

SUMMARY OF PUBLIC CONSULTATION

VM0053 Alternative Low-Carbon Fuels for Shipping, v1.0

A draft of *VM0053 Alternative Low-Carbon Fuels for Shipping, v1.0* was open for public consultation between November 18, 2024 and December 18, 2024. This document includes a list of all comments received and the developer’s response.

KEY QUESTIONS

Q1: If you have feedback that is applicable to the entirety of the proposed methodology, or is not section-specific, please indicate so here. For section-specific feedback, please use the General Feedback drop-downs below.

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#	Organization	Comment	Developer’s Response
1	FincoEnergies	FincoEnergies’ feedback focuses on the draft methodology’s mitigation of the risk of double counting. Our concern in summary is that the methodology as currently drafted appears to not adequately mitigate the risk of double counting between the participating carrier who wishes to claim the resultant scope 1 emission reduction, and the credit purchaser who also wants to claim the same emission reduction via an offset. The same concern applies to scope 3 claims between the carrier’s cargo owners and the credit	This is not an issue of the methodology and a concern applicable to any carbon credit methodology and any carbon credit project. This is therefore not an element which is discussed at methodology level but a generic issue discussed at the Project Development level, specifically in the VCS PD under point 1.16 and 1.17 under guidance of the latest version of the VCS Standard.

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		<p>purchaser offsetting their scope 3 emissions.</p> <p>Prior to the submission of this feedback, FincoEnergies posed the below questions on the topic to Verra:</p> <p>""1) Are the credits intended to be used to offset only scope 3 emissions? Or are they intended to compensate emissions from any scope? (I.e. Scope 1, 2, 3).</p> <p>2) Double counting:</p> <p>2a) If the credits are intended to be able to be used to offset scope 1 emissions, how does the methodology avoid double counting between the carrier (vessel operator) who burns the low carbon fuel and then wants to report the subsequent lower scope 1 emissions, and the credit purchaser who wants to use the credits to offset their scope 1 emissions?</p> <p>2b) If the credits are intended to be used to offset scope 3 only, how does the methodology avoid double counting between the carrier's physical cargo owners (i.e. those with cargo physically on the carrier's vessels so using the carrier's reported reduced emission profile for their scope 3 emissions calculations) and the credit purchasers using the credits to offset their scope 3 emissions (e.g. scope 3 transportation emissions)?"</p> <p>Verra responded by stating the credits were</p>	

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		<p>for use against all scopes and then referring to sections of the overarching VCS Standard for measures relevant to avoiding double counting, including:</p> <ul style="list-style-type: none"> - Section 3.23: Double Counting and Participation under Other GHG Programs - Section 3.24: Double Claiming, Other Forms of Credit, and Scope 3 Emissions <p>O And specifically Section 3.24.7: Supply Chain (Scope 3) Emissions</p> <ul style="list-style-type: none"> - Section 3.7: Ownership - The definition of “proof of right” in the VCS Program Definitions <p>While FincoEnergies is not certain it has applied the VCS Standard provisions to the draft methodology as Verra intends, this matter does not appear to be well-addressed, providing an opening for double counting to result. The only firm measure appears to be essentially a requirement for the project owner (e.g. the carrier) to make a public statement on its website that credits may have been generated in its use of low carbon fuels on its vessels (section: 3.24.7 Supply Chain (Scope 3) Emissions).</p> <p>We consider this will not adequately minimize the risk of double counting arising via the scenarios raised in our questions quoted above.</p> <p>Fundamentally, it is also not clear how it is possible for such credits other than scope 3</p>	

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		<p>credits to be created without double counting. A carrier is unlikely to purchase and use biofuel if it cannot also utilize the consequent lower emissions in its scope 1 reporting, but if it does report the lower scope 1 emissions then it does not appear possible for a credit to also be created and used to offset scope 1 without double counting. FincoEnergies therefore suggests the methodology is amended to only allow the creation of scope 3 credits, or if Verra believes scope 1 credits are possible without double counting then to comprehensively outline the rationale that supports that position in the methodology.</p> <p>FincoEnergies suggests that Verra focuses on improving its communication on this topic via a dedicated section of the methodology explaining the double counting risk specific to the methodology and how it plans to mitigate it. FincoEnergies suggests that Verra develops its double counting mitigation measures with reference to the Smart Freight Centre's (SFC) document titled "Voluntary Market Based Measures Framework for Logistics Emissions Accounting and Reporting" (MBM Framework) (2023), particularly the discussion on disclosures within Chapter 11: Booking and claiming without erroneous double counting, and if available SFC's soon to be released accounting Annex addition to the MBM Framework.</p>	

GENERAL FEEDBACK

Section 4 – Applicability Conditions

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2	Anonymous 1	<p>"Propose to make the methodology applicable for the use of recycled carbon fuels.</p> <p>'Recycled carbon fuels' means liquid and gaseous fuels that are produced from liquid or solid waste streams of non-renewable origin which are not suitable for material recovery in accordance with Article 4 of Directive 2008/98/EC, or from waste processing gas and exhaust gas of non-renewable origin which are produced as an unavoidable and unintentional consequence of the production process in industrial installations. (RED II, Article 2, Definitions, paragraph (35))</p> <p>Recycled carbon fuels are an alternative to the consumption of conventional fossil fuels, by reducing emission from their production. For example, well-to-tank emissions from fossils can be drastically reduced by recycled carbon fuels.</p> <p>The European Commission, endorsed by the IMO, has acknowledged the use of recycled carbon fuels as part of their actions to lower</p>	<p>We have not included recycled carbon fuels as we (i) doubt they will be used significantly and (ii) require a different methodological approach: Recycled Carbon Fuels (RCFs) are based primarily on the bacterial fermentation of carbon monoxide in industrial off-gases and liquid fuels from plastic waste or synthetic rubber. Concern with RCFs which would need to be addressed in a meth. and which are not of concern for e-fuels are the displacement of existing energy recovery and that emissions would otherwise be semi-permanently sequestered (in case of plastics deposited in landfills) thus not resulting in a net climate benefit. For the reasons of limited market scope and a very different meth approach required we have therefore decided to not include RCFs</p>

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		emissions in the maritime sector.	

Section 5 - Project Boundary

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3	Anonymous 1	Propose to include, as part of the boundary, the upstream emissions of baseline and project fuels to maximize the impact of the methodology.	System boundaries include well-to-gate and gate-to-tank of the e-fuels. For baseline fuels only combustion emissions are included as this is a conservative approach in-line with other approved CDM or VCS transport methodologies or the EU regulation for shipping. For project fuels system boundaries include emissions generated upstream for e-fuel production, and transport (well-to-wake)