The Verified Carbon Standard (VCS) Program in South Africa: An Overview

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25 August 2020
1. Who is Verra and What is the VCS Program?
2. Approach in South Africa Carbon Tax
3. Project Development through the VCS Program
4. Validation & Verification
5. Program elements and Innovations
6. How to use VCUs for COAS

Poll Questions & Q&A
Verra catalyzes measurable climate action and sustainable development outcomes by driving large-scale investment to activities that reduce emissions, improve livelihoods, and protect nature.
Aug. 2020:
- 1,936 total VCS projects
- 1,627 registered
- 309 in pipeline

12% of total VCS projects are in Africa

The South African Carbon Tax

- Entities pay taxes on their Scope 1 GHG emissions starting with period June 1 - Dec 31, 2019
- Tax is R127 (approx. US$7/ton) in 2020
- Allowances for up to 95% of tax liabilities
  - One allowance enables use of carbon credits, or offsets, for 5 or 10% of their total liability
- Verra’s Verified Carbon Standard (VCS) Program is accredited, making Verified Carbon Units (VCUs) that meet local criteria eligible
- First date to surrender eligible carbon offsets: 29 October 2020
Verra in South Africa

- Alignment with our mission and vision of sustainable development
- Engage with a variety of market actors, including government, to help strengthen market
  - In Colombia via training for Auditors, workshops, participation in local Carbon Market association
- Promote and support development of projects using the VCS
  - Activity in new sectors, particularly NBS
- How? South Africa Manager and our program team
Poll Question
VCS Program Rules & Requirements

- Methodologies
- Independent Auditing
- Registry System

VCS Standard
VCS Project Lifecycle

1. Develop project description
2. List project on VCS pipeline
3. Validation by VVB
4. Register project with Verra
5. Monitor project & develop monitoring report
6. Verification by VVB
7. Issue VCUs
8. Update project description for new crediting period
9. Validation by VVB
10. Submit to Verra
11. Monitor project & develop monitoring report
12. Verification by VVB
13. Issue VCUs
Climate action across sectors

- Energy
- Construction
- Waste
- Agriculture
- Grasslands
- Livestock & manure
- Industrial processing
- Transport
- Mining
- Forestry
- Wetlands
- Non-VCS methodologies
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<th>Sector</th>
<th>Project Activities</th>
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<td>Energy</td>
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<td>Agriculture</td>
<td>Agricultural Land Management (ALM)</td>
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<td>Forestry</td>
<td>Afforestation/reforestation (ARR)</td>
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<td>Improved Forest Management (IFM)</td>
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<td>Reduced Emissions from Deforestation and Degradation (REDD)</td>
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<td>Wetlands</td>
<td>Mangrove/wetlands restoration &amp; conservation</td>
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<td>Fugitive emissions</td>
<td>Destruction of ODS</td>
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<td>Mining &amp; minerals</td>
<td>Coal mine methane</td>
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VCS Version 4

- Updates to scope of program now exclude:
  - Grid-connected renewable energy projects in South Africa
    - Exception for projects that are not grid-connected
  - Biomass projects for electricity and thermal production
  - Energy efficient lighting projects

- Bolster social safeguards

- Streamlined program documents
Poll Question
Questions?
Methodologies
Components of a VCS Methodology

- Applicability Conditions
- Project Boundary
- Baseline Scenario
- Additionality
- Quantification of ERRs
- Monitoring Procedures
Methodology Development

1. Concept Note Approval

2. Methodology Assessment and Approval
Concept Note Approval Process

1. Concept note development and submission to Verra
2. Verra review & evaluation of the methodology concept
3. Approval by Verra Executive Management

Concepts Must:
1) Not covered by existing methodology
2) Broadly applicable
3) Overview of key methodological approaches
4) Appropriately experienced team with sufficient funding

Preference given to:
1) Innovative approaches
2) Potential for significant environmental impact
3) Underrepresented sector/region
4) Projects awaiting the methodology
Methodology Approval Process

1. Methodology Development
2. Verra review
3. Stakeholder Consultation
4. VVB Assessment
5. Verra Review and Approval
Independent Auditing
Validation/Verification

- Over 20 approved validation/verification bodies (VVBs) globally

- Two accreditation pathways:
  - ISO 14065 by a member of the International Accreditation Forum (IAF)
  - Designated Operational Entity under UNFCCC

- Working with IAF members in key markets to build local auditor capacity
Flexibility built into the VCS Program

- No fixed verification periods
- No requirement for prior consideration
- **Standardized methods can streamline the determination of additionality**
- **Grouped projects allow projects to expand over time**
- Pooled buffer account ensure permanence of AFOLU project crediting
- Labeling credits with co-benefit standard certification (e.g., CCB, SD VISta, SOCIALCARBON, and W+)
Safeguards

- 30 day public consultation
- No net harm
- Assessment of environmental impacts
- Initial stakeholder engagement
- Ongoing stakeholder communication
Innovations in Nature-based Solutions

- Working Groups:
  - Agricultural Land Management
  - Blue Carbon
  - Forest Carbon
- Consolidated, streamlined methodology for afforestation/reforestation projects
- Exploring improvements of next generation remote sensing technology
Poll Question
Registry System
A Verified Carbon Unit
Next Steps for Project Proponents

- Review rules in depth
- Identify applicable methodology, or generate one locally
- Use PDD template to start drafting info about your project
- Submit your project to Verra for inclusion in the pipeline with draft project documents
- Issue credits & retire for the Carbon Tax
  - Obtain ELOA from COAS
  - Follow COAS procedures
Next Steps for Taxed Entities

How to identify projects & get credits
- Work with reputable project proponents/carbon advisors in SA
- Develop your own projects

Purchase from existing projects in Verra registry
- Retire the credits
- List in COAS, etc.

SD VISta and CCB certification
- Add value to projects your company wants to credibly support
Poll Question
Thank you!

Please send questions
- On the use of the VCS Standard to secretariat@verra.org
- On carbon market development to cbracer@verra.org

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