Introduction to VCS Version 4

Sam Hoffer, Director, Verra Programs
Amy Schmid, Manager, Program Development
17 October 2019
Agenda

1) VCS Version 4 updates
   - Where to find information, resources
   - Substantive updates to VCS Program rules & requirements
   - Grace periods – when projects must use new templates and demonstrate compliance with updated requirements

2) Q/A
   - Please type your questions during the presentation
   - We’ll consolidate questions, and answer at the end
Submitting Questions

Dial: +1 (914) 614-3429
Access Code: 871-482-194
Audio PIN: 9

If you're already on the call, press #9# now.
(and additional numbers ...)
Problem dialing in?

Questions

Webinar Now
Webinar ID: 153-465-475
GoToWebinar

21 October 2019
VCS Version 4

- New versions of all documents can be found on the VCS Rules & Requirements page

Rules & Requirements

The VCS Program rules are the backbone of the program. They define the standards and processes which all projects must follow in order to be certified. The VCS Program rules are set out in a suite of documents which include four types of program documents: Requirements, Procedural, Templates and Guidance.

Documents are updated periodically. Please check this page to be sure you are using the latest version of a given document.

Information on the VCS Version 4 development process can be found here.

- Requirements
- Procedural
- Templates & Forms
VCS Version 4

- VCS Version 4 webpage includes:
  - VCS Version 4 Rules Map
  - VCS Version 4 Summary of Effective Dates

Overview of Updates

VCS Version 4 incorporates a number of changes to existing VCS Program rules and requirements. The VCS Version 4 Rules Map includes information about where specific requirements from the VCS Version 3 program documents have been moved to in the VCS Version 4 program documents, and whether there have been substantive changes to existing requirements or new requirements added.

All VCS Version 4 documents are effective on issue date, unless otherwise stated in the VCS Version 4 Summary of Effective Dates.
Substantive Changes to VCS Program Rules & Requirements
Substantive Changes

1) Scope revision
2) Crediting period requirements
3) VVB accreditation
4) Streamlined the Methodology Approval Process
5) Process for identifying inactive projects
   • AFOLU updates:
     6) Strengthened local stakeholder safeguards
     7) Optional default leakage deductions
     8) Positive activity implementation
     9) Loss event reporting
10) Program document restructure
1) Scope Revision

- Certain project activities are now excluded from future eligibility under the VCS Program.
- Dependent on scale (large-scale or small-scale) and geographic location (LDC or non-LDC).
- In some cases, depends on extent of grid-connectivity (i.e., micro-grids remain eligible).
  - Table 1, Section 2.1, *VCS Standard*, v4.0
1) Scope Revision (cont.)

Table 1. Excluded Project Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Non-LDC</th>
<th>LDC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Large scale</td>
<td>Small scale²</td>
</tr>
<tr>
<td>Activities that reduce hydrofluorocarbon-23 (HFC-23) emissions</td>
<td>Excluded</td>
<td>Excluded</td>
</tr>
<tr>
<td>Grid-connected electricity generation using hydro power plants/units</td>
<td>Excluded</td>
<td>Excluded</td>
</tr>
<tr>
<td>Grid-connected electricity generation using wind, geothermal, or solar power plants/units</td>
<td>Excluded</td>
<td>Excluded</td>
</tr>
<tr>
<td>Utilization of recovered waste heat for, <em>inter alia</em>, combined cycle electricity generation and the provision of heat for residential, commercial or industrial use</td>
<td>Excluded</td>
<td>Excluded</td>
</tr>
</tbody>
</table>

Continued.....
1) Scope Revision (cont.)

- Grace period for newly excluded project activities:
  - New projects must complete validation and request registration by 31 December 2019
  - Already-registered projects, and projects that request registration by the end of 2019, will remain eligible through the end of their renewable crediting periods
    - Grouped projects must add any new project activity instances (i.e., complete verification) by 31 December 2019
2) Update to Project Crediting Period Requirements

- For non-AFOLU projects, the project crediting period shall be 7 years twice renewable or ten years fixed.
  - Sections 3.8.1 – 3.8.2, VCS Standard, v4.0
- Grace period:
  - Already registered projects, and new projects completing validation before 19 March 2020 may continue to apply previous version of the project crediting period requirements for the remainder of the project lifetime.
3) VVB Accreditation

- **No change** to VVB accreditation pathways at this time
  - *Note that accreditation under an approved GHG program shall be recognized only until such time as Verra determines that a sufficient number of validation/verification bodies are accredited under other recognized accreditation pathways, or two years from the date of release of VCS Version 4, whichever is earlier. After such date, all validation/verification bodies must be accredited through another approved accreditation pathway.*
  - **Section 5, VCS Program Guide, v4.0**
4) Streamlining the Methodology Approval Process

- Replaced first VVB assessment of a methodology with an in-depth Verra staff review
  - *Methodology Approval Process, v4.0* (throughout)
  - *Program Fee Schedule, v4.0* (MAP admin. fees)
- Effective immediately for new draft methodologies submitted to Verra for public comment
  - Methodologies that began the assessment process before 19 September 2019 will be approved through the previous version of the *Methodology Approval Process* (including 2 VVB assessments)
5) Process for Identifying Potentially Inactive Projects

- Added new process to identify potentially inactive projects (i.e., projects that have not verified within five years of previous verification)
  - Projects will be labelled as “late to verify”
  - Project proponents may submit a public letter to explain that a project is still active
- Section 4.7.1, *Registration and Issuance Process*, v4.0
6) Optional Default Leakage Deductions

- Added optional default leakage deductions for AFOLU projects (eligible for use at validation only)
  - Activity-shifting leakage: 15%
  - Market leakage: 10%
7) Strengthened Local Stakeholder Engagement

- Strengthened local stakeholder engagement requirements for AFOLU projects
  - *Not required for projects that are also using the CCB Program*
  - Sections 3.16.9 – 3.16.19, *VCS Standard, v4.0*
- **Grace period**: effective immediately, unless evidence of contracting for validation prior to 19 March 2020 is provided.
8) Demonstration of Activity Implementation

- Clarification that AFOLU projects must demonstrate, at each verification, that new activities were implemented or previously started activities continued during the monitoring period
  - Section 3.2.6, *VCS Standard, v4.0*
- Effective immediately
9) Process for Reporting Loss Events

- Projects must notify Verra via email within 30 days of *discovering* a “likely loss event”
- Projects must submit a loss event report to Verra within two years of the *date of discovery* of the loss event
  - Section 3.2.15, *VCS Standard, v4.0*
  - Section 5.3.1, *Registration and Issuance Process, v4.0*
10) Program Document Restructure

- Restructured and reformatted VCS Program documents:
  - Better delineate project-level and methodology-level requirements in separate documents
  - Restructured text to better distinguish between descriptive information from requirements
10) Program Doc. Restructure (cont.)

- **VCS Version 4 Rules Map**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCS Version 3 Requirements</td>
<td>VCS Standard, v3.7</td>
<td>VCS Standard, v4.0</td>
<td>Substantive Change in Requirement?</td>
</tr>
<tr>
<td>1 - Introduction</td>
<td>VCS Standard</td>
<td>1</td>
<td>No</td>
</tr>
<tr>
<td>1.1 - Version</td>
<td>VCS Standard</td>
<td>1.1</td>
<td>No</td>
</tr>
<tr>
<td>2 - VCS Program Specific Issues</td>
<td>VCS Standard</td>
<td>2</td>
<td>No</td>
</tr>
<tr>
<td>2.1 - Scope of Program</td>
<td>VCS Standard</td>
<td>2.1</td>
<td>Yes - revision to eligible activities under 1.3.2.2</td>
</tr>
<tr>
<td>2.1.1</td>
<td>VCS Standard</td>
<td>2.1.1</td>
<td>No</td>
</tr>
<tr>
<td>2.2 - Language</td>
<td>VCS Standard</td>
<td>1.2</td>
<td>No</td>
</tr>
<tr>
<td>2.2.1</td>
<td>VCS Standard</td>
<td>1.2</td>
<td>No</td>
</tr>
<tr>
<td>2.3 - Timing of Crediting</td>
<td>VCS Standard</td>
<td>2.3</td>
<td>No</td>
</tr>
<tr>
<td>2.3.1</td>
<td>VCS Standard</td>
<td>2.3.1</td>
<td>No</td>
</tr>
<tr>
<td>2.3.2</td>
<td>VCS Standard</td>
<td>2.3.2</td>
<td>No</td>
</tr>
<tr>
<td>2.4 - Principles</td>
<td>VCS Standard</td>
<td>2.2</td>
<td>No</td>
</tr>
<tr>
<td>2.4.1</td>
<td>VCS Standard</td>
<td>2.2.1</td>
<td>No</td>
</tr>
<tr>
<td>3 - Project Requirements</td>
<td>VCS Standard</td>
<td>3</td>
<td>No</td>
</tr>
<tr>
<td>3.1 - General Requirements</td>
<td>VCS Standard</td>
<td>3.1</td>
<td>No</td>
</tr>
<tr>
<td>3.1.1</td>
<td>VCS Standard</td>
<td>3.1.1</td>
<td>No</td>
</tr>
<tr>
<td>9.1.2</td>
<td>Removed</td>
<td>NA</td>
<td>AFOLU Requirements and ODS Requirements</td>
</tr>
<tr>
<td>3.1.3</td>
<td>VCS Standard</td>
<td>3.1.2</td>
<td>No</td>
</tr>
<tr>
<td>3.1.4</td>
<td>VCS Standard</td>
<td>3.1.4</td>
<td>No</td>
</tr>
<tr>
<td>3.1.5</td>
<td>VCS Standard</td>
<td>3.1.5</td>
<td>No</td>
</tr>
<tr>
<td>3.1.6</td>
<td>VCS Standard</td>
<td>3.1.6</td>
<td>No</td>
</tr>
<tr>
<td>3.1.7</td>
<td>AFOLU Requirements, v3.6</td>
<td>3.1.7</td>
<td>No</td>
</tr>
<tr>
<td>Introduction &amp; Instructions</td>
<td>VCS Standard, v3.7</td>
<td>AFOLU Requirements, v3.6</td>
<td>ODS Requirements ...</td>
</tr>
</tbody>
</table>

21 October 2019
• Issued new versions of all VCS templates and representations (except for joint VCS+CCB templates)
  • **Grace period:** Version 4.0 of all templates and representations must be used from **19 March 2020**
Summary of Effective Dates & Grace Periods
### Effective Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 September 2019</td>
<td>• Release date of VCS Version 4</td>
</tr>
<tr>
<td>31 December 2019</td>
<td>Last date for newly excluded project activities to:</td>
</tr>
<tr>
<td></td>
<td>• Request registration</td>
</tr>
<tr>
<td></td>
<td>• Complete verification to add new project activity instances (grouped projects)</td>
</tr>
<tr>
<td>19 March 2020</td>
<td>• Project crediting period (validation)</td>
</tr>
<tr>
<td></td>
<td>• AFOLU stakeholder engagement (validation)¹</td>
</tr>
<tr>
<td></td>
<td>• New templates and representations required</td>
</tr>
</tbody>
</table>

¹AFOLU projects that can demonstrate proof of contracting on or before 19 March 2020 may complete validation without demonstrating how they meet this requirement.

- See the [Summary of Effective Dates](#) document for more information
Q&A session

• We’ve been tracking your questions and will respond to those now
• Please continue to submit questions; we’ll continue responding within the time allotted
• Questions after today? Submit those to secretariat@verra.org
Thank you!

Sam Hoffer, Director, Verra Programs
shoffer@verra.org

Amy Schmid, Manager, Program Development
aschmid@verra.org

One Thomas Circle, NW
Suite 1050
Washington, DC 20005
www.verra.org