VERRA Standards for a Sustainable Future

Intro to the VCS Program Issues Under Consultation

16 February 2022

Agenda

- Webinar overview (5 min)
- Individual updates (40 min)
- Next steps & questions (10 min)

Proposed Updates

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*;
2. Introduction of tonne-year accounting;
3. Clarification of rules around the subsequent registration of project instances in other VCS projects;
4. Clarification on how to manage non-permanence risk when instances leave in grouped projects and those with multiple activity instances;
5. Updates to uncertainty requirements; and,
6. Refinement of requirements for qualifying acceptable peer-reviewed literature.

Non-Permanence Risk Tool Updates

AFOLU and JNR Non-Permanence Risk

- AFOLU projects and JNR programs must contribute a portion of their credits to the pooled buffer account based on a risk assessment
- Buffer credits are used to cover carbon stock loss after a reversal
- Natural risk is assessed based on historical frequency and severity of natural loss events
  - Climate change, including sea level rise, could change natural risk profile of AFOLU projects and JNR programs

Approach to project future climate change impacts

Proposal:

- Require AFOLU projects and JNR programs to assess projected future climate change impacts on natural risks, including sea level rise

Approach:

- Based on the concept of climatic impact drivers (CIDs) under the Working Group I of the IPCC, including the following categories:
  - Heat and cold (e.g., mean air temperature and extreme heat)
  - Wet and dry (e.g., mean precipitation and fire weather)
  - Wind (e.g., tropical cyclones)
  - Coastal (e.g., coastal erosion and coastal flood)
- Assessment based on location and IPCC reference region
- Adaptive capacity criteria may be used to mitigate projected risk

Proposal: Projected future climate change impacts

Proposal:

- *Risk Report Calculation Tool* required for all AFOLU projects and JNR programs to calculate an amplification factor for natural risk
  - Amplification factor is used to multiply historic risk score for risk types that are expected to be impacted by climate change (e.g., fire and drought)
- New *Risk Report Calculation Tool Guidance* document
- Update the existing sea level rise requirements in the *VCS Methodology Requirements* and relevant methodologies

Proposal: ALM-specific risk and mitigation options

Background

- Agricultural land management (ALM) projects may have unique operational challenges, risks and mitigation opportunities that are not reflected in the current version of the *AFOLU Non-Permanence Risk Tool*

Proposal:

- Incorporate new risk and mitigation options into the *AFOLU Non-Permanence Risk Tool*, such as:
  - **Project management:** farmers are not aware of potential for yields to temporarily decrease due transition to improved agricultural practices
  - **Market risk:** price of the commodity(ies) produced by the project have fallen by >30 percentage points in the last 5 years

Tonne-year accounting

VCS requirements for permanence

Background:

- For some project types, such as shorter duration activities, guaranteeing permanence over the long-term can be challenging. Yet, these practices still have atmospheric benefits.

Proposal: introduce tonne-year accounting

Proposal:

- Introduce tonne-year accounting as an alternative approach to the buffer for managing non-permanence risk
  - One tonne-year represents the atmospheric benefit of a tonne of CO_2e stored for a year
  - Enables sequestration projects to quantify temporary carbon storage
- Projects using tonne-year accounting do not need to make buffer contributions
- Conversion rate of 100 tonne-years to 1 tonne (or 1% per year)

Subsequent project instance registrations

VCS requirements for subsequent project instance registrations

Background:

- Landowners (e.g., farmers and family foresters) participating in grouped projects or non-grouped projects with multiple activity instances (aggregated projects) desire the flexibility to exit one project and subsequently enroll in another
- VCS Program does not have rules that prohibit or enable this, nor procedures to ensure no double counting if allowed
- Potential introduction of tonne-year accounting exacerbates the issue

Proposal: Allow subsequent project instance registrations

Proposal:

- Allow instances in AFOLU aggregated projects to leave one project and subsequently join another if:
  - Instances are continuously monitored (unless tonne-year accounting is used)
  - Instances meet all project requirements described in Chapter 3
  - The total crediting period does not exceed existing guidance (Sections 3.8.2 to 3.8.8), and the start date for the instance remains the date on which the activities that led to the generation of GHG emission reductions and/or removals were implemented
  - Geodetic polygons are provided for every instance included in the project in a KML file to manage double counting risk
  - Instances are assessed at verification to ensure there is no double-counting

Proposal: Allow subsequent project instance registrations

- Note: This update would not be operational until associated template and registry changes were implemented

Non-permanence risk in grouped projects and projects with multiple activity instances (aggregated projects)

VCS requirements for non-permanence risk in aggregated projects

Background:

- Project longevity requirements for individual project activity instances within an aggregated project are unclear
  - 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”
  - Private landowners are often unwilling and/or unable to sign 30-year contracts, but participation is key to maximizing climate action
- Guidance on how to manage non-permanence risk when an instance leaves an aggregated project before the end of the crediting period is also unclear

Proposal: clarify how to manage non-permanence risk in aggregated projects

Proposal:

- Individual instance (e.g., landowner) contracts can be less than 30 years, with a plan for ensuring 30-year longevity at the aggregate project level
- If an instance leaves a project and does not join another, the carbon stock previously credited shall be conservatively assumed lost
- If an instance leaves a project and enters another, the original project does not need to conservatively assume a loss of the carbon stock credited, and the new project becomes fully responsible for the permanence of the instance (including carbon previously credited)

Proposal: clarify how to manage non-permanence risk in aggregated projects

Proposal:

- **Note:** These updates are part of a broader set of changes to improve and clarify how permanence is addressed, including changes to the *AFOLU Non-Permanence Risk Tool* and plans to develop a remote long-term monitoring system.

Uncertainty assessment

VCS requirements for uncertainty assessment

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
- Different approaches to uncertainty assessment can lead to inconsistent estimates of ERRs
- More clarity is needed on uncertainty assessment throughout the VCS Program so that projects consistently apply sound statistical principles, such as those published by the IPCC

Proposal: uncertainty assessment

Proposal:

- Update text to point to the latest IPCC guidance on uncertainty assessment and related definitions, e.g., random error, bias
- Restrict to only use the 90% confidence interval (strike option to also allow 95% CI)
- Provide clearer guidance on procedures to calculate an appropriate conservativeness deduction
  - Seeking feedback on two proposed options for conservativeness deduction

Peer-reviewed literature

VCS requirements for peer-reviewed literature

Background:

- Numerous VCS methodologies point to the need for peer-reviewed literature when establishing default factors in project GHG quantification
- No requirements or guidance are given regarding what constitutes peer-reviewed literature
- Ambiguity when project developers and VVBs evaluate whether a given source qualifies as peer-reviewed literature
- Proliferation of low-quality and questionable pseudo-scientific peer-reviewed journals

Proposal: peer-reviewed literature

Proposal:

- Require that peer-reviewed literature used in VCS projects be indexed in the leading academic database of reputable, high-quality scientific journals, the *Web of Science: Science Citation Index* (available at https://mjl.clarivate.com)

Next Steps

Tentative Date(s)	Activity
7 February – 8 April (inclusive)	Public consultation
April – May	Review comments and finalize proposals
June 2022	Publish VCS rule changes

Questions and Answers

- To submit comments about these updates, email secretariat@verra.org
- With clarifying questions, email mborden@verra.org

- *verra.org* > For Stakeholders > Updates >

Thank you!

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