SUMMARY OF PUBLIC CONSULTATION

VT0008 Additionality Assessment, v1.0 and VT0009 Combined Baseline and Additionality Assessment, v1.0

A draft of *VT0008 Additionality Assessment, v1.0* and *VT0009 Combined Baseline and Additionality Assessment, v1.0* was open for public consultation between August 21, 2024 and September 23, 2024. This document includes all comments received and the developer's response.

KEY QUESTIONS

Q1: Do you have any other feedback on the tools or the approach to additionality in the VCS Program (note, feedback not directly applicable to the tools will be considered in future VCS Program updates)?

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#	Organization	Comment	Developer's Response
1	Viresco Solutions	It seems this tool was developed in advance of the VCS Program Rules and Requirements (VCS Standard v5.0). Many of these questions are difficult to answer in this context.	Thanks for your comments. We encourage you to participate in ongoing and upcoming consultations for VCS Standard v5.0.
2	BASF SE	Yes, considering agricultural projects, the evaluation should focus on maximizing the adoption of sustainable practices on farms, providing an incentive for the transition to sustainable agriculture. The suggested quantification methods are not aligned with reality and do not even	Methodologies that incorporate these tools may introduce additional procedures or utilize only specific components. Agricultural projects are not required to use these tools unless explicitly stated in the methodology. We encourage you to participate in the public consultations for new and revised methodologies.

Q1: Do you have any other feedback on the tools or the approach to additionality in the VCS Program (note, feedback not directly applicable to the tools will be considered in future VCS Program updates)?			
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		consider the gradual adoption of sustainable practices, as occurs in the reality of agricultural scenarios.	
3	IAVVB	All comments for M0310 are applicable to M0331	Thanks for your clarification.
4	EKI Energy Services Ltd	1. Introduce validation guidelines or a checklist that provides specific criteria for verifiers to follow when assessing additionality claims. This would reduce subjectivity and ensure that all projects are held to the same standards, regardless of sector or region. A uniform scoring system for additionality risk factors (e.g., market penetration, regulatory barriers) could also be introduced to streamline assessments. 2. Develop a simplified additionality pathway for small-scale or micro projects. This could include default additionality rules based on project type, predefined benchmarks, or streamlined reporting requirements.	Thanks for your comment. These tools are based on the CDM tools and aim at aligning with CCP requirements. Other major updates may be included in future revisions. We will consider your comments for future revisions of these tools and ongoing improvements. Projects using a small scale CDM methodology may still follow the micro- or small-scale tools for additionality if they meet the requirements. For such projects, the use of these new tools is optional to align with CCP requirements.
5	Transition Finance	I think the tool, no matter what more you might add to it, is not going to sufficiently improve the project approval process. There are many limitations to relying on the additionality tool: 1) The tool requires the preparation of lengthy documents setting out all sorts of justifications which are inevitably overcome by project developers who have more information than VVBs or the standards bodies. You (and the VVBs) may feel good about pushing back, but in the end the additionality tool is like a test one can take several times -- at some point you figure out how to craft your answer in a way that fits. In short, I think the additionality tool is a bit of a mirage that gives everybody comfort but does not fundamentally ensure greater/more additionality than a positive list or a performance benchmark approach.	Thank you for your comment. The new tools are based on the CDM tools and aim to align with CCP project requirements. We will consider your feedback for future major updates. Please feel free to send further input to methodologies@verra.org

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		2) Use of the additionality tool also represents an extremely inefficient use of resources because each project is essentially conducting an industry/sector-wide analysis, which means these are being done repeatedly. It would be much better to invest the time upfront to create positive lists or performance benchmarks and enable investors to have a clearer view of the future -- rather than the blackbox represented by the additionality tool. 3) Because of the blackbox nature of project approval while relying on the additionality tool, the tool undermines long-term and larger-scale investment in climate solutions. When faced with the uncertainty posed by approving a project using the additionality tool, investors shy away from making big bets. 4) The use of the additionality tool marginalizes small stakeholders and communities, who have to hire expensive consultants to access the market.	
6	Future Climate Group	The tool is very good. It is clear and consistent with requirements that have been applied in the past	Thank you for your feedback.
7	Terra Global Capital	The approach in M0310, which incorporates investment and barrier analyses alongside the common practice test, provides a more holistic view of project additionality. This multi-dimensional approach ensures that various factors (financial, technological, and regional) are considered. Allowing projects the flexibility to omit requirements (b) and (c) in the CCP benchmark analysis would make the process less stringent but potentially lower the integrity of additionality claims for certain projects. Feedback for future updates could include enhanced alignment with the CCP requirements while maintaining flexibility for projects in regions with unique barriers (e.g.,	Thank you for your input. We will take your suggestions into account for future revisions.

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		least developed countries). A more tailored approach to financial thresholds for specific sectors and regions would also enhance the precision of additionality assessments.	
8	ALLCOT	No	Thank you for your feedback.

Q2: Are there any parts of the tools that would benefit from additional guidance or explanation to facilitate use of this tool?

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9	Viresco Solutions	It would be helpful to understand if additional tools will be developed for AFOLU project activities. In their current states, the Additionality and Combined Baseline & Additionality tool seem to limit the feasibility and scalability of AFOLU project types, specifically the Common Practice step.	The new tools do not currently cover AFOLU methodologies that rely on VT0001 or VT0002. Future updates to VT0008 may consolidate these tools into VT0008 and incorporate specific guidance for forestry projects, which may be adopted by certain methodologies. Methodologies may provide their own procedures and requirements for additionality assessment and only use certain parts of the new tools.
10	BASF SE	It would be helpful to understand if additional tools will be developed for AFOLU project activities. In their current states, the Additionality and Combined Baseline & Additionality tool seem to limit the feasibility and scalability of AFOLU project types, specifically the Common Practice step. Yes, more clarity and examples of the requirements.	The new tools do not currently cover AFOLU methodologies that rely on VT0001 or VT0002. Future updates to VT0008 may consolidate these tools into VT0008 and incorporate specific guidance for forestry projects, which may be adopted by certain methodologies. Methodologies may provide their

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			own procedures and requirements for additionality assessment and only use certain parts of the new tools.
11	IAVVB	Applicable geographical area shall be clear defined with guidance when no whole country is used	The new additionality tools are based on CDM tools and align with CCP requirements. Further adjustments may be considered in future revisions. Additional guidance has been added to previous requirements of the CDM tools.
12	EKI Energy Services Ltd	1. Provide more specific instructions on conducting sensitivity analyses, including which key variables (e.g., cost of capital, revenue streams, input prices) should be tested for variation. Offering templates or worked examples across different project types (e.g., energy, waste, forestry) would also be valuable in guiding proponents through this complex process. 2. Provide more visual aids such as flowcharts, step-by-step guides, or summary tables that visually represent the additionality assessment process from start to finish. These aids would help simplify navigation through the various steps and ensure that users do not overlook any critical elements.	Reasonable variations in investment analysis must reflect realistic changes in key parameters specific to the project activity and its implementation conditions. For example, third-party studies on solar power generation may indicate potential variations, as may market studies on pricing. A process flow chart has been added to the summary description.
13	Ambipar Environment	The practical examples of applying the requirements presented in tool M0310 do not consider AFOLU projects. We recommend adding these examples to facilitate understanding of how the tool applies to this project type. In the 'M0310-Additionality Assessment' tab, it is highlighted specific sections where AFOLU examples would be particularly useful.	The new tools do not currently cover AFOLU methodologies that rely on VT0001 or VT0002. Future updates to VT0008 may consolidate these tools into VT0008 and incorporate specific guidance for forestry projects, which may be adopted by certain methodologies. Methodologies may provide their own procedures and requirements for additionality assessment and only use certain parts of the new tools.
14	Future Climate Group	I seek clarification on the methodology for segregating power plants by their energy source as part of the common practice analysis for projects involving the construction of	Thank you for your questions. For requests related to a specific project, please send an email to the address provided at: https://verra.org/contact/

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		new grid-connected power plants. Specifically, I have questions regarding the application of the common practice tool in the context of energy source differentiation. Questions: 1. Technology Switch Measure: Does a project involving the construction and operation of a new power plant (greenfield) constitute a technology switch measure? Or is a technology switch measure only applicable when there is a direct substitution of an existing technology at the project site? 2. Step 4b of Common Practice Tool: Should the energy source (e.g. solar, wind, hydro) be used to identify similar projects under Sub-Step 2, or should it be used to identify different technologies within similar projects under Sub-Step 4? We refer to the clarification provided by the CDM Methodologies Panel (Meth Panel) in response to a similar query (Reference number: CLA_TOOL_0048, https://cdm.unfccc.int/methodologies/PAmethodologies/tools-clarifications/14861). The Meth Panel clarified that under Step 1, the project participant should calculate the applicable capacity or output range considering all power plants irrespective of their energy source. However, under Step 2, the list of power plants should be narrowed to include only those that use the same energy source as the proposed project activity. For example, a project participant implementing a solar photovoltaic power project should identify both CDM and non-CDM solar power plants, including solar photovoltaic plants (PV) and concentrated solar power plants (CSP).	

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		Subsequently, under Step 3, only those projects that were neither submitted for registration nor undergoing validation should be considered as Nall. Finally, under Step 4, the project participant should identify projects whose technology is different from that of the proposed project activity as Ndiff, following the criteria provided under the definition of "Different technologies" in the common practice tool. In our opinion, this approach fails to consider the penetration rate of different energy sources in the Host country, which is an important component to determining common practice. It also leads to a scenario where the common practice is narrowed down by very specific attributes in a manner that "F" is artificially reduced to result in less than three. Your guidance on these matters would be highly appreciated to ensure the correct application of the common practice analysis in our project. Thank you for your attention to this matter. Best regards,	
15	Terra Global Capital	• Common Practice Analysis: More guidance on defining the ""geographic region"" and justification for limiting it would be useful, as regional distinctions may significantly affect additionality outcomes. While the concept of geographic relevance is addressed in the draft tool, practical examples and case studies would help project proponents navigate this requirement more effectively.	Project proponents may select the host country by default to simplify the analysis. For the cost of equity, default values in the Appendix can be used. Section A2.3.2 specifies that the cost of debt is based on financing costs in capital markets, such as commercial lending rates, which are typically available from financial institutions. Using default values can simplify the financial benchmark determination.

Verified Carbon Standard

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		• Financial Benchmarking: The M0310 tool introduces sophisticated methods for determining cost of equity and debt, which could benefit from clearer guidance, especially for project developers in regions with limited access to financial data. Templates or examples on how to apply these benchmarks in specific countries or sectors would help streamline the process.	
16	ALLCOT	No	Thank you for your comment.

Q3: The CCP Assessment Framework requires the benchmark analysis to demonstrate that: (a) the project activity would not meet the required financial benchmark without carbon credit revenues; (b) the economic performance of the mitigation activity increases decisively through carbon credit revenues; and (c) carbon credit revenues raise the financial indicator at or above the required financial benchmark. The new tools align with these requirements.

Verra is considering allowing projects an option to omit requirements (b) and (c). In these cases, projects would still be considered additional but would not qualify for the CCP label. Do you think this flexibility makes sense or should all new projects be required to fully align with the CCP requirements?

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17	Viresco Solutions	In general, this approach makes sense. However, it seems to omit certain AFOLU project activities, specifically avoided planned/unplanned degradation. Typically, these project types are influenced by environmental stewards aligning with the natural climate solution hierarchy (protect, enhance management, and then restore). The revenue from carbon credits may not raise the financial indicator above the benchmark of the baseline scenario (conversion scenarios), but scales the initiative of protecting critical ecosystems. It would be	The new tools do not currently cover AFOLU methodologies that rely on VT0001 or VT0002. Future updates to VT0008 may consolidate these tools into VT0008 and incorporate specific guidance for forestry projects, which may be adopted by certain methodologies. Methodologies may provide their own procedures and requirements for additionality assessment and only use certain parts of the new tools. We encourage you to participate in future public consultations of new and revised methodologies and tools.

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		beneficial to understand how/if Verra plans to address this.	
18	BASF SE	Considering agricultural projects, we believe that revenue from carbon credits will act as an incentive for change, but will never be the sole or primary reason why a farmer would enter into a carbon farming program. This is because many of the practices that are implemented by the farmer will happen before the receipt of the income from the credit itself, and the value or pricing of the credit still is still uncertain, to the extent that it is not financially representative when compared to the income from other agricultural practices. Thus, the revenue from carbon credits may not raise the financial indicator above the benchmark of the baseline scenario (conversion scenarios), but scales the initiative of protecting critical ecosystems. It would be beneficial to understand how/if Verra plans to address this.	Methodologies that incorporate these tools may introduce additional procedures or utilize only specific components. Agricultural projects are not required to use these tools unless explicitly stated in the methodology. We encourage you to participate in public consultations regarding these methodologies and future revisions.
19	IAVVB	Additionality should not have ranges, it is either additional or not, independent of CCP or any other reference	
20	EKI Energy Services Ltd	1. Allowing projects the option to omit requirements (b) and (c) while still being considered additional but not CCP-eligible makes sense in certain contexts. This flexibility can promote greater inclusivity in the VCS Program, particularly for smaller-scale, innovative, or community-driven projects that struggle to meet financial	Thank you for your feedback. Further requirements and guidance have been added to Appendix 2.

Q3: The CCP Assessment Framework requires the benchmark analysis to demonstrate that: (a) the project activity would not meet the required financial benchmark without carbon credit revenues; (b) the economic performance of the mitigation activity increases decisively through carbon credit revenues; and (c) carbon credit revenues raise the financial indicator at or above the required financial benchmark. The new tools align with these requirements.

Verra is considering allowing projects an option to omit requirements (b) and (c). In these cases, projects would still be considered additional but would not qualify for the CCP label. Do you think this flexibility makes sense or should all new projects be required to fully align with the CCP requirements?

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		benchmarks but are still crucial for reducing emissions. However, strong safeguards must be in place to ensure transparency and maintain the integrity of additionality across all projects. 2. Suggestion to Include an Example for Demonstrating Requirements (b) & (c) for CCP Labeling.	
21	The Nature Conservancy	We do think that allowing market flexibility here can make sense. We presume that Verra's intention there is backed by some evidence/understanding that a non-CCP option is attractive to some stakeholders. If that is true, we see no option with providing two distinct options, with specific attention to highlighting key differences. For example, even the 3 criteria presented here (i.e. A through C to the left), should be more explicitly defined. How is C different than A that it should be optional? Is C meant to define an improvement in financial indicator, where the original outcome was already above the necessary threshold? Whereas A implies the FI is originally below the threshold? We see a potential for a lot of confusion around the meaning of various labels, and the criteria that back them up, without clear, concise messaging. We encourage Verra (AND it's collaborators) to double down on science communications here: we need to not just build robust tools, but explain them so others can grasp the meaning, utility, and importance of these and subsequent improvements.	Thank you for your feedback. For clarification, please note that (c) is different than (a). If the financial indicator is above the benchmark without carbon revenues, the project is not additional (independent of b and c). If you need further guidance, please send us an email to methodologies@verra.org

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22	Ambipar Environment	Yes, the proposed flexibility seems reasonable. It would be helpful to confirm whether the only reason for not meeting the CCP label would be non-compliance with the items (b) and (c), or whether there are other requirements of the tool that should be met.	Thank you for your feedback.
23	Future Climate Group	I understand that the flexibility is logical. There is a potential negative feedback loop affecting carbon projects' financial additionality. Most projects exhibit a low delta in their IRRs because the current price of carbon credits is significantly lower than both the social cost of carbon and the cost of carbon allowances. This lower price partly stems from the perception that carbon credits are less credible and have lower additionality. As a result, we find ourselves in a situation where credits are low-priced because they are perceived as less additional, and they are not financially additional because they are low-priced."" Hence, adding this flexibility while the prices of carbon credits do not reflect their full value makes sense.	Thank you for your feedback.
24	Terra Global Capital	Allowing the omission of (b) and (c) (the economic improvement through carbon credits and raising financial indicators above benchmarks) provides flexibility. For projects in developing regions, alternative mechanisms (such as adjusted financial thresholds) could be explored	Thank you for your feedback.

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		to accommodate specific challenges without omitting key requirements.	
25	ALLCOT	We agree with this flexibility.	Thank you for your feedback.

Q4: The proposed new tools use a threshold of 20% for common practice (see M0310, Section 5.5.2, Step 4b). This threshold has been adopted from the CDM TOOL24 and has been widely used by different GHG programs. Do you think the 20% threshold remains appropriate? If not, could you explain and justify why a different value would be more suitable? If possible, please suggest alternative values, including sector- or project-specific options. Note that individual methodologies can still apply a different threshold within the methodology.

Q4: The proposed new tools use a threshold of 20% for common practice (see M0310, Section 5.5.2, Step 4b). This threshold has been adopted from the CDM TOOL24 and has been widely used by different GHG programs. Do you think the 20% threshold remains appropriate? If not, could you explain and justify why a different value would be more suitable? If possible, please suggest alternative values, including sector- or project-specific options. Note that individual methodologies can still apply a different threshold within the methodology.

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26	Viresco Solutions	This threshold appears to be appropriate. However, individual methodologies should be allowed to set a specific threshold related to the sector which the methodology covers, with appropriate justification.	Thank you for your feedback.
27	BASF SE	No, considering the benefit and the great impact expected to be generated within a sustainable farming project, the focus for agricultural projects should be to maximize the adoption of sustainable practices on farms and providing an incentive for the transition to sustainable agriculture. In addition, another interesting and valid approach could be to include a qualitative assessment, seeking to evaluate the development and improvement of practices already implemented, considering the gradual adoption in the area and the quality of management. A good reference that brings the same reflection can be found in the Indigo report called "ADDITIONALITY IN AGRICULTURAL CARBON CREDITS": "Transitioning to regenerative agriculture is a journey and is not accomplished by singular action	Thank you for your feedback. We will take your input into account for future revisions of these tools and/or new or revised methodologies. Please note that methodologies that incorporate these tools may introduce additional procedures or utilize only specific components of the tools. Agricultural projects are not required to use these tools unless explicitly stated in the methodology.

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		across a few fields. Encouraging certain farmers to adopt one additional practice should not be the goal, rather, farmers should be incentivized to continually adopt new practices and stack multiple additional practices to increase climate benefit and credits generated over time. Of course, this journey will require continued iteration and investment. Each incremental investment in beneficial practice changes can and should be seen as additional, so long as other guidelines, including performance standards and legal requirement tests, are met given the benefits of stacking practices, including the potential to increase soil carbon sequestration". https://www.indigoag.com/hubfs/PB_Additionality%20in%20Agricultural%20Carbon%20Credits.pdf?hsLang=en-us In this way we are also incentivizing the early adopters of sustainable agricultural practices. Currently such innovative farmers are excluded under the Verra rules of engagement.	
28	IAVVB	20% is OK	Thanks for your feedback.
29	EKI Energy Services Ltd	1. While the 20% threshold is a well-established and widely accepted standard for common practice analysis, it may not be universally applicable across all sectors and regions. We recommend maintaining the 20% threshold as a general rule, but introducing sector- or region-specific adjustments to better reflect the variability in technology adoption rates, particularly in Non-LDC regions. 2. Additionally, we request that an exemption be	Thank you for your feedback. We will take your input into account for future revisions of these tools and/or new or revised methodologies. Please note that methodologies that incorporate these tools may introduce additional procedures and requirements, or utilize only specific components of the tools.

Q4: The proposed new tools use a threshold of 20% for common practice (see M0310, Section 5.5.2, Step 4b). This threshold has been adopted from the CDM TOOL24 and has been widely used by different GHG programs. Do you think the 20% threshold remains appropriate? If not, could you explain and justify why a different value would be more suitable? If possible, please suggest alternative values, including sector- or project-specific options. Note that individual methodologies can still apply a different threshold within the methodology.			
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		provided for Least Developed Countries (LDCs) in demonstrating additionality. Specifically, we propose the following: i) We recommend skipping Step 4 (Common Practice Analysis) for projects implemented or operationalized in Least Developed Countries (LDCs). Or ii) Alternatively, increase the current 20% threshold to a minimum of 50%, as policies in most of these countries are still underdeveloped or not fully established.	
30	Transition Finance	Any kind of market/activity penetration (or other) threshold should be used to determine the point at which new projects should not be approved, not as a way of disqualifying proposed projects. Verry already sets something like this out under standardized approaches for activity methods. However, the 5% activity penetration needs to be revisited given it is not based on any empirical or academic evidence. Importantly, this threshold may likely vary by sector or project type, so it would be useful to set something out that reflects	Thank you for your feedback. We will take your input into account for future revisions. Please note that methodologies that incorporate these tools may introduce additional procedures and requirements, or utilize only specific components of the tools.
31	Future Climate Group	Please find my comment and questions on common practice. My opinion on this topic requires clarification on my questions.	Thanks for your feedback.
32	Terra Global Capital	The 20% threshold is widely used and provides a reasonable benchmark for assessing commonality across sectors. However, sectors or regions with nascent technologies might benefit from lower thresholds to account for early-stage adoption rates.	Thank you for your feedback. We will take your input into account for future revisions. Please note that methodologies that incorporate these tools may introduce additional procedures and

Q4: The proposed new tools use a threshold of 20% for common practice (see M0310, Section 5.5.2, Step 4b). This threshold has been adopted from the CDM TOOL24 and has been widely used by different GHG programs. Do you think the 20% threshold remains appropriate? If not, could you explain and justify why a different value would be more suitable? If possible, please suggest alternative values, including sector- or project-specific options. Note that individual methodologies can still apply a different threshold within the methodology.			
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		Offering flexibility for certain sectors could improve the precision of additionality assessments. A case-by-case methodology for adjusting this threshold within specific sectors would allow for more targeted evaluations.	requirements, or utilize only specific components of the tools.
33	ALLCOT	We propose to include higher flexibility in this analysis. Given the current market situation, some projects under development have had to seek alternative sources of financing to carbon credits in the last two years. This situation may affect common practice, i.e. shortly projects may be found to be viable with funding sources other than carbon credits and therefore will affect the common practice analysis. We consider that carbon credits are one more financial vehicle, but not the only one, and therefore, limiting that if there are more than 20% of non-carbon projects being viable, it is not additional, it does not seem aligned with the current situation of the carbon market.	Thank you for your feedback. We will take your input into account for future revisions. Please note that methodologies that incorporate these tools may introduce additional procedures and requirements, or utilize only specific components of the tools.

Q5: Are there any specific accommodations or flexibilities needed for Least Developed Countries (e.g., for the barrier analysis)? Would projects use these flexibilities if they did not qualify for the CCP label?

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34	BASF SE	This flexibility or specificity should be considered based on the characteristics of the agricultural project per se and not specifically just to Least Developed Countries. The criteria currently considered do not meet all methodologies and/or are not suitable for evaluating projects of all natures.	We have included additional flexibility for the barrier analysis for projects in Least Development Countries. We may consider your suggestion for future revisions or specific procedures and guidance in methodologies.
35	EKI Energy Services Ltd	1. Introduce simplified additionality pathways for small-scale or community-driven projects in LDCs, regardless of their CCP eligibility. These pathways could include predefined barriers based on regional and sectoral contexts, and allow for qualitative assessments in place of detailed financial models.	Thanks for your comment. These tools are based on the CDM tools and aim at aligning with CCP requirements. Other major updates may be included in future revisions. Projects using a small scale CDM methodology may still follow the micro- or small-scale tools for additionality if they meet the requirements. For such projects, the use of these new tools is optional to align with CCP requirements.
36	The Nature Conservancy	It is good that the proposed tool recognizes the lack of enforcement in developing (medium and low income) countries and requires up-to-date information for the alternative scenario. However, there is no guidance on how to assess if this lack of enforcement is a one year or one period event or if it is a consistent gap that will continue indefinitely in the future and creates space for action. Verra should consider options for including/addressing both temporary and semi-permanent issues around lack of enforcement, as these	Thanks for your feedback. We will consider including further guidance on enforcement in future revisions. Please note that the new tools currently do not cover forestry methodologies that rely on VT0001 or VT0002.

Q5: Are there any specific accommodations or flexibilities needed for Least Developed Countries (e.g., for the barrier analysis)? Would projects use these flexibilities if they did not qualify for the CCP label?			
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		situations exist in various developing economies that are a likely focus area for NCS-based mitigation in the near term. It would also be good to state what is the accuracy required in the evidence data (say to identify logging or deforestation in Protected Areas). We understand Verra's need to toe the line in terms of prescriptiveness, but we appreciate clear, objective requirements wherever possible as they aid implementation.	
37	Terra Global Capital	Additional flexibilities in the barrier analysis for LDCs could encourage more projects in these regions. Examples could include more lenient benchmarks for financial viability or additional guidance on non-financial barriers specific to these countries. Such accommodations would be essential for projects that do not qualify for the CCP label but still contribute significantly to emissions reductions in vulnerable regions.	We included additional flexibility for the barrier analysis for projects in Least Development Countries. Please note that benchmarks are established based on country-specific conditions and may be higher in LDCs. Default values are also provided in Appendix 2 for simplification.
38	ALLCOT	In the case of LDC's would be good to live the option of considering as additional a project which is first of its kind; taking into account that technology transfer and the adoption of cleaner technologies are not easy in these countries. At least, it would be great to have this option in cases in which the project does not want to apply for CCP labels.	Thanks for your feedback.

Q6: Is the process to establish the "applicable geographic region" in Section 5.1 clear? Do the "relevant factors" to establish the applicable geographic region cover all relevant aspects?

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39	Viresco Solutions	This process seems clear, with the assumption that the boundaries of Indigenous communities would fit within the relevant factors.	Thanks for your feedback.
40	IAVVB	Applicable geographical area shall be clear defined with guidance when no whole country is used	Thanks for your feedback. Please refer to the guidance and criteria to define the geographic area. Proponents may also apply the default option for simplification.
41	EKI Energy Services Ltd	Yes	Thanks for your feedback.
42	The Nature Conservancy	The (general) process and what criteria are relevant are both clear. What is unclear is the bar which that evidence must exceed in order to justify a non-default Applicable Geographic Area. Any additional information Verra can provide regarding the strength of evidence required or what that evidence must prove, would be helpful. For hypothetical example, "project proponent must show that factors 1 thru 6 lead to a difference in required investment cost of >=20% in order to justify the change...", or some other criterion. We don't have specific recommendations for a threshold at present, but think an objective measure of the "need" to alter the geographic region will be valuable at some point.	Thanks for your feedback. Please refer to the guidance and criteria to define the geographic area. Proponents may also apply the default option for simplification.
43	Future Climate Group	Yes	Thanks for your feedback.
44	Terra Global Capital	The guidance on establishing an "applicable geographic region" is reasonably clear, but further elaboration is needed for cases where projects limit the geographic scope. Additional factors like political	Thanks for your feedback. Please note that the criteria are not limited to the provided list. Project proponents may apply other criteria if they can justify the essential distinctions between the applicable geographic region and

Q6: Is the process to establish the "applicable geographic region" in Section 5.1 clear? Do the "relevant factors" to establish the applicable geographic region cover all relevant aspects?			
#	Organization	Comment	Developer's Response
		boundaries, regional investment climates, and specific market conditions should be considered. Providing detailed examples for different sectors and regions would improve clarity.	the rest of the host country that lead to different investment or implementation conditions specific to the project activity.
45	ALLCOT	The process is clear.	Thanks for your feedback.

Q7: Appendix 2 (Investment analysis requirements) requires determining the financial benchmark based on the weighted average costs of capital (WACC) for project IRR or required/expected returns on equity for the equity IRR, applicable to the country, sector and type of mitigation activity in order to align with the CCP requirements. Appendices A2.3.1 and A2.3.2 of the proposed tool provide different alternatives to determined the cost of equity (expected return on equity) and cost of debt. Do you consider the proposed alternatives fully comply with the CCP requirements? Do these options offer a pathway for determining the benchmark for all different project circumstances (e.g., project type, sector, country) based on verifiable information from reputable third-party sources?

Q7: Appendix 2 (Investment analysis requirements) requires determining the financial benchmark based on the weighted average costs of capital (WACC) for project IRR or required/expected returns on equity for the equity IRR, applicable to the country, sector and type of mitigation activity in order to align with the CCP requirements. Appendices A2.3.1 and A2.3.2 of the proposed tool provide different alternatives to determined the cost of equity (expected return on equity) and cost of debt. Do you consider the proposed alternatives fully comply with the CCP requirements? Do these options offer a pathway for determining the benchmark for all different project circumstances (e.g., project type, sector, country) based on verifiable information from reputable third-party sources?

#	Organization	Comment	Developer's Response
46	Viresco Solutions	The alternative A2.3.2 would benefit from additional guidance.	Could you further describe what guidance and clarifications should be included? Please send an email to methodologies@verra.org
47	IAVVB	The CCP requirements do not give any further detail requirements, hence and assessment against CCP is not possible	Further guidance has been included in Appendix 2, paragraph 12
48	EKI Energy Services Ltd	Yes	Thanks for your feedback.
49	Future Climate Group	Yes	Thanks for your feedback.
50	Terra Global Capital	The proposed alternatives for determining financial benchmarks align well with the CCP requirements, offering a flexible pathway that caters to diverse project circumstances. The inclusion of third-party	Thanks for your feedback. Could you send us some examples of countries or regions with a description of the limitations to obtain the required information? Please send it to methodologies@verra.org

Q7: Appendix 2 (Investment analysis requirements) requires determining the financial benchmark based on the weighted average costs of capital (WACC) for project IRR or required/expected returns on equity for the equity IRR, applicable to the country, sector and type of mitigation activity in order to align with the CCP requirements. Appendices A2.3.1 and A2.3.2 of the proposed tool provide different alternatives to determined the cost of equity (expected return on equity) and cost of debt. Do you consider the proposed alternatives fully comply with the CCP requirements? Do these options offer a pathway for determining the benchmark for all different project circumstances (e.g., project type, sector, country) based on verifiable information from reputable third-party sources?			
#	Organization	Comment	Developer's Response
		financial data sources (e.g., country risk reports) provides credibility. However, additional clarification on how to apply these alternatives in regions with less transparent financial markets would be beneficial. By integrating these refinements, the tools will offer stronger, more tailored guidance for project proponents and increase the credibility of carbon markets under the VCS program.	

GENERAL FEEDBACK – VT0008 ADDITIONALITY ASSESSMENT, V1.0

Section 1 - Summary Description of the Tool

Section 1 - Summary Description of the Tool			
#	Organization	Comment	Developer's Response
51	Conservation International	Does this tool also replace VT0001 and VT0002, it never mentions either, but the cover page states it is	The sectoral scopes have been removed from the cover page, as this tool is not sector-specific. Verra will publish methodology revisions for both VCS and CDM

Section 1 - Summary Description of the Tool			
#	Organization	Comment	Developer's Response
		applicable to Sectoral Scopes 1-16?	methodologies used under the VCS Program to incorporate the new tools. These updates will be announced and published on the website. Further updates to the new additionality tools may be implemented in future revisions, e.g., with the VCS Standard v5.0. The new tools currently do not cover forestry methodologies that rely on VT0001 or VT0002. VT0008 may be updated in the future to include specific requirements and guidance for forestry projects and be adopted by certain methodologies.

Section 4 - Applicability Conditions

Section 4 - Applicability Conditions			
#	Organization	Comment	Developer's Response
52	Viresco Solutions	Add list to the appendix to clarify which methodologies require the tool to be implemented. The applicability conditions section seems like it is written before VCS Standard 5.0. We recommend focusing on the finalization of VCS Standard v5.0 before changing the additionality assessment methods. As the standard overrides the methodology level at times.	The additionality approach of VT0008 is based on CDM TOOL01, with modifications to improve clarity, consistency, and align with CCP requirements to enable the CCP label for certain methodologies where ICVCM did not approve the TOOL01 approach. Verra will publish methodology revisions for both VCS and CDM methodologies used under the VCS Program, to incorporate the new tools. These will be announced and published on the website. Further updates to the new additionality tools may be implemented in future revisions.

Section 4 - Applicability Conditions			
#	Organization	Comment	Developer's Response
53	BASF SE	Add list to the appendix to clarify which methodologies require the tool to be implemented. The applicability conditions section seems like it is written before VCS Standard 5.0. We recommend focusing on the finalization of VCS Standard v5.0 before changing the additionality assessment methods. As the standard overrides the methodology level at times.	The additionality approach of VT0008 is based on CDM TOOL01, with modifications to improve clarity, consistency, and align with CCP requirements to enable the CCP label for certain methodologies where ICVCM did not approve the TOOL01 approach. Verra will publish methodology revisions for both VCS and CDM methodologies used under the VCS Program, to incorporate the new tools. These will be announced and published on the website. Further updates to the new additionality tools may be implemented in future revisions.

Section 5 – Procedures – Overall Comments

Section 5 – Procedures – Overall Comments			
#	Organization	Comment	Developer's Response
54	Terra Global Capital	Could more detailed examples be provided on what constitutes an "essential distinction" when limiting the geographic area? What specific types of evidence are acceptable to justify these distinctions?	Further guidance has been included.

Section 5.1 - Applicable Geographic Area

Section 5.1 - Applicable Geographic Area			
#	Organization	Comment	Developer's Response
55	IAVVB	emphasize the importance of the term 'verifiable', in terms of the traceability of the values calculated and reflected in the spreadsheets by the project developer.	Regional circumstances may be important in identifying realistic alternatives and assessing additionality, for example, in large countries with regional variations or project types with specific local or regional contexts. Factors that may narrow the range of credible alternatives and influence the additionality assessment include subsidies, policies, laws, climatic or geological conditions, socioeconomic factors, infrastructure, and access to markets and resources.
56	Conservation International	Default as entire host country allows a lot of room for interpretation and manipulation, provide more detailed guidelines on selecting geographic area. In some instances both national and local conditions will apply.	The additionality approach of VT0008 is based on CDM TOOL01 and aims to align with CCP requirements to enable the CCP label for certain methodologies where ICVCM did not approve the TOOL01 approach. Major updates to the approach may be implemented in future revisions. Verra has added additional guidance and criteria in selecting the geographic area compared to the previous requirements in the CDM tool.

Section 5.2 - Step 1: Identify Alternatives to Project Activity

Section 5.2 - Step 1: Identify Alternatives to Project Activity			
#	Organization	Comment	Developer's Response
57	Viresco Solutions	"Step 1 does not need to be applied if the applicable methodology provides procedures and requirements for identifying the alternative scenarios or baseline scenario." Provide greater clarity to answer the below question. Does this indicate that methodologies which identify the baseline scenario are not required to complete step 1? Ex. Under VM0042 you are required to identify the baseline scenario	Correct. If the methodology provides procedures to determine the baseline scenario and does not rely on Step 1 of this tool, Step 1 does not need to be followed. Refer to Section 5.2 of the tool for clarification.
58	BASF SE	"Step 1 does not need to be applied if the applicable methodology provides procedures and requirements for identifying the alternative scenarios or baseline scenario." Provide greater clarity to answer the below question. Does this indicate that methodologies which identify the baseline scenario are not required to complete step 1? Ex. Under VM0042 you are required to identify the baseline scenario	Projects applying the barrier analysis must demonstrate that the identified barriers would not prevent the implementation of at least one of the alternatives unless the methodology indicates otherwise (e.g., because it has its own procedures). Please note that VM0042 has its own procedures and does not use this tool for the barrier analysis.
59	The Nature Conservancy	Consistent with mandatory applicable laws (medium concern). It is good that the method recognizes the lack of enforcement in developing (medium and low income) countries and requires up-to-date information for the alternative scenario. But there is no guidance on how to assess if this lack of enforcement is a one year or one period event or if it is a consistent gap that will continue indefinitely in the future and creates space for action. It would also be good to state what is the accuracy required in the evidence data (say to identify logging or deforestation in Protected Areas)	The new tools currently do not cover forestry methodologies that rely on VT0001 or VT0002. We may update VT0008 in the future to incorporate specific guidance for forestry projects and adopt it (or parts of it) for certain methodologies. We may also include further guidance on enforcement in those revisions.
60	The Nature Conservancy	Define alternative scenarios (low concern); The wording here states to identify alternative scenarios that provide a comparable output (service or product) and/or utilize a	The new tools currently do not cover forestry methodologies that rely on VT0001 or VT0002. We may update VT0008 in the future to incorporate specific

Section 5.2 - Step 1: Identify Alternatives to Project Activity			
#	Organization	Comment	Developer's Response
		comparable input as the proposed project activity. I am not sure how to interpret this for the case of avoided deforestation projects where the baseline alternatives (cattle ranching or agricultural commodities) neither produce comparable outputs nor inputs than forest conservation.	guidance for forestry projects and adopt it (or parts of it) for certain methodologies.
61	Ambipar Environment	Please provide examples for AFOLU projects in footnote 1.	The new tools currently do not cover AFOLU methodologies that rely on VT0001 or VT0002. We may update VT0008 in the future to incorporate specific guidance for forestry projects and adopt it (or parts of it) for certain methodologies.

Section 5.3 - Step 2: Barrier Analysis

Section 5.3 - Step 2: Barrier Analysis			
#	Organization	Comment	Developer's Response
62	Viresco Solutions	Clarify that "1) Identify realistic and credible barriers that may prevent the implementation of the project activity and the alternative(s)" and "4) Demonstrate that the identified barriers would not prevent the implementation of at least one of the alternatives." only need to be addressed if Step 1 (5.2) is applicable.	Step 1 does not need to be applied if the methodology provides procedures for determining the baseline scenario. See clarification in Section 5.2 of the tool. Projects applying the barrier analysis must demonstrate that the identified barriers would not prevent the implementation of at least one of the alternatives unless the methodology indicates otherwise (e.g., because it has its own procedures). This requirement is also aligned with CCP requirements.

Section 5.3 - Step 2: Barrier Analysis			
#	Organization	Comment	Developer's Response
63	Viresco Solutions	"Establish a complete list of realistic and credible barriers that may prevent the implementation of the project activity and the alternative scenario(s)." Should clarify that the barriers to the alternative scenarios should only be applicable if Step 1 (5.2) is applicable.	Projects applying the barrier analysis must demonstrate that the identified barriers would not prevent the implementation of at least one of the alternatives unless the methodology indicates otherwise (e.g., because it has its own procedures). This requirement also aligns with CCP requirements.
64	Viresco Solutions	"5.3.4 Step 2d: Demonstrate That The Identified Barriers Would Not Prevent The Implementation Of At Least One Of The Alternatives" This should not be applicable if Step 1 is not applicable. Ex. Under VM0042 it is improved ag land management therefore the alternative would largely be the baseline scenario (there is no barrier to continuing to use the same practices).	Projects applying the barrier analysis must demonstrate that the identified barriers would not prevent the implementation of at least one of the alternatives unless the methodology indicates otherwise (e.g., because it has its own procedures). Please note that VM0042 has its own procedures and does not use this tool for the barrier analysis.
65	BASF SE	Topics: 1) Identify realistic and credible barriers that may prevent the implementation of the project activity and the alternative(s) and 2) Demonstrate that the identified barriers would prevent the implementation of the project activity. It is difficult to determine a barrier analysis. Barriers can vary between different project implementation locations, as they depend on several parameters, which may include cultural and structural factors, among others. How are project proponents expected to define what is a realistic and credible barrier? This is a broad parameter that is difficult to define globally, and there is not enough clarity about what may or may not be considered, meaning a grey area of great risk/uncertainty for project proponents.	The new additionality tools are based on CDM tools, with updates made to align with CCP requirements. We may consider further adjustments in future revisions. Your feedback has been noted for consideration in future updates. Please also refer to Appendix 1 with the requirements and additional guidance. Further, variations may be considered in determining barriers for projects spanning different regions, i.e., there could be multiple barriers and some of them are only relevant in a certain region of project implementation. Project may also demonstrate the existence of different barriers for implementation to strengthen additionality.
66	BASF SE	Topic: 3) Demonstrate that carbon credit revenues are the decisive element in overcoming each identified barrier for the project activity	Please note that where it is demonstrated that a project activity meets the condition a but not the conditions b and c, it is considered additional but may not be eligible for

Section 5.3 - Step 2: Barrier Analysis			
#	Organization	Comment	Developer's Response
		It is unrealistic to consider the demonstration that credit was a decisive element in overcoming barriers to the adoption of new practices, due to two critical points: a) credits are received a posteriori, that is, practices need to be implemented before the credit revenue is generated, and b) because it is not possible to estimate, or have any guarantee of the value of credits in the market at the time of project implementation. Depending on the value of the credit, it may not even minimally cover the costs of implementing some of the new practices. Credits act as an incentive for driving change, but not as THE decisive element.	Core Carbon Principles labels. An additional requirement has been added to Appendix 2 to clarify the timing and evidence that can be used.
67	BASF SE	"5.3.4 Step 2d: Demonstrate That The Identified Barriers Would Not Prevent The Implementation Of At Least One Of The Alternatives" This should not be applicable if Step 1 is not applicable. Ex. Under VM0042 it is improved ag land management therefore the alternative would largely be the baseline scenario (there is no barrier to continuing to use the same practices).	Projects applying the barrier analysis must demonstrate that the identified barriers would not prevent the implementation of at least one of the alternatives unless the methodology indicates otherwise (e.g., because it has its own procedures). Please note that VM0042 has its own procedures and does not use this tool for the barrier analysis.
68	IAVVB	Information barriers are only subjective aspect unless regional wide surveys performed by independent entities are the basis for the demonstration of the barrier	Please refer to Appendix 1 for guidance on barrier assessments. Verifiable evidence must be provided to demonstrate barriers objectively, which will be assessed by the VVBs.
69	IAVVB	3) a) in case that no benefits are requested to the implementor, the project is additional, if some benefits are passed to the investor investment analysis should be performed b) this must be assessed though investment analysis	Both scenarios are considered barriers because they do not directly depend on financial performance but reflect broader barriers to implementation. For instance, availability of capital is not directly measured by an IRR/benchmark analysis.

Section 5.3 - Step 2: Barrier Analysis			
#	Organization	Comment	Developer's Response
70	IAVVB	5.3.4 change "alternatives are affected less" to " alternatives are not affected" - Affected less is subjective and not possible to be validated	The term "affected less" reflects that if all alternatives face barriers, the proponent will likely choose the alternative with fewer barriers, making it more feasible to implement. In some cases, projects must implement one of the alternatives (e.g., to supply thermal energy to a manufacturing plant), and are likely to choose the option with the lowest barriers.
71	The Nature Conservancy	Financial barriers (high concern). It is good to have capital/investment scarcity as a barrier but there is no explicit guidance for how to demonstrate that the carbon revenues are the decisive element in the project (should it be >50% of investment?) leaving too much room at the discretion of the validator. We propose that Verra include an explicit metric (or perhaps a series of metric values for different actors, etc.) that must be met in order to conclude that there is/was a financial barrier. Moreover, it is also left at the discretion of the validator to judge what credit rating of a country (which changes thru time) justifies having this as a barrier. For emissions reductions projects, just showing an investment barrier should not be the decisive factor for additionality, it should also go through an ex-post financial/investment analysis (perhaps excepting projects proposed by small holders). Under the current proposal, for example, a project proponent could justify purchasing an area to convert it from logged to protected, state that the revenue is a key source for the purchase (since there is no threshold stated) and only use the logging in multiple reference areas (apparent gaming allowed in VM0010) to claim additionality and carbon offsets in an area that lacked information and actually had	The additionality approach of VT0008 is based on CDM TOOL01 and aims to align with CCP requirements to enable the CCP label for certain methodologies where ICVCM did not approve the TOOL01 approach. Major updates to the approach may be implemented in future revisions. Please also refer to the ongoing consultation for VCS Standard v5.0, specifically the proposed update for additionality reassessment. Verra will consider your comment for future updates.

Section 5.3 - Step 2: Barrier Analysis			
#	Organization	Comment	Developer's Response
		virtually no logging due to low prices that could continue in the future.	
72	Conservation International	It should have guidelines on what type of supporting information could be accepted as evidence for each barrier.	Please refer to Appendix 1, specifically paragraph 1.
73	Conservation International	Provide more information on what will be excepted as verifiable evidence of a barrier, e.g. if a conservation area cannot generate income from tourism due to lack of infrastructure, what is considered verifiable evidence?	Please refer to Appendix 1, specifically paragraph 1.
74	Ambipar Environment	Please provide examples for AFOLU projects in footnote 7.	The new tools do not currently cover AFOLU methodologies that rely on VT0001 or VT0002. Future updates to VT0008 may consolidate these tools into VT0008 and incorporate specific guidance for forestry projects, which may be adopted by certain methodologies. Methodologies may provide their own procedures and requirements for additionality assessment and only use certain parts of the new tools. We encourage you to participate in future public consultations of new and revised methodologies and tools.
75	Terra Global Capital	What specific sources of "authoritative and up-to-date information" should be considered acceptable for demonstrating non-enforcement of laws? Can industry reports or media coverage suffice?	Media reports may not be sufficient since they are not considered "authoritative." Industry reports may be sufficient, for example, from national industry associations.
76	Terra Global Capital	For the financial barriers, country-level reports are often insufficient, as different regions within a country may have different levels of perceived financial risk, and different activities within those regions may vary in their level of perceived risk, as well. However, reports with this level of specificity are difficult to find, even if it is true that the perceived risk is a huge barrier to	We may consider additional financial barriers for future revisions of the additionality tools. Please send your suggestions for further consideration to methodologies@verra.org.

Section 5.3 - Step 2: Barrier Analysis			
#	Organization	Comment	Developer's Response
		accessing capital. Please provide a broader list of allowable evidence for this barrier.	

Section 5.4 - Step 3: Investment Analysis

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
77	IAVVB	3) statement in brackets creates a communicational problem, as determine the possibility to have different levels of additionality, some more additional than others, and per definition additionality is a yes no situation not a range.	Please note that where it is demonstrated that a project activity meets condition a but not conditions b and c, it is considered additional but may not be eligible for Core Carbon Principles labels.
78	EKI Energy Services Ltd	Please provide an example of how to demonstrate the requirements listed below for CCP Labeling a) The economic performance of the mitigation activity increases decisively through carbon credit revenues; and b) Carbon credit revenues raise the financial indicator at or above the required financial benchmark.	To align with CCP requirements, the forecasted revenues from carbon credits must be included as a positive cash flow. It must be shown that these revenues increase the financial indicator to or above the required financial benchmark. Further requirements and guidance have been added in Section A2.1(12).
79	EKI Energy Services Ltd	The forecasted carbon revenues should be based on verifiable evidence, such as	Further requirements and guidance have been added in Section A2.1(12).

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		contracts, actual sales of similar credits, and published price forecasts relevant to the project. i) Could you kindly provide some examples of these? ii) What vintage year of credits should be considered? iii) Does the project boundary need to be identical when comparing similar credits/projects.	
80	The Nature Conservancy	For both investment comparison and benchmark analysis (high concern). Just requiring an ex-ante assessment falls short of what is needed, since prices and costs can quite vary in the near- and long-term future. This changes the actual attractiveness of the project and its opportunity cost (alternatives), and affects additionality and the assessment of credible offsets. Without dynamic baselines, this can only be solved partially, by requiring annual or periodical ex post cost-benefit assessments based on actual prices and costs for proceeding with the identification of the actual emissions reductions and credits that could be issued. Dynamic baselines address the issue of doing an ex-post analysis after knowing the actual prices and realities of deforestation and degradation drivers. They can help solve critiques that projects need to consider financial additionality. In our experience, this is more	The additionality approach of VT0008 is based on CDM TOOL01 and aims to align with CCP requirements. Major updates to the approach may be implemented in future revisions. Please refer to the ongoing consultation for VCS Standard v5.0, particularly regarding the proposed additionality reassessment. Verra will consider your comment for future updates.

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		straightforward in the case of avoided deforestation REDD projects where the production of the commodity that drives conversion of the forest is entirely given up; but requires a bit more careful thinking for other projects where the production and sales of the commodities are not abandoned. Hence we recommend that there be some mechanism by which the tool incorporates the by nature dynamic elements of costs and prices.	
81	The Nature Conservancy	It could be worthing adding an option in which even if the project does not meet the profit of an alternative or benchmark, after detailed periodical ex-post assessments, it is still additional if the developer and implementers commit to implementing the initiative. This would allow rewarding actual intent and conservation commitments in projects where actors are willing to take a financial loss for the sake of conservation (but still compensate it to some extent with carbon revenues).	The additionality approach of VT0008 is based on CDM TOOL01 and aims to align with CCP requirements. Major updates to the approach may be implemented in future revisions. Please refer to the ongoing consultation for VCS Standard v5.0, particularly regarding the proposed additionality reassessment. Verra will consider your comment for future updates.
82	The Nature Conservancy	Need to have guardrails / rules for financial models' assumptions that underpin investment analyses. One potential criticism of the VCS investment analysis approach is that anyone who wants to scam a pass on this this analysis probably will. For example all you have to do in many cases is assume an overly optimistic carbon price forecast for the 'with carbon revenues' scenario out over	Please refer to the requirements in Appendix 1. The additionality analysis must be supported by verifiable evidence. We have also added an additional requirement for the timing and evidence to support forecasted carbon credit revenues. Verra may update the additionality tools in the future and include further guidance if needed, and we may reach out to you for further input.

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		the crediting period. Verra doesn't seem to say you have to use a standardized forecast index (e.g. from MSCI), or a current price index plus a justified annual cost escalation assumption by a reputable institution or firm. As such, the decision on carbon pricing to use rests with the project developer. To see the importance of that decision point, only consider a $20 carbon price assumed to escalate at 3% vs 6% over 40 years. These values can give you a wildly different project IRR, but you could find published materials to justify both. Or you could almost literally make this up out of the blue in your favor, and a validator would have a hard time disputing it. Also Verra's rules for defining the benchmark are very loose. The new requirement that "assumptions, data, and conclusions in the investment analysis must be consistent with information presented to the company's decision-making management and investors/lenders" is a start, but really doesn't fix this with surety. You put an optimistic assumption on both these ends, strategically adjust costs, and you can easily get a reasonable sounding argument that passes the benchmark/comparison tests. Verra needs to tighten up its requirements here around assumptions/inputs requirements for the investment analysis, especially on carbon prices and other commodities. Verifying cost assumptions is a bit harder for the validator but could be done.	

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		TNC can provide some insights and options here.	
83	The Nature Conservancy	Investment analysis should contain 'philanthropy investment' tests for NGOs. Another potential issue we see with the VCS investment analysis approach (both investment comparison and benchmark) is that it rests on the premise that the decision to carry out the project activity is made by a profit maximizer. The application of this analysis is hard to apply to NGOs, who by definition, are not basing their decision to sponsor a carbon project on a profit motive. If NGOs are financing this activity where the investor has a return expectation, OK then that is a different story and I would argue this traditional analysis applies to those investment terms. But otherwise NGOs should be subject primarily to other financial additionality tests here surrounding a 'philanthropic' investment (or public grant, or crowdfunding or something non-return seeking) – and showing that the mitigation activity is occurring because of carbon finance and not philanthropy etc.	Thank you for your comment. We agree that additional considerations, such as 'philanthropy investment' tests for NGOs, could be considered for future updates. This may be addressed in future revisions. We may reach out to you for further input.
84	Ambipar Environment	Please provide examples for AFOLU projects in footnote 11.	The new tools do not currently cover AFOLU methodologies that rely on VT0001 or VT0002. Future updates to VT0008 may consolidate these tools into VT0008 and incorporate specific guidance for forestry projects, which may be adopted by certain methodologies. Methodologies may provide their own procedures and requirements for additionality assessment or only use

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
			certain parts of the new tools. We encourage you to participate in future public consultations of new and revised methodologies and tools.
85	Terra Global Capital	It would be useful to include somewhere in the Investment Analysis a discussion of the impact of risk on investment decision making. These decisions are not made solely based on projected cash flows and derived metrics. A project with strong financial projections, but very risky, can be a less attractive investment then a safer but less lucrative investment. Therefore, we suggest to include a caveat that even if the project scenario is more financially attractive than an alternative scenario, the risk can make it less attractive, and the carbon credit revenues are necessary to improve the financials sufficiently to overcome the risk.	We may consider your suggestions for future revisions of the additionality tools. If you have any concrete proposals, please send them for further consideration to methodologies@verra.org
86	Terra Global Capital	Could there be more explicit criteria or examples on when to choose investment comparison analysis versus benchmark analysis? What factors should guide this decision?	Typically, an investment comparison is suitable when a project developer has different investment options (e.g., different options to supply thermal and electric energy for the manufacturing process or different options for methane emissions, such as release to the atmosphere, flare, or capture and energy generation). Benchmark analysis is more appropriate where the project proponent or others may invest (e.g., direct air capture facility).

Section 5.5 - Step 4: Common Practice Analysis

Section 5.5 - Step 4: Common Practice Analysis			
#	Organization	Comment	Developer's Response
87	Viresco Solutions	Step 4c, there needs to be more clarification on how to identify essential distinctions between the project activity and similar activities. No essential distinctions should not lead to "common practice". This seems to exclude land-based activities (AFOLU) from the use of the tool.	Further guidance has been included and the approach updated.
88	BASF SE	5.5.3 Step 4c: Common practice analysis for measure(s) that are not listed in Step 4a; If similar activities are observed and no essential distinctions can be identified, the proposed project is considered "common practice." There needs to be more clarification on how to identify essential distinctions between the project activity and similar activities. No essential distinctions should not lead to "common practice". This seems to exclude land-based activities (AFOLU) from the use of the tool.	Additional guidance has been added to this section. Please note that most AFOLU methodologies currently use VT0001 or have a specific procedure in the methodology. VT0008 may be updated in the future to incorporate additional guidance for AFOLU projects and be adopted by certain AFOLU methodologies.
89	IAVVB	4) a) and b) are already cover in 2) c) 4) c) should not be applicable if the project used barrier analysis above related to the investment climate 4) d) if that would be the case and investment analysis is used, the sensitivity analysis shall cover the a change in costs at least 20% less, as other projects had this costs considering the inflation rate as needed.	The geographic region is set broadly, while common practice analysis focuses on individual activities. Similar activities may face different conditions even within the same geographic area. Common practice aims to identify distinctions between individual activities under similar regional conditions. Also, if the default for the geographic area is used (entire country) further distinction is needed in the common practice analysis.

Section 5.5 - Step 4: Common Practice Analysis			
#	Organization	Comment	Developer's Response
90	Conservation International	If it is common practice that protected area management relies on donor funding in the specific geographical area, does this mean that seeking carbon funding to fund a protected area is no longer common practice?	Thank you for your comment. Please note that other similar activities that receive or aim to receive carbon credit revenues are excluded from the comparison in the common practice analysis ("Exclude activities that are under validation or registered under the VCS Program. Activities under other GHG programs may optionally be excluded.")
91	Terra Global Capital	Is there guidance on how to adjust this threshold for specific sectors or regions where 20% might not be appropriate? Should project proponents provide a rationale for suggesting a different threshold?	Currently, the tools provide a default common practice threshold of 20%, but methodologies may provide different sector or project-specific thresholds or approaches.
92	Terra Global Capital	Is there guidance on what evidence is sufficient to prove a negative, i.e. if there are no similar projects being implemented, what is the evidence required to make this statement?	This may be evidenced with industry reports, market reports, third-party studies, or other verifiable evidence.
93	ALLCOT	There is a paragraph that need a correction since the formulae of F is not presented as % but as an absolute value. The paragraph is this: The proposed project activity is a "common practice" if the factor F is greater than 20% and Nall-Ndiff is greater than 3. Proposed change: The proposed project activity is a "common practice" if the factor F is greater than 0,2 and Nall-Ndiff is greater than 3.	Since 0.2 and 20% are equivalent, we consider the formula correct. 20% seems to be more intuitive.

Section A2.3 - Selection of Appropriate Benchmarks

Section A2.3 - Selection of Appropriate Benchmarks			
#	Organization	Comment	Developer's Response
94	Terra Global Capital	Could there be further clarification on what constitutes "verifiable third-party information" in this context? Is there any flexibility for projects with unique financing structures?	If the project has unique financing structures and this can be considered an essential distinction, this must be demonstrated and assessed by the VVB.

Appendix 1 - Barrier Analysis Requirements

Appendix 1 - Barrier Analysis Requirements			
#	Organization	Comment	Developer's Response
95	IAVVB	Specify how to present and/or upload the assessment carried out by the project developer to VERRA: in the same report, evidence, supporting documentation separately, etc.	Currently, the assessment must be presented in the Project Description, as outlined in the template. Supporting documents and financial analyses should be submitted as separate files. Verra plans to digitize the additionality tools to streamline the submission process for additionality assessments.
96	The Nature Conservancy	Clearing the benchmark / comparison should be >0%. We don't feel strongly that a project must demonstrate additionality with flying colors in an investment analysis – just as long as it passes convincingly. In principle it's pretty easy to decisively demonstrate whether the addition of carbon revenues helps a project meet or exceed a defined	Thanks for your comment. Please note that the impact of carbon credit revenues must only be demonstrated for the benchmark analysis and not the investment comparison analysis. VT0008 requires demonstrating that the financial indicator is raised to or above the benchmark (but not exceeding an additional amount or different threshold than the benchmark).

Appendix 1 - Barrier Analysis Requirements

#	Organization	Comment	Developer's Response
		benchmark financial metric (IRR, NPV etc.) with a simple financial model and two scenarios (w/ carbon revenues; w/o carbon revenues) – or in the investment comparison context etc. But should it need to exceed that metric by a 5%, 10%, 50% pass? That is a trickier question. TNC's carbon project review committee decided it was 10% (for the comparison case). however, we don't feel strongly about that specific number, but only that a small positive value is most likely to accurately capture this. Our recommendation to Verra would be to set a pass rate that's 'convincing'. 10% sounds fine to me…but at least >0%. That should apply to a pass on both the benchmark and the investment comparison analyses.	
97	Terra Global Capital	Could the document clarify whether certain types of evidence (e.g., government regulations vs. internal studies) are considered stronger or more persuasive when demonstrating the existence of a barrier?	The VVBs assess whether the specific evidence provided meets the requirements.

Appendix 2 - Investment Analysis Requirements

Appendix 2 - Investment Analysis Requirements			
#	Organization	Comment	Developer's Response
98	Viresco Solutions	"2) The assessment period for the selected financial indicator should reflect the expected project lifetime. Alternatively, a shorter assessment of at least ten years may be used." Should clarify whether project proponents need to provide justification for using an assessment period that doesn't match the expected project lifetime. This doesn't seem to align with the rationale.	The preferred option is to use the expected project lifetime. Shorter period may be used (minimum 10 years). Please note that the book value of the assets and the expected profit or loss on the realization of the assets must be included in the fair value at the end of the assessment period (paragraph 8 in Section A2.1)
99	IAVVB	Emphasize the importance of the term 'verifiable', in terms of the traceability of the values calculated and reflected in the spreadsheets by the project developer.	Thanks for your comment. We have included a further requirement in Section A2.1(1), requiring traceability in the values and calculations provided in project spreadsheets.

GENERAL FEEDBACK – VT0009 COMBINED BASELINE AND ADDITIONALITY ASSESSMENT, V1.0

Section 1 - Summary Description of the Tool

Section 1 - Summary Description of the Tool			
#	Organization	Comment	Developer's Response
100	Terra Global Capital	Add visual flowcharts or decision trees that map out the key steps in the additionality assessment process. These visuals would guide users through the process, making it easier to determine which sections apply and when to move to the next step.	A process flow diagram has been included in both tools.

Section 4 - Applicability Conditions

Section 4 - Applicability Conditions			
#	Organization	Comment	Developer's Response
101	Viresco Solutions	Would be useful to detail which VCS Methodologies fall under this tool in the appendix. Clarify which Methodologies are required to use M0310 vs M0331.	Verra will publish methodology revisions for both VCS and CDM methodologies used under the VCS Program, to incorporate the new tools. These will be announced and published on the website.
102	BASF SE	Would be useful to detail which VCS Methodologies fall under this tool in the appendix. Clarify which Methodologies are	Verra will publish methodology revisions for both VCS and CDM methodologies used under the VCS Program, to incorporate the new tools. These will be announced and

Section 4 - Applicability Conditions			
#	Organization	Comment	Developer's Response
		required to use M0310 vs M0331.	published on the website.
103	Terra Global Capital	Could you provide more examples of what qualifies as "essential distinctions" between geographic areas? What specific evidence should be provided to justify these distinctions?	Further guidance has been included.

Section 5.2 - Step 1: Identify Alternatives to Project Activity

Section 5.2 - Step 1: Identify Alternatives to Project Activity			
#	Organization	Comment	Developer's Response
104	The Nature Conservancy	Consistent with mandatory applicable laws (medium concern). It is good that the method recognizes the lack of enforcement in developing (medium and low income) countries and requires up-to-date information for the alternative scenario. But there is no guidance on how to assess if this lack of enforcement is a one year or one period event or if it is a consistent gap that will continue indefinitely in the future and creates space for action. It would also be good to state what is the accuracy required in the evidence data (say to identify logging or deforestation in Protected Areas)	See response to Question #59

Section 5.2 - Step 1: Identify Alternatives to Project Activity			
#	**Organization**	**Comment**	**Developer's Response**
105	The Nature Conservancy	Define alternative scenarios (low concern); The wording here states to identify alternative scenarios that provide a comparable output (service or product) and/or utilize a comparable input as the proposed project activity. I am not sure how to interpret this for the case of avoided deforestation projects where the baseline alternatives (cattle ranching or agricultural commodities) neither produce comparable outputs nor inputs than forest conservation.	See response to Question #60
106	Terra Global Capital	It would be helpful to clarify the statement "These alternative scenarios include…" to either "These alternative scenarios may include…" or "These alternative scenarios must include…"	Thanks for your comment. "These alternative scenarios include…" indicates that all of these scenarios must be considered.
107	Terra Global Capital	Could additional guidance be provided on how to choose between scenarios like S1 (project implemented without registration) and S6 (project implemented later)? What factors should influence this decision?	This depends on the context, such as upcoming regulations or policies, or changing market conditions. Verra will further align this section with the updated regulatory surplus requirements and reassessment procedures of additionality that are currently under public consultation for VCS Standard v5.0 to align with the procedures for identifying the alternatives.
108	Terra Global Capital	What specific sources of information are acceptable for demonstrating systematic non-enforcement of regulations? Is media coverage or third-party reports sufficient?	See response to Question #75

Section 5.3 - Step 2: Barrier Analysis

Section 5.3 - Step 2: Barrier Analysis			
#	**Organization**	**Comment**	**Developer's Response**
109	The Nature Conservancy	Financial barriers (high concern). It is good to have capital/investment scarcity as a barrier but there is no explicit guidance for how to demonstrate that the carbon revenues are the decisive element in the project (should it be >50% of investment?) leaving too much room at the discretion of the validator. We propose that Verra include an explicit metric (or perhaps a series of metric values for different actors, etc.) that must be met in order to conclude that there is/was a financial barrier. Moreover, it is also left at the discretion of the validator to judge what credit rating of a country (which changes thru time) justifies having this as a barrier. For emissions reductions projects, just showing an investment barrier should not be the decisive factor for additionality, it should also go through an ex-post financial/investment analysis (perhaps excepting projects proposed by small holders). Under the current proposal, for example, a project proponent could justify purchasing an area to convert it from logged to protected, state that the revenue is a key source for the purchase (since there is no threshold stated) and only use the logging in multiple reference areas (apparent gaming allowed in VM0010) to claim additionality and carbon offsets in an area that lacked information and actually	See response to Question #71

Section 5.3 - Step 2: Barrier Analysis			
#	Organization	Comment	Developer's Response
		had virtually no logging due to low prices that could continue in the future.	
110	The Nature Conservancy	Clearing the benchmark / comparison should be >0%. We don't feel strongly that a project must demonstrate additionality with flying colors in an investment analysis – just as long as it passes convincingly. In principle it's pretty easy to decisively demonstrate whether the addition of carbon revenues helps a project meet or exceed a defined benchmark financial metric (IRR, NPV etc.) with a simple financial model and two scenarios (w/ carbon revenues; w/o carbon revenues) – or in the investment comparison context etc. But should it need to exceed that metric by a 5%, 10%, 50% pass? That is a trickier question. TNC's carbon project review committee decided it was 10% (for the comparison case). however, we don't feel strongly about that specific number, but only that a small positive value is most likely to accurately capture this. Our recommendation to Verra would be to set a pass rate that's 'convincing'. 10% sounds fine to me…but at least >0%. That should apply to a pass on both the benchmark and the investment comparison analyses.	See response to Question #96

Section 5.4 - Step 3: Investment Analysis

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
111	EKI Energy Services Ltd	Please provide an example of how to demonstrate the requirements listed below for CCP Labeling a) The economic performance of the mitigation activity increases decisively through carbon credit revenues; and b) Carbon credit revenues raise the financial indicator at or above the required financial benchmark.	See response to Question #78
112	The Nature Conservancy	For both investment comparison and benchmark analysis (high concern). Just requiring an ex-ante assessment falls short of what is needed, since prices and costs can quite vary in the near- and long-term future. This changes the actual attractiveness of the project and its opportunity cost (alternatives), and affects additionality and the assessment of credible offsets. Without dynamic baselines, this can only be solved partially, by requiring annual or periodical ex post cost-benefit assessments based on actual prices and costs for proceeding with the identification of the actual emissions reductions and credits that could be issued. Dynamic baselines address the issue of doing an ex-post analysis after knowing the actual prices and realities of deforestation and degradation drivers. They can help solve critiques that projects need to consider financial additionality. In our experience, this is more	See response to Question #80

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		straightforward in the case of avoided deforestation REDD projects where the production of the commodity that drives conversion of the forest is entirely given up; but requires a bit more careful thinking for other projects where the production and sales of the commodities are not abandoned. Hence we recommend that there be some mechanism by which the tool incorporates the by nature dynamic elements of costs and prices.	
113	The Nature Conservancy	It could be worthing adding an option in which even if the project does not meet the profit of an alternative or benchmark, after detailed periodical ex-post assessments, it is still additional if the developer and implementers commit to implementing the initiative. This would allow rewarding actual intent and conservation commitments in projects where actors are willing to take a financial loss for the sake of conservation (but still compensate it to some extent with carbon revenues).	See response to Question #81
114	The Nature Conservancy	Need to have guardrails / rules for financial models' assumptions that underpin investment analyses. One potential criticism of the VCS investment analysis approach is that anyone who wants to scam a pass on this this analysis probably will. For example all you have to do in many cases is assume an overly optimistic carbon price forecast for the 'with carbon revenues' scenario out over	See response to Question #82

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		the crediting period. Verra doesn't seem to say you have to use a standardized forecast index (e.g. from MSCI), or a current price index plus a justified annual cost escalation assumption by a reputable institution or firm. As such, the decision on carbon pricing to use rests with the project developer. To see the importance of that decision point, only consider a $20 carbon price assumed to escalate at 3% vs 6% over 40 years. These values can give you a wildly different project IRR, but you could find published materials to justify both. Or you could almost literally make this up out of the blue in your favor, and a validator would have a hard time disputing it. Also Verra's rules for defining the benchmark are very loose. The new requirement that "assumptions, data, and conclusions in the investment analysis must be consistent with information presented to the company's decision-making management and investors/lenders" is a start, but really doesn't fix this with surety. You put an optimistic assumption on both these ends, strategically adjust costs, and you can easily get a reasonable sounding argument that passes the benchmark/comparison tests. Verra needs to tighten up its requirements here around assumptions/inputs requirements for the investment analysis, especially on carbon prices and other commodities. Verifying cost assumptions is a bit harder for the validator but could be done.	

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		TNC can provide some insights and options here.	
115	The Nature Conservancy	Investment analysis should contain 'philanthropy investment' tests for NGOs. Another potential issue we see with the VCS investment analysis approach (both investment comparison and benchmark) is that it rests on the premise that the decision to carry out the project activity is made by a profit maximizer. The application of this analysis is hard to apply to NGOs, who by definition, are not basing their decision to sponsor a carbon project on a profit motive. If NGOs are financing this activity where the investor has a return expectation, OK then that is a different story and I would argue this traditional analysis applies to those investment terms. But otherwise NGOs should be subject primarily to other financial additionality tests here surrounding a 'philanthropic' investment (or public grant, or crowdfunding or something non-return seeking) – and showing that the mitigation activity is occurring because of carbon finance and not philanthropy etc.	See response to Question #83
116	Terra Global Capital	Could you provide more specific criteria or examples for when to apply the investment comparison analysis versus the benchmark analysis? What factors should guide this choice?	See response to Question #86
117	Terra Global Capital	Project proponents are not always privy to the financial metrics of alternative scenarios,	Literature review by itself is not sufficient. The procedures and requirements in the tool must be followed. If a

Section 5.4 - Step 3: Investment Analysis			
#	Organization	Comment	Developer's Response
		which makes Investment comparison analysis a challenge. In this case, is the recommendation to use Benchmark Analysis instead, or will a literature review suffice?	benchmark analysis is more suitable, this option may be applied if allowed by the applicable methodology and justified why it is appropriate.
118	Terra Global Capital	Could more clarity be given on how to determine reasonable variation in sensitivity analysis? Are there standard parameters for the sensitivity analysis for different sectors or project types?	Reasonable variations must reflect realistic variations in key parameters, depending on the project circumstances and market conditions. For example, third-party studies for generation of a solar power plant may indicate the potential variations, or market studies may indicate the potential variations of prices.
119	Terra Global Capital	Provide a set of standard ranges for sensitivity analysis based on project types or sectors (e.g., +/- 10% variation for operational costs, energy output, etc.). Offer benchmarks for specific variables based on historical data or industry standards.	We think that a default variation may not be approriate to capture specific project conditions and market conditions.
120	Terra Global Capital	What does it mean for a sensitivity analysis to be "conclusive"? More specificity, and ideally some level of quantitative information, would be helpful here.	Additional clarification has been added. Conclusive means that the sensitivity analysis confirms condition in (4) is met under reasonable variations in the critical assumptions (i.e., the sensitivity analysis is conclusive).

Section 5.5 - Step 4: Common Practice Analysis

Section 5.5 - Step 4: Common Practice Analysis			
#	Organization	Comment	Developer's Response
121	Terra Global Capital	Will there be specific thresholds for common practice analysis that differ by sector or region? If so, how are these thresholds determined, and what justifications are acceptable for using different thresholds?	See response to Question #91