appropriate? Why?
- 6) How feasible would it be for VVBs to establish during their methodology assessments whether there is a significant risk that uncertainties could exceed 10% (which would then require the application of conservativeness deductions)?

## 4 TONNE-YEAR ACCOUNTING

### 4.1 Background

Carbon gains from many Agriculture, Forestry and Other Land Use (AFOLU) projects are at risk of being lost. For example, if a forest fire occurs in a previously reforested area, the carbon stored in the trees would be re-emitted back into the atmosphere. Most carbon credit programs, including the Verified Carbon Standard (VCS), manage this risk by withholding a portion of the emission reductions and removals in a pooled buffer account to compensate for future losses. However, there has been growing interest in alternative approaches for managing non-permanence risk that would increase flexibility and unlock new activities that help tackle climate change. One of these alternatives is tonne-year accounting.



Tonne-year accounting allows projects activities with shorter duration to credit the climate benefits annually so that there is no long-term liability. A tonne-year is a time-specified unit of carbon dioxide equivalence. One tonne-year is defined as a metric tonne (MT) of CO<sub>2</sub>e stored for one year. The advantage of tonne-year accounting is that it allows sequestration projects to quantify temporary carbon storage on a permanent basis using the radiative forcing effect of CO<sub>2</sub> and therefore enables credits to be issued on an as-you-go basis. Therefore, when tonne-year accounting is employed, buffer contributions and ongoing monitoring are unnecessary.

## 4.2 Proposal

Verra proposes introducing tonne-year accounting to the *VCS Standard* as an alternative approach to the buffer for managing non-permanence risk. To implement this change, Verra would revise several program documents as follows:

### *VCS Program Definitions*

#### Tonne-year

A metric tonne (MT) of CO<sub>2</sub> stored for one year that approximates the radiative forcing that the tonne of CO<sub>2</sub> would have had in the atmosphere over a single year.

### *AFOLU Non-Permanence Risk Tool*

#### 1.1 Scope

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1.1.4 Non-permanence risk analysis only needs to be applied to GHG removals or avoided emissions through carbon sinks **that are not calculated using tonne-year accounting**. Project activities generating emissions reductions of N<sub>2</sub>O, CH<sub>4</sub> or fossil-derived CO<sub>2</sub> are not subject to buffer withholding, since these GHG benefits cannot be reversed.

### *VCS Standard*

#### 2.4 AFOLU Non-Permanence Risk and Pooled Buffer Account

2.4.1 Non-permanence risk in Agriculture, Forestry, and Other Land Use (AFOLU) projects is addressed through the use of:

1) tonne-year accounting; or

2) a project risk analysis, using the *AFOLU Non-Permanence Risk Tool*

**The AFOLU Non-Permanence Risk Tool** ~~which~~ determines a the number of credits to be deposited in the AFOLU pooled buffer account. The pooled buffer account holds non-tradable buffer credits to cover the non-permanence risk associated with AFOLU projects. It is a single account that holds the buffer credits for all projects.

Buffer credits are cancelled to cover carbon known, or believed, to be lost. As such, the VCUs already issued to projects that subsequently fail are not cancelled and do not have to be “paid back”. All VCUs issued to AFOLU projects (as with all projects) are permanent. The VCS **buffer** approach provides environmental integrity because the AFOLU pooled buffer account will always maintain an adequate surplus to cover unanticipated losses from individual project failures and the net GHG benefits across the entire pool of AFOLU projects will be greater than the total number of VCUs issued. **Projects employing tonne-year accounting do not need to make contributions to the pooled buffer account because tonne-year accounting only credits the approximate impact a metric tonne of CO<sub>2</sub>e would have had in the atmosphere over a single year.**

The full rules and procedures for AFOLU projects with respect to non-permanence risk are set out in Section 3.2.

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### 3.2 AFOLU-Specific Matters

#### Non-Permanence Risk

**3.2.20 Projects using tonne-year accounting do not have non-permanence risk and therefore shall not apply the AFOLU Non-Permanence Risk Tool, deposit credits into the AFOLU pooled buffer account or report loss events.**

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### 3.8 Project Crediting Period

#### Project Crediting Period Length

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#### **Projects using Tonne-Year Accounting**

**3.8.7 For non-AFOLU and AFOLU projects using tonne-year accounting, the project crediting period shall be one or more years, renewable to a maximum of 100 years.**

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### 3.14 Quantification of GHG Emission Reductions and Removals

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**3.14.4 Where the applied methodology uses tonne-year accounting all GHG emission reductions and removals shall be converted to tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) using a conversion rate of 100 tonne-years to 1 tCO<sub>2</sub>e. This shall be done by dividing the number of tonne-year GHG emission reductions and removals by 100. Where the applied methodology does not use tonne-year accounting, projects may request a methodology deviation to use the tonne-year conversion rate to credit 1/100 of the**

emission reductions and removals from the project per year as an alternative to applying the *AFOLU Non-Permanence Risk Tool* and making contributions to the pooled buffer account.

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#### *Registration and Issuance Process*

##### 5 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 unless **tonne-year accounting is used**. The buffer credits from all projects are held in a single AFOLU pooled buffer account, which can be drawn upon in the vent of a reversal in carbon stocks in any individual project.

#### *VCS Methodology Requirements*

##### 3.8 Quantification of GHG Emission Reductions and Removals

###### AFOLU Methodologies

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**3.8.7 AFOLU methodologies that quantify the net change in carbon stocks using tonne-year accounting shall not make buffer contributions. Therefore, Sections 3.8.4 through 3.8.6 do not apply.**

### **4.3 Requested Feedback**

Verra requests general feedback on the proposed changes and on the following questions:

- 1) What concerns do you have about the introduction of tonne-year accounting as an alternative approach to non-permanence risk within the VCS Program?
- 2) What concerns do you have with the proposed conversion rate of 100 tonne-years to one tonne? What do you think would be a more appropriate conversion rate, and why would this be more appropriate than 100 to 1?
- 3) Should ARR and IFM projects using tonne-year accounting be exempt from the long-term average requirements outlined in Section 3.2 of the *VCS Standard*?
- 4) How should situations where partial credits are generated be handled? Should Verra allow projects to carry over excess tonne-years to the next verification period?
- 5) What further clarifications on using tonne-year accounting do you think are needed?

## 5 SUBSEQUENT PROJECT INSTANCE REGISTRATIONS

### 5.1 Background

Verra is increasingly hearing that landowners (e.g., farmers and family foresters) participating in grouped projects or non-grouped projects with multiple project activity instances want the flexibility to exit one project and enroll in another at a future date. The new project may be with the same or a different project proponent under the same methodology. The new project may also be under a different methodology (e.g., two different Improved Forest Management methodologies).

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. The VCS Program does not currently have any rules that explicitly prohibit landowners from participating in successive projects; however, it does not have any guidance suggesting that this is allowed nor procedures to do so that ensure the avoidance of double counting.

The potential introduction of tonne-year accounting (forthcoming in a separate public consultation) into the VCS Program will further exacerbate this issue. Contract lengths with tonne-year accounting can be as short as a single year. As a result, many landowners will be looking to subsequently re-register with the same project for another one or more years or join another project with a longer contract length, which may or may not be using tonne-year accounting. More explicit guidance on landowner enrollment in subsequent projects is needed.

### 5.2 Proposal

Verra proposes clarifying its guidance on subsequent project activity instance enrollment in grouped projects and non-grouped projects with multiple project activity instances. To implement these changes, Verra would revise Sections 3.5, 3.10 and 4.1 of the *VCS Standard* as follows:

#### 3.5 Project Design

##### Multiple Instances of Project Activities

##### 3.4.5...

3.5.5 AFOLU projects may include instances that were previously part of another VCS project. These instances shall meet the project requirements described in Chapter 3. The project activities shall be monitored continuously (see Section 3.4.4) and there shall not be a gap in monitoring between when the instance leaves one project and starts with another, unless the emission reductions and removals generated by the instance were previously quantified and credited using tonne-year accounting. 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.

##### 3.5.56 The baseline determination...

##### Grouped Projects

## Eligibility Criteria

### 3.5.15...

3.5.16 Grouped AFOLU projects may include instances that were previously part of another VCS project. These instances shall meet the project requirements described in Chapter 3. The project activities shall be monitored continuously (See Section 3.4.4) and there shall not be a gap in monitoring between when the instance leaves one project and starts with another, unless the emission reductions and removals generated by the instance were previously quantified and credited using tonne-year accounting. The total crediting period for instances previously credited as part of another project shall not exceed the timeframes outlined in Sections 3.8.2 to 3.8.8.

## Inclusion of New Project Activity Instances

3.5.16 Grouped projects provide for the inclusion of new project activity instances subsequent to the initial validation of the project. New project activity instances shall:

- 6) Occur within one of the designated geographic areas specified in the project description.
- 7) Comply with at least one complete set of eligibility criteria for the inclusion of new project activity instances. Partial compliance with multiple sets of eligibility criteria is insufficient.
- 8) Be included in the monitoring report with sufficient technical, financial, geographic, and other relevant information to demonstrate compliance with the applicable set of eligibility criteria and enable sampling by the validation/verification body.
- 9) Be validated at the time of verification against the applicable set of eligibility criteria.
- 10) Have evidence of project ownership, in respect of each project activity instance, held by the project proponent from the respective start date of each project activity instance (i.e., the date upon which the project activity instance began reducing or removing GHG emissions).
- 11) Have a start date that is the same as or later than the grouped project start date, unless the instance was previously part of another VCS AFOLU project. For instances that were previously part of another project, the start date is the date on which activities that led to the generation of GHG emission reductions or removals were implemented (See Section 3.7).
- 12) Be eligible for crediting from the start date of the instance through to the end of the project crediting period (only). Note that where a new project activity instance starts in a previous verification period, no credit may be sought for GHG emission reductions or removals generated during a previous verification period (as set out in Section 3.4.4) and new instances are eligible for crediting from the start of the next verification period. Further, note that where a new project activity instance was previously part of another VCS AFOLU project, it shall not seek credit for any of the GHG emission reductions or removals credited under the other project.

## 3.10 Project Location

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#### AFOLU Projects

3.10.2 The project location for AFOLU projects shall be specified in the project description in terms of its project area. The spatial extent of the project shall be clearly specified to facilitate accurate monitoring, reporting and verification of GHG emission reductions and removals and to demonstrate that the project meets the eligibility criteria of the relevant project category. The description of the project location shall include the following information:

- 1) Name of the project area (e.g., compartment number, allotment number and local name).
- 2) Maps of the project area.
- 3) Geodetic polygons that delineate the geographic area of **the entire project area** for each AFOLU project activity, provided in a KML file. Where the project area is comprised of multiple polygons (parcels), the project location details of each polygon/parcel shall be included in the project description. **Grouped projects and non-grouped projects with multiple project activity instances shall provide geodetic polygons for each instance included in the project in a KML file.**
- 4) Total size of the project area.
- 5) Details of ownership.

~~Where the project area is comprised of multiple polygons (parcels), the project location details of each polygon/parcel shall be included in the project description.~~

#### 4. Validation and Verification Requirements

##### 4.1 Introduction and General Requirements

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##### **Validation and Verification Requirements for Grouped Projects and Projects with Multiple Activity Instances**

**4.1.21 Where an AFOLU project activity instance leaves a project to join another project, the instance shall be assessed during verification of the second project to ensure that credit is not being sought by two projects for any of the same emission reductions or removals.**

*Note: These proposed updates would require changes to the Project Description and Monitoring Report templates to assist with tracking instances that change projects. Further, they would require significant changes to the registry and therefore, would not be operational until these registry changes are made.*

### **5.3 Requested Feedback**

Verra requests general feedback on the proposed changes and on the following questions:

- 1) What concerns do you have with the proposed clarifications?

- 2) Should the flexibility for instances to change projects be expanded to other project types (i.e., non-AFOLU projects), and if so, under what circumstances might similar flexibility be needed in these projects?
- 3) Should the ability for instances to subsequently register with another Verra project be limited to instances that initially participated in a tonne-year accounting project (i.e., from a tonne-year accounting project to another tonne-year accounting project or a tonne-year accounting project to a conventional accounting project)? Or should this flexibility also be granted to instances that did not initially participate in a tonne-year accounting project as currently written?

If you think this flexibility should be granted to all types of instances:

- a) Should there be any limits on the number of times an instance can join a new project?
- b) Should Verra require validation/verification bodies to assess every instance that comes from another project to ensure that none of the same emission reductions or removals are being quantified under multiple projects (i.e., rather than allow sampling)?

## 6 NON-PERMANENCE RISK IN GROUPED PROJECTS AND PROJECTS WITH MULTIPLE ACTIVITY INSTANCES

### 6.1 Background

Current VCS Program requirements on the project longevity period for individual project activity instances within a grouped project is unclear. The *AFOLU Non-Permanence Risk Tool* states “Where AFOLU project longevity is less than 30 years, the project fails the risk assessment and it is not eligible for crediting” (i.e., the minimum longevity for projects where there is a reversal risk is 30 years). Since this text uses the term “project”, project longevity only needs to be demonstrated at the overarching project level, not for each individual activity instance. However, because this is not explicitly stated, some project proponents have interpreted the 30-year longevity requirement to be demonstrated at the individual instance level, which is a significant barrier to participation in some project activity types. For example, many farmers and family foresters are unable to commit to 30-year contracts because they plan to sell their land or retire prior to the end of this timeframe.

Further, the *VCS Standard* does not currently specify how projects should manage non-permanence risk when an instance leaves a grouped project or non-grouped project with multiple activity instances before the end of the crediting period. At present, most projects assume that a loss has occurred when the instance leaves the project by deducting all previous emission reductions and removals associated with the instance from the project total. Nonetheless, the lack of explicit guidance has caused confusion.

Please note that these proposed updates are part of a broader set of changes to improve and clarify how permanence is addressed in VCS AFOLU projects. These changes include the updates to the *AFOLU Non-Permanence Risk Tool* outlined in Section 3 and Verra’s plan to develop a long-term



monitoring system for detecting reversals. More information on the proposed long-term monitoring system can be found [here](#).

## 6.2 Proposal

Verra proposes clarifying its requirements on managing non-permanence risk in AFOLU grouped projects and non-grouped projects with multiple activity instances. To implement these changes, Verra would revise Section 2.2.4 of the *AFOLU Non-Permanence Risk Tool* as follows:

2.2.4 Project longevity (PL) shall be assessed using Table 4, noting the following:

...

3) For all AFOLU project types, the entire project longevity shall be covered by management and financial plans as submitted to local government or financial institutions, or otherwise made public, in which the intention to continue management practices is stated and planned for, and may include external evidence such as municipal land-use plans, institutional structures, or tools such as ecological-economic zoning. For grouped projects and non-grouped projects with multiple project activity instances where some of the contract lengths with instances are less than 30 years, a plan for ensuring 30-year longevity at the aggregate level shall be established.

...

7) Where AFOLU project longevity is less than 30 years, the project fails the risk assessment, and it is not eligible for crediting. Project longevity is assessed at the project level, not at the individual instance level, in grouped projects and non-grouped projects with multiple project activity instances.

Verra also proposes to revise Sections 3.2 and 4.1 of the *VCS Standard* as follows:

### 3.2 AFOLU-Specific Matters

...

#### Non-Permanence Risk

...

3.2.15 Grouped projects and non-grouped projects with multiple project activity instances shall conservatively assume a loss of the carbon stock previously credited when an instance leaves a project and does not join another project. This rule does not apply to projects using tonne-year accounting.

3.2.16. If an instance in a grouped project or non-grouped project with multiple project activity instances leaves a project and immediately joins another VCS project, then the original project proponent does not need to conservatively assume a loss of the carbon stock previously credited. The permanence liability of the instance shall 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). This rule does not apply to projects using tonne-year accounting.  
This rule does not apply to projects using tonne-year accounting.

3.2.158 Where an event occurs that is likely to qualify as a loss event (see the VCS Program document Program Definitions for definition of loss event), the project proponent shall notify Verra within 30 days of discovering the likely loss event. Where VCUs have been previously issued, a loss event report shall be prepared and submitted to the Verra registry, as follows: ...

#### 4. Validation and Verification Requirements

##### 4.1 Introduction and General Requirements

...

##### Validation and Verification Requirements for Grouped Projects and Projects with Multiple Activity Instances

4.1.22 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.

### 6.3 Requested Feedback

Verra requests general feedback on the proposed changes and on the following questions:

- 1) Do you agree with the proposed clarifications? If not, why?
- 2) Can non-permanence risk associated with landowner contract lengths of less than 30-years be appropriately managed to ensure 30-year project longevity in grouped projects and/or non-grouped projects with multiple activity instances? And if so, how?
  - a) Can this risk be managed if none of the instances in the aggregate project have 30-year contracts? And if so, how?
- 3) Should Verra also allow project proponents to monitor instances that leave a project and do not immediately join another project for loss events rather than require them to immediately assume a loss? If yes, how should these instances be required to be monitored (e.g., using remote sensing, as per methodology requirements)?
- 4) Do you agree with the requirement for the new project proponent to assume full responsibility for the permanence of all credits issued by an instance since its start date when an instance joins its project from another project (unless tonne-year accounting is used)?
- 5) Are any further clarifications on managing non-permanence risk in grouped projects and non-grouped projects with multiple activity instances needed? And if so, what further guidance would be helpful?

## 7 PEER-REVIEWED LITERATURE REQUIREMENTS

### 7.1 Background

Numerous VCS methodologies state a preference or requirement for using peer-reviewed literature when establishing default factors in project GHG quantification. However, no requirements or guidance are given in the *VCS Methodology Requirements* regarding what constitutes peer-reviewed literature. This has led to ambiguity when project developers and validation/verification bodies evaluate whether a given source (e.g., research article, industry paper) qualifies as peer-reviewed literature. Furthermore, there is a proliferation of low-quality and questionable pseudo-scientific peer-reviewed journals.

### 7.2 Proposal

To eliminate this ambiguity and enhance assurances around the scientific integrity of default factors derived from peer-reviewed literature, Verra proposes requiring peer-reviewed literature to be indexed in the leading academic database of reputable, high-quality scientific journals, the Web of Science: Science Citation Index. We propose to do this by introducing the following sentence to Section 2.5.2(1) of the *VCS Methodology Requirements*:

Where the methodology uses third-party default factors and/or standards, such default factors and standards shall meet the requirements for data set out in Section 3.4.6, *mutatis mutandis*.

Where the methodology requires peer-reviewed scientific literature to establish default factor(s), the literature shall be in a journal indexed in the Web of Science: Science Citation Index (available at <https://mjl.clarivate.com>).

### 7.3 Requested Feedback

Verra is requesting feedback on the following:

- 1) Do you agree that the Science Citation Index is an appropriate database to vet peer-reviewed literature, or would you recommend an additional or alternative source?
- 2) Are there other ways besides journal databases to vet the quality of peer-reviewed literature?