



Standards for a
Sustainable Future

Intro to the VCS Program Issues Under Consultation

27 July 2022

Agenda

- Webinar overview – 5 min
- Individual updates & questions – 40 min
- Next steps – 5 min

Proposed Updates

1. Introduction of requirements for geologic carbon storage (GCS) activities, including associated tools and requirements
2. Addition of a discount factor for crediting in cases of upstream displacement
3. Updates to the requirements for avoiding double-counting of carbon credits in Scope 3 emissions inventories
4. Clarification of the long-term average GHG benefit calculation for afforestation, reforestation, and revegetation projects as well as improved forest management projects

Geologic Carbon Storage (GCS)



Inclusion of GCS in the VCS Program

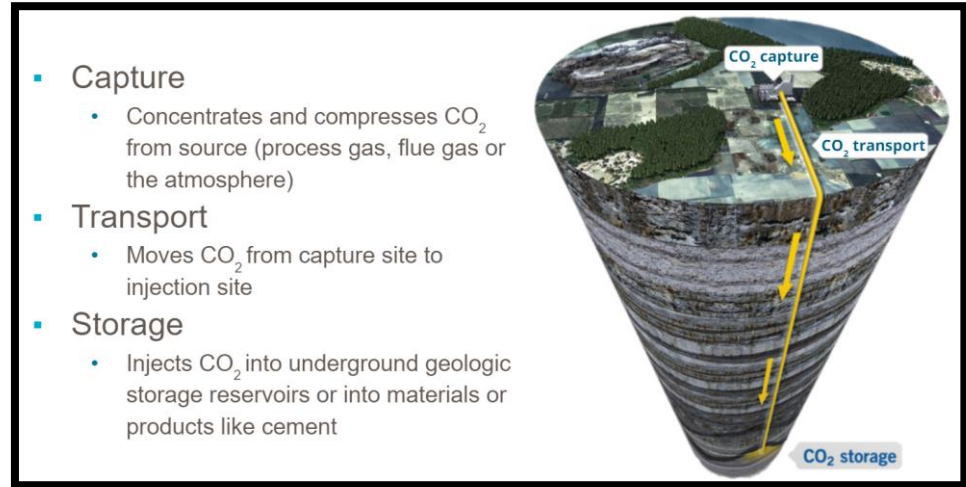
Background:

- Significant ERR potential with GCS projects globally
- Methodology being developed through the CCS+ Initiative
- Amendments to VCS Program documents to:
 - Establish requirements for GCS project activities
 - Allow inclusion of GCS project activities in the VCS
- 1st phase- storage in saline aquifers and depleted oil & gas reservoirs

Proposal to introduce GCS in the VCS Program

1. Introduction of eligibility criteria for CCS projects:

- Regulatory approval by the jurisdictional regulator(s)
- Site characterization and well design, construction and, operating requirements
- Subsurface evaluation requirements
- Site monitoring and closure requirements



Reference: [CCS Image Library - Global CCS Institute](#), accessed on: July 06, 2022

Proposal to introduce GCS in the VCS Program

2. GCS Non-Permanence Risk Tool (NPRT):

- NPRT score is based on key globally applicable criteria and risk categories
- Ensures integrity and transparency of projects while mitigating environmental, social and safety risks

Table 6: Overall Risk Rating

Risk Category		Total Risk Score
RFR	Regulatory Framework Risk	
PR	Political Risk	
LRTR	Land and Resource Tenure Risk	
CFR	Closure Financial Risk	
DR	Design Risk	
Overall risk rating = RFR + PR + LRTR + CFR + DR		

Proposal to introduce GCS in the VCS Program

3. Introduction of a GCS buffer account and GCS crediting period:

- The GCS buffer account contribution is based on the final NPRT score
- Proposed 35-year crediting period for projects

4. Introduction of project expansions:

- Addition of capture facilities, transport infrastructure and/or storage sites
- Criteria for projects with multiple storage sites
- Additionality and baseline re-assessment requirements

Guidelines on crediting upstream displacement



Upstream Displacement

Background:

- Upstream displacement occurs when a reduction in primary production is divided by an increase in secondary production. It is often assumed that displacement occurs on a 1:1 basis
- Currently, the VCS Program offers no guidance on unequal displacement, or when displacement is less than 1
- A discount factor can account for when 1:1 displacement does not occur while still allowing an intervention with a net positive atmospheric benefit

Proposal: new guidelines

- Account for displacement that is less than 1 by requiring the use of a discount factor. This will require updates to the following sections within the *VCS Methodology Requirements*:
 - Project Boundary
 - Quantification of GHG Emission Reductions and Removals
 - Monitoring

Double counting of carbon credits in Scope 3 inventories



Scope 3 Claims

Background:

- Interest to address gaps in existing standards, guidance, and assurance frameworks for Scope 3 emissions intervention accounting and claims
- Significant double-counting risk if an ERR is both sold as a carbon credit and claimed in a company's Scope 3 emissions inventory
- Update to the VCS Program seeks to ensure integrity and compliance with the principles of uniqueness, additionality and transparency

Proposal to avoid double-counting

1. New section on Company Scope 3 Emissions Accounting includes:
 - Disclaimer that a project proponent shall not promote or facilitate double-counting of VCUs to also represent a GHG reduction or removal in a supply chain
 - Requirement of a demonstrated notification to the buyers of impacted goods or services that GHG reductions or removals sold as VCUs cannot be claimed in companies' Scope 3 emissions inventories
2. Included Scope 3 emissions inventory claims under several sections of the VCS Program documents:
 - other GHG Programs;
 - Double Counting Definition;
 - Registration Representation Documents;
 - Issuance Representation Documents.

Long-term average



Long-term average

Background:

- VCS Standard requires ARR and IFM projects that harvest, or plan to harvest, to cap the credits at the long-term average (LTA) of the GHG benefit maintained by the project. The intent of this requirement is to prevent over crediting of projects.
- Updating *Program Definitions* and *VCS Standards* to provide clarity on when LTA must be applied.

Proposal: new guidelines

- Update *Program Definitions* by adding a quantitative definition of ‘*harvesting activity*’
- Update *VCS Standard* to require that projects exceeding the harvesting activity threshold apply an LTA
- Update *Program Definitions* by adding a definition of ‘*commercial species*’
- Update *VCS Standard* to require projects that plant commercial species apply an LTA, unless the project proponent provides a forest management plan with clear justification for why non-native commercial species are required and limit the percent of the project planted in commercial species

Next steps



Timeline (2022)

Tentative Date(s)	Activity
13 July – 11 September (inclusive)	Public consultation
September – November	Review comments and finalize proposals
December	Publish VCS Program updates

Questions and answers

- Verra strongly prefers receiving comments using the [template](#) on the Announcement page
- To submit clarifying questions or comments about these updates, email programupdates@verra.org
- [verra.org](#) > For Stakeholders > Updates > Proposed Updates to the VCS Program: Consultation (13 July 2022)

Proposed Updates to the VCS Program: Consultation

13 July 2022

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Verra periodically updates the rules and requirements for the Verified Carbon Standard (VCS) Program to expand its scope and to ensure it continues to reflect the latest science and technology. The following proposed changes are now open for public consultation until 11 September 2022:

1. Introduction of requirements for geologic carbon storage (GCS) activities, including associated tools and requirements;
2. Updates to the requirements for avoiding double-counting of carbon credits in Scope 3 emissions inventories;



Thank you!

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