August 2023 VCS Program Updates: Overview for Project Developers

25 September 2023

Webinar Objectives

- Provide an overview of the August 2023 VCS Program Updates
- Answer questions from project developers on the VCS Program Updates

Agenda

I. Overview of the updates – 60 min

Effective Immediately	Buffer release requirements Loss event reporting requirements Publicly posted documents/Commercially sensitive information Project location requirements Most recent version of data sources Use of joint program templates Request denial processes Communications agreements
Effective 1 January 2024	Updated version of AFOLU non-permanence risk tool Revised project longevity and monitoring requirements
Effective 1 March 2024	Improved VCS project templates Revised safeguard, stakeholder engagement requirements Comments received outside of PCP Clarified double-counting requirements/Scope 3

II. Q&A -30 min

VERRA

Key documents to review

- Summary of effective dates document: https://verra.org/wp-content/uploads/2023/08/August-2023-Overview-of-VCS-Program-Updates-Effective-Dates.pdf
- All updated VCS Program documents: https://verra.org/programs/verified-carbon-standard/vcs-program-details/.
  - Key documents: *VCS Standard, v4.5*, *VCS Program Definitions, v4.4*, and *Registration and Issuance Process, v4.4*, etc.
- Updated VCS Project Templates

More about the effective dates document

https://verra.org/wp-content/uploads/2023/08/August-2023-Overview-of-VCS-Program-Updates-Effective-Dates-12-Sept-2023.pdf

ID#	Description of Update	Affected Documents & Section Numbers	Effective Date
1.	Errata documents will now be referred to as correction documents. More clarity has been provided on the purpose of **correction and clarification documents.**	*VCS Program Guide, v4.4,* Section 1.1	Effective immediately
2.	Added information about Verra's role in overseeing **validation/verification body performance**. Added a new section on sanctions of validation/verification bodies in cases of non-conformance with Verra rules.	*VCS Program Guide, v4.4,* Section 2.5.6, Section 6	Effective immediately
3.	Inclusion of requirement for **subject matter expertise of validation/verification bodies** assessing methodologies. Clarified renumeration that the developer is expected to pay to the validation/verification body for methodology assessment.	*VCS Program Guide, v4.4,* Section 5 *Methodology Development and Review Process, v4.3,* Section 3.5.2 *Methodology Assessment Report Template, v4.2*	Effective immediately for new proposed methodologies and major revisions proceeding from the concept note to the next stage of the *Methodology Development and Review Process*

About effective dates

“Effective immediately” means that the update applies to all project requests submitted on or after the release date (29 August 2023).

“All project requests” refers to any project request submitted to the Verra Registry, e.g., pipeline listing requests (as under development or under validation), project registration requests, and verification approval requests.

For updates that are not effective immediately, project proponents may conform with updated requirements before the effective date. If project proponents choose to make such update ahead of the effective dates, the validation/verification body must validate or verify the project in accordance with the updated requirements.

Key Updates

Effective immediately

Buffer release requirements and process (ID#9)

Intent	Clarified buffer release requirements, including requirements for when a project can request a buffer release.
Sections	*VCS Standard, v4.5*, Section 3.2.15; *RIP*, v4.4, Section 5.2.1 – 5.2.5
Summary	Clarified buffer release requirements, including requirements for when a project can request a buffer release.

> 5.2.1 Projects are eligible for buffer credit releases when the non-permanence risk rating in the latest approved verification report remains the same or decreases from the previous verification report. Buffer credit releases occur after the subsequent verification request is approved by Verra. Project proponents may request a buffer release within 3 months after Verra approves a verification request. The request must be sent via an email to registry@verra.org. Buffer credits released from the AFOLU pooled buffer account will be issued as VCUs into the designated Verra Registry account upon payment of the VCU issuance levy.

Revised Section 3.2.15 in the *VCS Standard* to remove 'buffer credits are not VCUs'

> 3.2.13 Buffer credits shall be deposited in the AFOLU pooled buffer account based upon the non-permanence risk report assessed by the validation/verification body. Buffer credits are not VCUs and cannot be traded. The full rules and procedures with respect to the deposit of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.

Loss event reporting requirements (ID#37)

Intent	Clarified loss event reporting requirements. Updated definition of 'loss event'
Sections	*VCS Program Definitions, v4.4*; *Registration and Issuance Process, v4.4,* Sections 5.3.1-5.3.7
Summary	Clarified loss event reporting requirements. E.g., prepare and submit to registry@verra.org 4) Be verified by a validation/verification body. The verification may be completed as part of the subsequent verification. Updated definition of 'loss event'. Loss Event • In an AFOLU project, any event or group of events that results in a cumulative loss of more than five percent of previously verified emission reductions and removals. An event qualifies as a loss when it affects carbon stocks in pools included in the project boundary and that are expected to be sequestrated and/or maintained under the project scenario. Examples include illegal logging, tillage, and fuelwood collection. or

Publicly posted documents (ID#43)

Intent	Clarified which project documents are publicly posted for each project request.
Sections	*Registration and Issuance Process, v4.4*, Sections 3.1.14 and 4.2.7
Summary	Clarified which project documents are publicly posted for each project request.

> 4.2.7 All documents submitted to Verra as part of the request, comments received, and documents Verra issues as part of project request will be public, except for commercially sensitive information and proof of contracting. Where a project document contains commercially sensitive information, the project proponent may submit a public and a private version of the document. The information in the private document shall meet the definition of "Commercially Sensitive Information" in the VCS Program Definitions.

Public comments: Verra posts a public summary of all comments received during the PCP

> 3.1.14 Any comments shall be submitted through the project's page on the Verra Registry. Respondents shall provide their name, organization, country, and email address. At the end of the public comment period, Verra provides all comments received to the project proponent. Verra posts a public summary of all comments received during the proved during the public comment period. The project proponent shall address such comments as set out in the *VCS Standard*.

Commercially sensitive information (ID#12)

Intent	Updated requirements on commercially sensitive information and clarified what can/cannot be considered commercially sensitive.
Sections	*VCS Standard, v4.5*, Sections 3.5.2 – 3.5.4; Updated VCS templates

Summary	• Updated requirements on commercially sensitive information and clarified what can/cannot be considered commercially sensitive.
	  • Added language, e.g., Commercially sensitive may be protected…..where it can be demonstrated, to Verra's satisfaction.."
	  • Section 3.5.4 separated : List of information not to be considered commercially sensitive, (e.g., determination of baseline scenario; demonstration of additionality, quantification of estimated and actual GHG ERRs, calculation of the NPR score.) based on existing *Program Definitions*.
	  • Included instructions on sensitive information reporting in the VCS project templates.

Project location requirements (ID#14)

Intent	More specific project location information is now required for non-AFOLU and non-GCS grouped projects/projects with multiple activity instances.
Sections	*VCS Standard, v4.5*, Sections 3.11.1
Summary	3.11.1 The project location shall be specified in the project description. Project location requirements for AFOLU and GCS projects are specified below and in the *GCS Requirements* respectively. All other projects shall provide: 1) The country, region/state/province, district, and community/municipality/city 2) For projects with a single project activity instance, a single geodetic coordinate 3) For projects with multiple project activity instances (see Sections 3.6.4 –3.6.22) and grouped projects (see Section 3.6.10), either: a) A geodetic coordinate for each instance, provided in a KML file; or b) Geodetic polygon(s) provided in a KML file that: i) Encompass all instances in the project, and ii) Delineate the smallest administrative division of land for the local government (e.g., if the activity takes place within six villages, the six villages must each have their own polygon).

Most recent version of data sources (ID#17)

Intent	Added a new requirement to clarify when project proponents should use the most recent versions of data sources.
Sections	*VCS Standard, v4.5*, Section 3.15.5
Summary	3.15.5 At validation, the project proponent shall use the most recent version of a data source available to establish default values, data, or parameters. At verification, the project proponent shall use the most recent version of a data source available for data or parameters that are monitored.

Use of joint program templates (ID#42)

Intent	Clarified that projects cannot submit a joint program template for any request if the project is only requesting listing, registration, verification approval, or crediting period renewal under one program
Sections	*Registration and Issuance Process, v4.4,* Sections 3.1.6 and 4.2.8
Summary	3.1.6 Projects participating in multiple Verra programs (e.g. the VCS Program and the CCB Program) may submit joint templates only if the project proponent is making concurrent requests under the VCS Program and the other program(s).

Request denial processes (ID#45)

Intent	Updated request denial processes and restructured the information related to review process. Verra Registry statuses to reflect these processes will be available soon.
Sections	*Registration and Issuance Process, v4.4,* Section 4.3
Summary	• No more 'Completeness' and 'Accuracy Reviews', just 'Project Reviews' • New 'Project Request Denial Process' section • Verra will not begin project reviews until all relevant docs are submitted • Verra may deny the request at any point during the review process Verra MAY deny for the following reasons: 1. Where documentation is deemed incomplete, of unsatisfactory quality, or where immediate non-conformances with the VCS Program rules are identified. 2. The project proponent or validation/verification body significantly alters the project documents outside the scope of the findings issued by Verra. 3. Where findings are not satisfactorily closed after three rounds of review. 4. No response is received from the validation/verification body within 60 days from the date the project review report was issued.

Request denial processes (ID#45)

Intent	Updated request denial processes and restructured the information related to review process. Verra Registry statuses to reflect these processes will be available soon.
Sections	*Registration and Issuance Process, v4.4,* Section 4.3

Summary	• New requests may only be submitted after 90 days from the date of denial.
	• For registration requests that are denied
	  • Projects must submit a new request within one year of denial, else will be **rejected**.
	  • When findings are not addressed to Verra's satisfaction after two denials, project will be **rejected**.
	  • New registration fee must be paid.
	• For crediting period renewal requests that are denied
	  • Projects must submit a new request within one year of denial, else will be **inactive** and can no longer renew.
	  • When findings are not addressed to Verra's satisfaction after two denials, project will be **inactive** and can no longer renew.

Communications agreement (ID#46)

Intent	Revised the communication agreement requirements with clearer information about how project proponent(s) submit communication agreements to the Registry to designate one Authorized Representative for the project.
Sections	*Registration and Issuance Process, v4.4,* Section 7.1.1 – 7.1.5
Summary	7.1.2 Where there are multiple project proponents, all project proponents shall execute the communications agreement, which shall be provided to the Verra Registry. The authorized representative may be a third party or appointed from among the project proponents. 7.1.3 Where there is a single project proponent, a communications agreement may also be provided to designate a third party as an authorized representative. 7.1.4 To terminate an authorized representative, the project proponent (where there is one project proponent) or all project proponents (where there are multiple project proponents) shall provide a signed written notification of the termination to Verra. Thereafter, the project proponent(s) shall follow the requirements in Section 7.1.2 and 7.1.3 to sign a new communications agreement, where relevant. Such agreement supersedes any prior (terminated) communications agreement. 7.1.5 A project shall only have one authorized representative at any given time, as appointed via the communications agreement.

Key Updates

Effective 1 January 2024

Updated version of AFOLU non-permanence risk tool (ID#8)

Intent	Include further provisions on permanence and introduce an online tool.
Sections	*VCS Standard, v4.5*, Section 3.2.10, 3.2.11, 3.2.14, 3.6.19 *VCS Methodology Requirements, v4.4*, Section 3.6.29 *AFOLU Non-Permanence Risk Tool, v4.1*
Summary	• Incorporation of future climate change impacts and sea level rise • Increased minimum withholdings • Additional withholdings for past government intervention and failure to submit a loss report. • Extended project longevity period to 40 years and removed stakeholder engagement mitigation measure (now required in the VCS Standard, v4.5). • Required use of the AFOLU Non-Permanence Risk Assessment Calculator to generate the Non-Permanence Risk Report.

Revised project longevity and monitoring requirements (ID#10)

Intent	Updated non-permanence monitoring and compensation requirements to a minimum of 40 years.
Sections	VCS Standard, v4.5, Sections 3.2.18 - 3.2.19, 3.2.24 - 3.2.27 Registration and Issuance Process, v4.4, Sections 5.3.4, 5.3.11 AFOLU Non-Permanence Risk Tool, v4.1
Summary	• Crediting periods and contracts can still be 20 or 30 years; only the longevity period and monitoring and compensation commitment must be 40 years • The monitoring and compensation requirements must also be followed when an instance leaves a project before the end of the project longevity. • Verra may monitor a project or class of project types where the crediting period is less than 40 years. • Will be required for CCP labels • Note: This update is effective for projects which request registration on or after 1 January 2024. See the *Corrections and Clarifications to the VCS Program Rules and Requirements, published 25 September 2023.*

Key Updates

Effective 1 March 2024

Improved VCS project templates (ID#51)

Intent	Streamline and clarify reporting requirements, and include new program updates.
Sections	*VCS Project Description Template, v4.3* *VCS Validation Report Template, v4.3* *VCS Monitoring Report Template, v4.3* *VCS Verification Report Template, v4.3* *VCS Joint Project Description & Monitoring Report Template, v4.3* *VCS Joint Validation & Verification Report Template, v4.3*
Summary	Revised VCS project templates to: • Provide more guidance to users (both project proponents and validation/verification bodies) on how to use the templates, • Improve formatting to add clarity and transparency on what requirements to meet in each section, and • Align with other VCS Program updates.

Revised Stakeholder Engagement requirements (ID#18)

Intent	Expand stakeholder engagement requirements to apply to all project types. Include provisions in safeguards that are directly related to stakeholder engagement.
Sections	*VCS Standard, v4.5* Sections 3.18 *VCS Program Definitions, v4.4* Updated VCS Templates
Summary	• New requirement for timing of stakeholder engagement. • Clarified what "stakeholder" represents under the VCS Program. • Expanded requirements on Free, Prior, and Informed Consent (FPIC). • Included formal procedure for comments received outside of the public comment period. Note: Section 3.18.2 does not apply to projects with a start date prior to 1 October 2023. See the *Corrections and Clarifications to the VCS Program Rules and Requirements, published 25 September 2023.*

Updates to VCS Program Safeguards (#18)

Intent	Expanded the concept of “no net harm” for improved integrity and to meet ICVCM requirements
Sections	*VCS Standard, v4.5* Sections 3.19 *VCS Program Definitions, v4.4* Updated VCS Templates
Summary	• Clarified that project proponents reporting on SDGs must also report on contributions to the host country’s SDG reporting. • Restructured safeguards into two categories: safeguards requiring a risk assessment and safeguards where there can be no risk. • Risk assessments are required to evaluate the project’s impact on stakeholders and the environment. • Included further specifications on human rights and equity including workers rights, harm to women and girls, harm to minorities, rights of Indigenous Peoples, Local Communities, and customary rights holders. • Included new provisions on property rights, including benefit-sharing plans.

Revision of Ecosystem Health Safeguards (#18)

Intent	Strengthen no negative impacts on ecosystems due to project activities including usage of invasive and non-native species, and ecosystem conversion.
Sections	*VCS Standard, v4.5* Sections 3.19 *VCS Program Definitions, v4.4* Updated VCS Templates
Summary	• Strengthened invasive species requirements and introduced reporting requirements for non-native species usage and justification. • Projects will need to justify the usage of any non-native species and demonstrate that they are not invasive. • Specified the usage of non-native monocultures in ARR and WRC. Not applicable to projects with a start date prior to 1 March 2024, pending further consultation. See *Correction and Clarification to the VCS Program Rules and Requirements,* published 12 September 2023

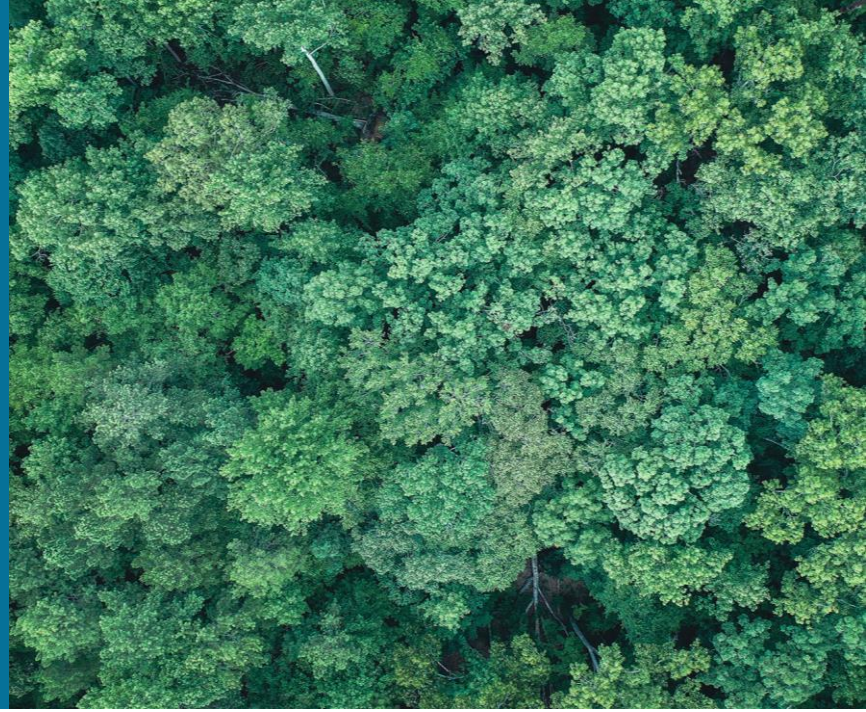
Comments received outside of PCP (ID#19)

Intent	Formalizing an already in place procedure, in alignment with CCB and SD VISta.
Sections	*VCS Standard, v4.5, Sections* 3.18.14, 4.1.6 – 4.1.7 *Registration and Issuance Process, v4.4,* Section 7.3 Updated VCS templates
Summary	• Comments that are submitted to Verra outside of the comment period will be shared with project proponents and VVBs • Project proponents shall evaluate and address any comments within one year of receipt, which shall be assessed by a VVB at the next validation/verification.

Clarified double-counting requirements/Scope 3 requirements (ID#20/ID#21)

Intent	Project proponents must uniformly disclose if they are registered in multiple programs and/or GHG-related crediting systems that may overlap with the VCS Program
Sections	*VCS Standard, v4.5*, Section 3.23, 3.24 *Registration and Issuance Process, v4.4*, Section 4.2 Updated VCS templates *VCS Program Definitions, v4.4*
Summary	• Verra clarified the VCS double counting requirements, as well as disclosure and evidence requirements for no double issuance and no double claiming. Updated supply chain reporting requirements. • Updated requirements on disclosure of double issuance, claiming, and supply chain accounting. Such requirements include reporting on other GHG Programs, emissions trading programs, binding emission limit, and GHG related environmental credit systems.

Q&A



Thank You

Photo: FUNDAECO / REDD Conservation Coast Project

For questions pertaining to VCS Program Updates: programupdates@verra.org

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