# SUMMARY OF PUBLIC COMMENTS: AUGUST 2022 CONSULTATION ON PROPOSED UPDATES TO THE *VCS METHODOLOGY APPROVAL PROCESS*

Release Date: 21 December 2022

| Question No. | Comment No. | Reviewer organization | Reviewer name | Reviewer country | Comment | Verra's response |
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| **1. Do you think that "Step: 1 Methodology Idea Note Submission" will encourage submissions of new ideas for methodology development or revision from stakeholders?** | | | | | | |
| 1 | 1 | The Lanigan Group | Paul Renaud | Canada | Yes | Thanks for your comment. |
| 1 | 2 | Re.green Participações S.A. | Fernando Gardon | Brazil | Yes | Thanks for your comment. |
| 1 | 3 | Vanke Foundation | Chris | China | Yes, if adjustments are allowed based upon swift responses from Verra team. | Thanks for your comment. |
| 1 | 4 | South Pole | Chetan Aggarwal | India | Methodology Idea Concept note may encourage submissions of new ideas but it would be a lengthy process and may increase the time duration of the methodology approval process. It maybe kept optional as it maybe useful for more complex or newer technologies/measures that are not mainstreamed yet. | Methodology idea notes are expected to decrease the overall timelines for methodology development by determining the most appropriate development pathway, and prioritizing high value, broadly applicable methodology ideas. Verra aims to respond to proponents whose methodology idea notes pass the completness check within 20 days. Review timelines at later stages will depend on the complexity of the methodology but Verra will continue to find ways to make these reviews as efficient as possible. |
| 1 | 5 | Climate Neutral Business Network | Sue Hall | USA/international | -I think that you'll likely get a lot of less well thought through ideas. If you don't require folks to think through the concept note technical foundations you'll get more pie in the sky where core foundations aren't even possible. I've seen them (as have you all I'm sure) ..ownership not possible, project activity not well designed so that the technology doesn't drive the GHG reductions but does something completely different … Without requiring the rigor of thinking through the technical foundations you could end up wasting more of your time on stuff that's just very wide of the mark. Right now folks like CNBN weed all that out for you ...<br>-It'll also add more time to the development timeline. And that timeline is already far too long □<br>-It's also really had to seriously evaluate an idea without an analysis of the tech foundations.<br>-It's also unclear to me why someone would share an idea when VCS has given itself the right to simply run with it itself, using its own self directed purpose. Sharing an idea is a far more vulnerable stage in the development process than even a concept note. The VCS veto power (see summary input above) renders sharing an idea at such an early stage as far more risky. | -The methodology idea note is to gather ideas and to determine whether each is of high value for the market and what development pathway is most appropriate for a timely and successful outcome. The core concepts mentioned are included in the template. Step 2 of the MDRP still requires the completion of a concept note to outline the methodological and technical approach for ideas that proceed.<br>-See response to comment 4<br>-Any stakeholder should be able to submit a methodology idea, independent of the willingness and capability to develop a methodology. The same stakeholder that submits an idea can also be the methodology developer if they meet the criteria. If not, selection of a developer will be based on the experience, expertise, and willigness and capability to produce a useful methodology for the broader market. Experience has shown that in some cases leaving the methodology development to a developer that submits an idea but does not have sufficient capacity leads to methodologies that do not efficiently proceed to finalization or do not work for the broader market. Verra does not have a "self directed purpose" to develop methodologies, but to provide broadly applicable, high-quality methodologies to enable project development for climate change mitigation. |
| **2. What do you think about Verra's proposed approach to publish high-level summaries of methodology idea notes for stakeholder and market awareness and to increase the transparency of Verra's pipeline of methodologies under development?** | | | | | | |
| 2 | 6 | The Lanigan Group | Paul Renaud | Canada | It has the possibility of being effective if VCS evaluation and response is timely. | Thanks for your comment. |
| 2 | 7 | Re.green Participações S.A. | Fernando Gardon | Brazil | I think this would be helpful to promote changes on consolidated methodologies and the development of new ones. | Thanks for your comment. |

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| 2 | 8 | Vanke Foundation | Chris | China | Yes, definitely.<br>a) Assuming each methodology developer has been fully prepared, it can carry out the following process more efficiently than any other participants after submitting the idea note. Thus, even in worst scenario, plagiarizing won't affect the first mover advantage.<br>b) Another developer holding similar idea can accelerate the development process or cofunding the cost. By any means, this won't affect the potential projects waiting for this new methodology, by which the methodology developers indirectly create positive impacts to the environment. | Thanks for your comment. |
| 2 | 9 | South Pole | Chetan Aggarwal | India | The proposed approach seems fine. | Thanks for your comment. |
| 2 | 10 | Climate Neutral Business Network | Sue Hall | USA/international | -Major concern; this undermines the market premise that R&D is commercially sensitive and if made public would render VCS untrustworthy as a partner in meth development<br>-If VCS wants certain players to collaborate on a combined meth, they can ask them privately to be willing to share and open up a discussion re potential collaboration (See above on Solutions)<br>-If the note is published, then it risks a "race" from competitors to get a concept note submitted to VCS ahead of the original note developer<br>-Bottom Line: this is one of the many ways in which VCS' proposals undermine what has been a market-based approach to meth development at VCS. Since the carbon market needs to scale, this is a bad idea. Markets have generally been proven to be the most adept at delivering services at scale. See broader note (also Q10) for details. | -Sensitive R&D does not need to be included in the methodology idea. Only a high-level summary of the idea is published.<br>-Thanks for the comment.<br>-Concept notes cannot be submitted by multiple developers, see section 3.6.1 of the MDRP.<br>-The updated MDRP will still use the market based approach as one development pathway, but give Verra the ability to select the developer or hire a consultant to ensure a successful outcome for the market. |
| **3. Do you have any other recommendations on dealing with overlapping or competing methodology proposals from stakeholders?** | | | | | | |
| 3 | 11 | The Lanigan Group | Paul Renaud | Canada | Suggest organizing an online forum to evolve overlapping or competetive proposals. | Thanks for your comment. Verra will use different means to deal with overlapping proposals, including stakeholder meetings, working groups and other collaborative processes. |
| 3 | 12 | Re.green Participações S.A. | Fernando Gardon | Brazil | No. | Thanks for your comment. |
| 3 | 13 | Vanke Foundation | Chris | China | Transparency, collaboration and time control would help.<br>a) Transparency. It's the way to reduce overlapping and competing and turning them into supplements to each other. No developer would waste time just copying a public listed idea for very little economic interest. If it wants more than mere copying such as expanding the scope, developers will communicate with each other for mutual benefits.<br>b) Collaboration. Any idea submitted by a first developer then soon comes the second developer should maintain this order until the next stage. When secnd developer submitted a similar idea, Verra should notify the first developer. it should elaborate the reason of accepting or not accepting the new comer's differences. The time frame for this period should be less than 2 months and concept note should be intact and clear.<br>c) Time control. If the first developer can not move on to the next stage on time, it will lose the first-mover privilege to the second developer who henceforth leads the documentation and explanation in concept note stage. | Thanks for your comment. We agree that transparency, collaboration and time control are important for developing broadly applicable, high-quality methodologies for the market. |
| 3 | 14 | Climate Neutral Business Network | Sue Hall | USA/international | -As above and in #10 below | Thanks for your comment. |
| **4. Are the outcomes of each step of the procedure for methodology development in Section 3 clear? If not, could you specify which outcomes need further clarification?** | | | | | | |
| 4 | 15 | The Lanigan Group | Paul Renaud | Canada | No - On hold should lead to a disposition outcome. Even if it is simply an expiry date. | Thanks for your comment. |
| 4 | 16 | Re.green Participações S.A. | Fernando Gardon | Brazil | The outcomes are clear, however the grace period of six months from the approval of the VCS methodology (section 3.20.3) are short for LULUCF projects. This grace period could be 12 months. | We agree that six months might be challenging for certain project types. Verra will set longer grace periods (as per the proposed option) where deemed appropriate. Stakeholders will have an opportunity to suggest an alternative grace period duration during the public comment period for a new or revised methodology. To clarify, projects starting validation before the grace periods starts in fact will have a longer period to complete validation. Six months is only the case for projects that start validation right at the beginning of the grace period. Verra also wants to encourage projects to use the most recent methodology version (where a transition can be reasonably made). |
| 4 | 17 | Re.Green | Diego de Paula Toledo | Brazil | The outcomes are clear, however the grace period of six months from the approval of the VCS methodology (section 3.20.3) are short for LULUCF projects. This grace period could be 12 months. In fact this grace period of 12 months could be applicable to the new ARR methodology, which is scheduled for publication late this year. | See response to comment 16 |
| 4 | 18 | Vanke Foundation | Chris | China | Yes, clear. | Thanks for your comment. |

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| 4 | 19 | Forest Carbon Works, PBC | Briana Capra, Quality Assurance Director | United States | Timelines for each stage would provide greater transparency and clarity to the process. For example, in Section 3.2, there is a requirement for project proponents to respond to Verra's findings within 60 days. The Verra team should set clear expectations for their own review team in each stage to ensure an efficient process for all stakeholders. | A timeframe for developers is required to address the issue where a developer becomes a bottleneck for the market in which case another third-party developers, or a consultant hired by Verra could e allowed to take over the development. Verra may grant exceptions to the timelines as appropriate. This has been clarified in section 2 of the Methodology and Review Process. Verra will also prioritize ideas of higher value to increase staff availability and implement internal timelines to reduce review times as far as possible. See comment response 4 regarding Verra timelines. |
| 4 | 20 | South Pole | Chetan Aggarwal | India | Yes. See section specific comments for more comments/suggestions | Thanks for your comment. |
| 4 | 21 | Climate Neutral Business Network | Sue Hall | USA/international | -This input has taken so long to put together we have had no time to respond to this question. | Thanks for your comment. |
| **5. The proposal includes an option for Verra to lead (i.e., manage and fund) certain high-priority methodology development processes. For instance, where no adequate third-party developer is available or methodology ideas are complementary and the third-developers do not want to collaborate, Verra will hire an independent consultant. The methodology review process is subject to the same rigor as for third-party developers (i.e., including Verra review, public consultation, and VVB assessment). Do you have any concerns with this approach?** | | | | | | |
| 5 | 22 | The Lanigan Group | Paul Renaud | Canada | It hinges on the quality of the 3rd party consultant.<br>Suggest establishing criteria for the selection of that consultant that includes experience in the sector for which the proposed process is intended. | Verra will prepare and publish an RFP when hiring a consultant. Past examples can be found on the website, for example: https://verra.org/wp-content/uploads/2022/06/RFP-ODS-methodology-revision_20220624.pdf |
| 5 | 23 | Re.green Participações S.A. | Fernando Gardon | Brazil | No. | Thanks for your comment. |
| 5 | 24 | Vanke Foundation | Chris | China | There is no doubt that Verra will lead the high enough standards on developing a new methodology. But we have no idea how can Verra get accessed to the potential project developers across the world. These project developers don't know the details of the methodology, in the worst case, thus may highly exaggerate the potential qualified emission reductions or carbon sinks for flattery or purposedly misleading. A third party as a developer might be incentivized to pipeline sufficient projects to cover the cost of developing methodology. Thus third parties would match their potential projects with methodology development in advance, avoiding the situation above. In certain high-priority methodology area, a third-party could be also encouraged by extra incentives other than projects developments to fill the vacancy. | Thanks for your comment. |
| 5 | 25 | Forest Carbon Works, PBC | Briana Capra, Quality Assurance Director | United States | The inclusion of a timeline for Verra to secure a thrid-party audit team to conduct the VVB Assesment. Project developers will benefit from clearly published sample timelines to properly set expectations. | Thanks for your comment. |
| 5 | 26 | South Pole | Chetan Aggarwal | India | - Verra must explicity define the process to hire any third party developer for methodology. The process should reflect transparency on part of Verra in hiring any kind of third party. The process at minimum include - process of RfP, general selection criteria, process of selection (e.g., evaluation of application, bilateral calls), provision to provide feedback to shortlisted candidates<br>- A consultant must also be hired via a transparent process of an RfP or a short term position (through Verra's bamboo HR process), with clear description of roles and responsbilities. | See response to comment 22 |
| 5 | 27 | Climate Neutral Business Network | Sue Hall | USA/international | Profound concerns with this approach.<br>-VCS is creating a deep seated conflict of interest within its organization between the "developer" innovation side of its organization and the "certifier, approve meths" standard size of VCS.<br>-COIs in financial markets – especially for certifying bodies – has proved utterly corrosive to integrity, quality and has resulted in the implosion of whole financial markets. Take the Lehman 2008 banking crisis where the CoI at rating agencies lead to the demise of the MBS market and the implosion not only of that market but leading investment banks and a massive financial market crisis.<br>-The first comment all stakeholders we have conferred with regarding VCS' proposals is that it creates a CoI that will become deeply corrosive – of the VCM and trust in VERRA.<br>-It does not matter that VCS would simply retain a consultant (as if that were an arm's length process which it is not). VERRA would be funding and managing the meth development – and simultaneously conducting its review. That's a CoI.<br>-Furthermore, unlike other certification bodies which exclusively undertake their own methodology development process (such as the Climate Reserve), there are no checks and balances to ensure that the inherent COI is addressed through rigorous stakeholder engagement processes. VCS is proposing no such transparency co-development mechanisms when it proposes to conduct BOTH roles (developer and certifier of a methodology).<br>- | Methodologies are a critical part of the VCS rules that are applied for projects together with other overarching program rules that are also developed by Verra as the standard setter. Verra's interest is in having high-quality methodologies in line with VCS Rules and Requirements available to project developers. Verra will apply the same rigorous review process as for third-party led methodologies, including public stakeholder consultation, VVB assessment, and separate internal reviewers and approvers from the staff involved in development to ensure rigor and high-quality outcomes. |

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| | | | | | CONTINUED FROM PREVIOUS COMMENT<br>There is also no mention of Chinese walls that would need to be developed between the VERRA development team and the meth review/certification team. This is shocking in its absence.<br>-Nor during the webinar did VCS executives even recognize or acknowledge the structural conflict of interest that would be created. The ability to manage such CoIs therefore would appear to be untrustworthy if the fundamental existing of the CoI is not being recognized – but rather in fact publicly denied<br>-Furthermore, VERRA is also proposing to allow VCS to take over a meth development as the developer should it decide to do so at its own discretion. This is an exceptionally wide CoI to introduce to the meth development process. Specifically VCS gave as an example that the “certification” side of the process could decide that a meth should be put on “hold” due to a lack of adequate progress; whereupon VCS on the developer side could take the decision to pursue and develop the methodology itself. VCS is judge, jury and executioner. The methodology (because there presumably were disagreements regarding its optimal structure) is executed (put on hold) by VCS who then steps in as judge (deciding to take it over), a decision supported by VCS as jury because it has enshrined this right into its Standard. Why would any methodology developer trust VERRA and bring a new methodology to them under these circumstances??? | |
| | | | | | CONTINUED FROM PREVIOUS COMMENT<br>1. The tensions between a meth developer and VCS as certifier are important, necessary and creatively productive forces to generate a consensus regarding how a meth is best structured. These are very productive discussions in which original meths’ structures can be refined. However if (as VERRA now proposed) VCS gives itself VETO power to snatch a meth away from a private developer when it consensus is proving tricky to reach and “insufficient progress” (should this become a VCS defined term now?) made, then the risk that such veto power would be abused is very high. Absent well defined procedures (e.g. what is adequate progress), the new approach opens VERRA to law suits from meth developers that consider their efforts to have been short changed and the IP/competitive interests that motivated their development of a proposed methodology compromised.<br>2.VCS cannot simultaneously BOTH have a market place for developing methodologies (as is currently the case) AND retain the veto right to “nationalize” such assets as its own to develop itself – without entirely undermining the private marketplace it has created so far for its meth development activities. You cannot have a private market for which the rules state that any activity/assets can be taken by VCS at its sole and CoI’d discretion. Private markets don’t work while under threat of national takeovers by governments. | |
| | | | | | CONTINUED FROM PREVIOUS COMMENT<br>Examples abound. So if VCS wants to have both meth development processes as currently proposed, the private market for meths will collapse and folks will go elsewhere.<br>3.The implication of this for VCS is pretty dire. The carbon market will scale. Such new methodologies will be created – but this will happen away from VCS and its market positioning will wane. Candidly, to introduce this veto takeover power for VCS makes it appear (as one stakeholder colorfully put it) as a “banana republic”. Not the kind of organization where private market entrepreneurs will want to be invest their time, energy and scarce capital …<br>-VCS has already undertaken several major changes with its meth development team and process recently, as Andrew Beauchamp and Sam Hoffer left VERRA, along with Naomi Swickard. With a new team in place, all of whom are new to VERRA, we would counsel that VERRA allow time for the new team to get situated and grounded before making further changes. The image as clients we have of VERRA right now (across so many dimensions) is that of a skater on speed. Yet more profound change in the meth development processes (when they’re inadvertently creating some NEW serious problems) on top of the current pressures and unsteadiness at VERRA is not the right recipe for sustaining and expanding VCS’ meth development practice. | |
| **6. Are the proposed procedures for major and minor revisions of methodologies clear? If not, could you specify where improvements should be made?** | | | | | | |
| 6 | 28 | The Lanigan Group | Paul Renaud | Canada | Updating procedures to incorporate new tech or analytical tools should be a minor revision.<br>E.G. use of LIDAR or remote sensing to estimate tree stocking levels in a forest should be a minor update | This depends on the complexity, extent and impact of the revision. A new monitoring approach may require a major revision with public stakeholder consultation and VVB assesssment, for example to assess accuracy, conservativness and uncertainty of the new method. If such a tool is already approved, a minor revision to other methodologies could be made to incorporate it to perform the same task. |
| 6 | 29 | Re.green Participações S.A. | Fernando Gardon | Brazil | Yes. | Thanks for your comment. |
| 6 | 30 | Vanke Foundation | Chris | China | Yes, clear. | Thanks for your comment. |

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| 6 | 31 | Forest Carbon Works, PBC | Briana Capra, Quality Assurance Director | United States | We believe clearer distinctions are needed between major and minor to eliminate as much subjectivety as possible. A cross walk per methodology sections is suggested. An option to have two revisions on the same methodology at the same time, one for minor revisions and another for major revisions is a flexable consideration for project developers that should be considered and included here. | Decision on whether a major or minor revision is required will be made (to the extent possible) at the methodology idea note to reduce uncertainty for the developer. Revisions may be done in parallel if not overlapping and if both revisions can be assessed independently. Verra will decide case by case if this is feasible. |
| 6 | 32 | South Pole | Chetan Aggarwal | India | - Generally procedures seems to be fine. It is noted that verra has done away with limited modifications, including clarifications. Clarifications are different than any revision (minor, major or editorial). Verra also releases clarification for the standard document. Clarifications maybe required for certain criterion or procedures. CDM also has a procedure for clarification.<br>-See section specific comments for more comments/suggestions | Errata & Clarifications are still used when appropriate. The rules are provided at the standard level and are applicable for program rules and other program documents such as methodologies. |
| 6 | 33 | Climate Neutral Business Network | Sue Hall | USA/international | -A lot of the information and thresholds here which are attempting to distinguish between major and minor revisions seem very unclear -- from the webinar slides (which are more detailed than the published website)<br>- To avoid conflict regarding which is applicable VERRA should define its terms more clearly here<br>- For example whether a revision entails "limited or no impact on the methodology" is very generic language. A lot of disagreement can arise with respect to what that would mean in practice.<br>- More detail is provided in VCS' proposed new document with some examples which is much more helpful. However, the governing phrases in VCS' definition of major/minor revisions are still very generic.<br>-For major revisions, the big change appears to be the requirement for public comment and VVB review (compared to the current VCS process). This wasn't super clear in VCS' presentation of the proposed revisions. This significantly raises the costs and time/energy required to complete a revision. Projects may just decide to pursue a new methodology with another certifier rather than work through a major meth revision of an old problematic meth with VCS when the work involved would be so similar to a new meth development with other certifiers. VCS would then miss out on all the VCU issuance opportunities. | -Decision on whether a major or minor revision is required will be made (to the extent possible) at the methodology idea note to reduce uncertainty for the developer.<br>-In the former Methodology Approval Process, both minor and substantive revisions also required a VVB assessment. The new process does require a VVB assessment for minor revisions, and actually reduces the burden and timeline. A major revision can have significant impact on the methodology approach, which is why the same process as for new methodologies is required to maintain rigor. |
| **7. Step 5 of Section 3 and Section 6 of the Methodology provide the procedures and scope for the VVB assessment. What additional guidance, clarification, and requirements for VVBs would help to further strengthen the VVB assessment process?** | | | | | | |
| 7 | 34 | The Lanigan Group | Paul Renaud | Canada | Minor revisions should have at least a public notice and brief online consultation feedback period. | Thank you for your comment, the MDRP has been updated to include public comment periods for minor revisions. |
| 7 | 35 | Re.green Participações S.A. | Fernando Gardon | Brazil | None. | Thanks for your comment. |
| 7 | 36 | Vanke Foundation | Chris | China | VVB assessment procedure under collaborate situation could be a bit more complicated. In current approval process, new comer cannot join the development process when a methodology is under assessment by a VVB. And the assessment is opaque until a year later disclose everything. The new requirements for collaboration should get VVB assessment involved. For instance, when a methodology is under VVB assessment, a similar but different scope idea note come up. The new stuff should be absorbed by VVB instantly so that the output can match latest development of technology rather than match the version public commented a year ago. This mechanism would be significant for fast moving technology sections. And the additional efforts and costs should be incurred by the new comer. In other words, collaboration can happen at any stage though at different cost. | Thanks for your comment. We understand this concern. However, it seems to be difficult and inefficient to incorporate new ideas during the VVB assessment when the methodology is already drafted, went through the initial Verra review and concluded public stakeholder consultation. Feedback and suggestions for further modifications should be provided at the public stakeholder consultation before the VVB assessment. Verra will publish a high-level summary of methodology idea notes for market awareness, so other stakeholders can also submit their ideas at an early stage to ensure the same revision process can cover overlapping and complementary ideas. |
| 7 | 37 | Forest Carbon Works, PBC | Briana Capra, Quality Assurance Director | United States | The inclusion of a timeline for Verra to secure a thrid-party audit team to conduct the VVB Assesment. | Verra will publish RFPs for VVBs when the public stakeholder consultations starts (or earlier, if possible). |
| 7 | 38 | South Pole | Chetan Aggarwal | India | -See section specific comments for more comments/suggestions | Thanks for your comment. |
| 7 | 39 | Climate Neutral Business Network | Sue Hall | USA/international | - This input has taken so long to put together we have had no time to respond to this question. | Thanks for your comment. |
| **8. Should VVBs take a more proactive role and have the authority to provide specific directions to methodology developers? For example, could the VVB's perspective as an assessor and expert in project validations and verifications contribute to a more streamlined methodological approach for application to projects and validation/verification when giving certain guidance?** | | | | | | |
| 8 | 40 | The Lanigan Group | Paul Renaud | Canada | Yes effective guidance could result in faster methodology development - particularly for tricky subjects such as additionality where the addive nature is not obvious.<br>E.G. by pointing out weaknesses or potential objections during the development period | Thanks for your comment. |
| 8 | 41 | Re.green Participações S.A. | Fernando Gardon | Brazil | Yes. | Thanks for your comment. |

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| 8 | 42 | Vanke Foundation | Chris | China | Yes. VVBs have the capability to contribute during methodology development. But VVBs may show reluctance when lacking rebate mechanism and service payment. Rebate on VVBs who both have guided methodology development and validate or verified projects proportionally will help increasing usage of new methodology and eliminating overlapping problem at the very beginning. VVBs has broader coverage on existing methodology than specific methodology developer, thus can divert from overlapping problem more easily. | Thanks for your comment. |
| 8 | 43 | Forest Carbon Works, PBC | Briana Capra, Quality Assurance Director | United States | It seems that would have the potential for a VVB to then be seen as a consultant rather than independant third party reviewer which would be a conflict of interest. | Thanks for your comment. |
| 8 | 44 | South Pole | Chetan Aggarwal | India | No, VVB perspective can be saved for the later stage i.e. after the public consultation.<br><br>Granting more authority to the VVB is restricting the right of the methodology developer to their discretion, given this is a process of consultation, not a process of carrying out directions. Ultimately, it is the methodology developer and not the VVB, whose methodology is either approved or otherwise. | Thanks for your comment. |
| 8 | 45 | Climate Neutral Business Network | Sue Hall | USA/international | With the right VVB team, their input to methodology development is invaluable. In the methodologies I've crafted before particularly VM0025 and VM0038, we engaged 100 stakeholders in early design discussions. Leaders from several VVBs formed part of those discussions (none had been retained as VVBs at that time – the meth was just developing its core foundations). The insights from the VVB leaders were invaluable<br>-The conflict of interest inherent in a VVB providing advice has to be addressed in such situations. With our meth development, such input was secured across many VVB leaders and took place in the context of a wide ranging stakeholder consultation process, so that the VVB experts were one in 100 voices. This is the same stakeholder learning process that Climate Reserve uses to mitigate its CoI during meth development.<br>-One way to address the CoI formally, when a VVB has already been retained, it to secure input from a seasoned VVB as an external expert. Such an expert can be sourced from a different VVB<br>-More broadly, it's vital to think through how a meth will be used during project V&V. If a developer doesn't have experience there then the VVB input and insight will be very valuable and a valid basis upon which they can issue findings formally (where there would be no CoI arising)<br><br>CONTINUED FROM PREVIOUS COMMENT<br>-VCS changed its meth development process a year or so ago and it REMOVED the amazing early stage discussions with VCS leadership (AB and SH) in which a meth's foundations would be crafted – before heading to two VVB reviews. The loss of this process is tragic: VCS' current meth development process with its findings and written back/forth does not have the same fluidity and creativity which worked so brilliantly in the past to refine early meth draft approaches. VCS would do well to reconsider how this process gave significant advantages and reincorporate it before conducting its formal reviews | Thanks for your comment. |
| **9. The Integrity Council for the Voluntary Carbon Market (ICVCM) is currently consulting on its draft Core Carbon Principles, Assessment Framework, and Assessment Procedure. Criteria 2.1 of the Assessment framework relates to methodology approval processes. Do you recommend any adjustments to Verra's Methodology Development and Review Process based on the draft ICVCM criteria? For example, 2.1 c) requires "approval of new quantification methodologies and major revisions of quantification methodologies [to] undergo review by a group of experts."** | | | | | | |
| 9 | 46 | The Lanigan Group | Paul Renaud | Canada | Application of the core principles is not always clear cut because the core principles shouldnot be treated as sacrosanct. | Thanks for your comment. |
| 9 | 47 | Re.green Participações S.A. | Fernando Gardon | Brazil | No. | Thanks for your comment. |
| 9 | 48 | Vanke Foundation | Chris | China | It seemed to be time consuming to read through all relevant documents from ICVCM. Till now, VCS mechanism works in China. Climate impact projects are developed by clear guidance from methodologies, tools and processes. Chinese regulators played an important role in all of these results, though they almost never praised Verra in their words. But it's already one of the highest acknowledgements, such as government of Chongqing, one of four province-level-cities in China, procuring VCS service publicly. This is due to the robust processes of VCS that having considered geographical, cultural and economic differences. The processes were formulated by down-to-earth investigations and consultations in addition to latest academic achievements. ICVCM's advice of undergoing review by a group of experts might do no harm but I can imagine the questions from China stakeholders such as "How many of the experts are Chinese? Is it proportional to population?"; "How were they selected?"; "How to ensure their neutrality?"; "How to ensure their local knowledge". Though answers would finally come out, but it doesn't have forseeable improvements comparing to current VCS methodology processes. | Thanks for your comment. |

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| 9 | 49 | Climate Neutral Business Network | Sue Hall | USA/international | Responding to the example you've provided, a group of experts is not needed for a minor/major meth revision in the industrial/tech segment. If an expert meth developer and VERRA can't work that out then the process is running thin. The costs to retaining such experts would be prohibitive.<br>-There is a place for engaging stakeholders and I believe this is when the meth is begin crafted. Our meths have utilized this approach and it's been very insightful. Experts engaged at a later stage in meth development (during review or approval) is a much less efficient way to engage stakeholder insights.<br>-To require a working group or engagement of third party experts can be expensive. If a meth is proponent lead and funded, how will they know how much this will happen and thus cost? Or does VCS fund the experts? What about the time to engage with this process on proponents' part? Increases cost and complexity in an unpredictable way …<br>- Collaborative development with stakeholder engagement at an early stage -- like EVCCC's is terrific … but again it is far more costly so good judgement is required to ascertain when this is warranted<br>-There are many places in VCS' consultation proposals where experts re proposed to be retained on an expanded basis. The same cost/timing/complexity concerns arise at all of these. | Thanks for your comment. Just to clarify, the cost for additional expert reviews where necessary is borne by Verra. Involvement of experts and working groups to support the development of the methodology is treated separatly from expert reviews. |
| **10. Do you have other general comments on the proposed VCS Methodology Development and Review Process?** | | | | | | |
| 10 | 50 | Re.green Participações S.A. | Fernando Gardon | Brazil | On behalf of the grace periods, it would be more useful if grace periods were set according to project type. For example, in AFOLU projects as REDD and A/R project types, distinct grace periods should be defined. This is important because REDD and A/R projects present different aspects related to the validation/verification process. While REDD projects might be easily validated in a six month period, A/R project are much more complex and demand at least six months. Thus, we argue that A/R projects should have an extended grace period of at least one year, a change that would benefit the validation process for many projects undergoing the first phases of certification. The short period of six month could result in a delay of these projects under development, this is because changing a methodology may incur in the necessity of modifying a lot of work already done, making some projects unfeasible. | See response to comment 16 |
| 10 | 51 | Vanke Foundation | Chris | China | No other comments. | Thanks for your comment. |
| 10 | 52 | South Pole | Chetan Aggarwal | India | See section specific comments for more comments and suggestions. | Thanks for your comment. |
| 10 | 53 | Climate Neutral Business Network | Sue Hall | USA/international | Yes. Please see below (also supplied as separate paper).<br>Introduction of Major Institutional Conflict of Interest<br>VCS' proposal to have itself lead the meth development process – including suspending private meth development for "lack of progress" and then taking that same meth development forward itself – represents a conflict of interest.<br>Conflicts of interests (CoI) are highly corrosive to the integrity and well-functioning of financial markets – especially when they arise within rating/certification/standards bodies<br>-If VCS is unaware of how conflicts of interest at financial market rating agencies impacted the corrosion of integrity in the mortgage backed securities market in 2008 and ultimately lead to the demise of Lehman Brothers Investment bank and the 2008 capital market implosion then (candidly) VCS leaders should research this and educate themselves.<br>-The problems that COIs raise for financial markets is exceptionally well documented. There are regulations in regulated markets to prevent them (e.g. Gramm Rudman Act). Entities must construct Chinese walls (e.g. between trading and private finance in investment banks). CoI are treated with the utmost of serious concern in financial services (FS) markets due to their extreme corrosiveness on integrity. | See response to comment 27 |

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| | CONTINUED FROM PREVIOUS COMMENT<br>Just because VERRA doesn't have SEC oversight (yet), doesn't mean it can afford to ignore COIs. Furthermore it will have such oversight soon (as the VCM expands e.g. through VCMI) so to introduce structural COIs now is a major flaw/concern<br><br>Other certifiers don't combine both private market meth development and centrally controlled "public agency" self-executed meth development. The best ones pick one approach to avoid the CoI that arises if both approaches are combined within the same single organization<br>-Climate Reserve uses the "public agency" self directed approach exclusively<br>-American Climate Registry relies exclusively upon the marketplace<br><br>VCS executives on the webinar did not appear to agree that its proposals would introduce a structural, institutionalized CoI. This is a very serious concern. You cannot address a problem you do not recognize<br>-Responses to the public question were to the effect that "VERRA doesn't write the meth itself, it hires a consultant to do that, VERRA then reviews that work so the process works the same as for private meth development"<br>-Unfortunately, any decent lawyer will tell you that since VERRA is directing the meth development and funding the consultant do this work which it hires and manages this DOES represent a very clear COI | | |
| | CONTINUED FROM PREVIOUS COMMENT<br>Stakeholders we've spoken with make it very clear that VCS' proposals embed this serious COI. It's plain to everyone and it's causing VCS' reputation to sink already. If implemented, VCS' internally developed meths risk not being considered to have the same level of integrity needed to sustain its broader reputation.<br><br>The checks and balances which other certifiers (e.g. Climate Reserve) have put in place to balance the COIs inherent in a Standards organization driving its own methodology development process are shockingly absent in VCS' proposals<br>-There is no broad stakeholder engagement for example to create the public accountability with methodologies co-developed through that process<br>-There's not even a discussion of Chinese walls etc<br><br>Furthermore, organizationally speaking. currently the meth review team, which makes the recommendation/decision on the part of the VCS Standard to accredit a methodology, reports through to Toby, head of Innovation, which is the very same program within VCS that would be choosing to pursue meth development on a VCS-lead basis. This makes the CoI even more structurally embedded in the organization. At A MINIMUM, if the innovation team is to be involved in meth development, the meth review team should report separately through a chain of command located within the VCS Program side of the enterprise. | | |
| | CONTINUED FROM PREVIOUS COMMENT<br><br>This wouldn't construct a Chinese wall but it's pretty clear already that have both functions within the same business unit creates a very unhealthy CoI.<br><br>Since a COI at VERRA puts the entire VCM at risk, it must be avoided. COIs at investment banks and rating agencies in 2008 put the mortgage backed securities market at risk. When it imploded people's security and access to housing and shelter was undermined. If this CoI undermines confidence in VERRA's rating/standard setting role the VCM is undermined with implications for the planet which none of us can afford.<br><br><br>Free Marketplace Mechanisms for VCS Meth Development Will be Undermined<br><br>Several of VCS' proposals will undermine the free marketplace and private sector's willingness to invest in independent meth development.<br><br>This arises in several places:<br>1. VCS' proposal gives it the right to suspend a private meth developer's efforts (for lack of progress) whilst (CoI'd) giving itself the right to continue with that same meth development. In private markets, this is called "nationalizing" assets – it's considered a "takings issue" for private capital.<br>a. | | |

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| | CONTINUED FROM PREVIOUS COMMENT<br>Clearly the CoI at the center of VCS' proposal is driving this problem but the result is that private meth developers won't choose VCS for accreditation. There are creative solution to this problem VCS faces which we outline below and avoid giving VCS such corrosive veto power<br>2.VCS proposes to make the "initial notes" public. This gives all other parties the opportunity to appropriate an innovative new meth idea and rush to get a concept note in first in order to "steal the march" and become the meth developer, disenfranchising the original team which put the creative idea forward. The notion that there are any safeguards for intellectual property is violated (even though everyone recognizes that ultimately when published the meth becomes public). Trust in VCS to have early discussions with them when couched as requiring publication of an initial note will vanish. VCS' access to creative ideas and new proposed meths will wane. It will lose share and market positioning especially in the vital innovative markets.<br>a.The time to make a meth public is positioned well at this point – namely when the meth is drafted and has secured VCS support. Anticompetitive behavior is far less likely at this point.<br> VCS is proposing to harvesting IP from the market place and then make it their own in ways that undercut all incentives to trust VCS with that IP in the first place<br>3. | |
| | CONTINUED FROM PREVIOUS COMMENT<br>3.VCS' proposals do not appear to recognize that there are competitive interests underlying a methodology development process. These are not "get my badge on the meth" ego motivations. Competitively speaking, there are first mover advantages for projects which use the methodology first with deeper insight into how the meth works because they have been part of its development process. These are reasonable returns for the extremely demanding capital and time/talent investment that a VCS methodology development process requires. And yet VCS' proposals now run rough-shod over such underlying market incentives. Candidly, if VCS wants to have VCS run "centrally developed" methodologies then it should this and only this. It will avoid the conflicts of interest – or at least only those COIs which arise between itself and its private meth development parties.<br>4.VCS is not giving a meth developer the right to refuse a meth being VERRA lead – and the principle here appears to be that no one has exclusivity on a meth idea/development lead. Unfortunately private markets rely upon being able to make a valid private claim on an idea or asset – even when they agree that ultimately that asset (the final meth) will be in the public domain. VCS is now trying to take into the public domain the whole meth development process … in ways that private investors will turn their backs on.<br>a.For example, from the webinar, a question: "Can developer refuse for meth to be VERRA lead?". | |
| | CONTINUED FROM PREVIOUS COMMENT<br>VERRA response: "If idea comes in, no one has exclusivity on it. Want to keep flexibility … but if it doesn't progress we'll switch to a different developer or VERRA takes it up and hires a consultant"<br>b.When markets become subject to takeovers by a centrally controlled and directed "public agency" style process, capital flight results. This is a major risk for VERRA here.<br>5.Doesn't this process also risk VERRA playing favorites with meth developers? Aka we like this idea but let's have x do the work? This too would seriously undermine the marketplace for meth development … which won't help the VCM scale.<br>6.VCS proposes to remove compensation for meth development – again undermining the market mechanisms and private capital that can support innovation in the VCM<br>a.Meths can be expensive in terms of capital, time and talent<br>b.VCS' compensation goes some way to restoring that capital. More importantly, for the meths I've developed, they've been held in trust so that they can fund the standardized 5 year updates VCS requires – at a time when the original meth founders (and investors) are long gone. If you were to make this something VCS encouraged, then we'd support the application of such funds in this way.<br>c.The compensation $ are not typically material to VCS (yet VCS would benefit from rescinding the development compensation). | |

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| | CONTINUED FROM PREVIOUS COMMENT<br>They are material to both meth development and the ongoing upkeep of the meth to meet update requirements.<br>i.See creative solutions below for situation where the funds are material<br>d.VCS should therefore NOT undermine again this market mechanism for meth development unless it wants to take over all meth development for itself and cast all private innovation efforts aside.<br>7.VCS' interest in encouraging some meth developers to collaborate on complementary/overlapping meths can be met through processes which avoid the pitfalls e.g. through private communications with each of them, explaining the situation and convening conference calls to co-design the best way to proceed. VCS still has the power to accept/reject proposals so it has ultimate control over how the privately funded meth development can proceed.<br>a.See creative solutions below<br><br>The implications of undermining the private market for meth innovation are pretty dire for VCS relative to attracting new private methodology efforts<br>-Privately funded meths will be encouraged to go elsewhere for accreditation to avoid these very real risks<br>-VCS will be undermining efforts to scale the VCM. Private marketplaces have demonstrated that they scale the best …<br>- | |
| | CONTINUED FROM PREVIOUS COMMENT<br>VCS will be removing private capital from its meth development process shrinking its scope of VCU issuance, innovation and scale<br>-VCS contribution to the scaling of the carbon market will dwindle; private investment will head elsewhere<br><br>There could be ways to mitigate these risks but the approach overall is highly problematic<br>-For example, if the stakeholder has funding for the meth development, do they have the prerogative to undertake the development themselves and choose their developer? Or can VERRA force it be done by others? Assuming its not a collaborative meth dev process<br>oIf the risks can be mitigated better, then maybe folks would continue to bring you great ideas<br><br>Other Implications Arising from VCS Unilateral Takeover of Meth Development Process<br><br>Other concerns arise from VCS' unilateral takeover of meth development efforts<br>-It will have banished all the project/sector specific expertise from the discussion/engagement process … so VERRA's resulting self-directed meth is likely to be far less well suited for purpose. Meth quality will decline<br>oCNBN engages coalitions for meth development to ensure the reverse is the case! | |
| | CONTINUED FROM PREVIOUS COMMENT<br>Yet VCS' proposal takes the opposite view<br>-The VCS Standard requires meth developers and projects to undertake serious stakeholder engagement process. It is therefore the height of inconsistency for VCS to give itself veto power in ways that banish the very stakeholders from the meth development process that its Standard itself requires of its meths and projects.<br>-If VCS is given the right take over meths for "lack of progress", serious risks arise. Lack of progress can be charged when there arises meaningful disagreement regarding how a meth should/could best be structured. Threats regarding "lack of progress" become obvious power plays in such circumstances – go my way or the highway. The process that is actually needed in such situations is a collaborative learning process. (See creative solutions below). There must be good reasons why well intentioned (and invested) stakeholders (VCS and the meth development team) are disagreeing; what is needed is to learn why and seek creative, better founded solutions. IF in these circumstances VCS gives itself the VETO power to override such learning processes and unilaterally proceed in the direction that it has determined is correct, the resulting meth will likely lack stakeholder support in the market place and its quality will be suboptimal. Who would want to use a meth whose development was founded upon such a serious disagreement between leading sector experts and VCS? | |

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| | CONTINUED FROM PREVIOUS COMMENT<br> Not many … far too risky a prospect to launch a project development upon .. with reputations at risk.<br>-The veto power instead intensifies the conflict and opens VERRA to the risk of lawsuits and appeals to the board of directors. These both escalate the conflicts in ways that are unhelpful and unnecessary (see solutions below).<br>-The tension inherent in the meth development process is very valuable and VCS proposals should not short circuit it but recognize its value<br>oTension in meth development is valuable .. but VCS' veto power just gives VERRA a trump card to play which removes that tension but in ways that will undermine the meth development. If there are issues arising it can be because VCS doesn't understand why its point of view is problematic … and yet it has the capability to put a meth on hold and then just do the development itself – complete with its poor understanding of the context and disagreements on why the meth will/won't work. This seems like a recipe for increased conflict<br>-So the proposals really risk and represent a recipe for increased CONFLICT on an ongoing basis for this meth. For example, what happens if the original stakeholder submits later a major concern re VCS' meth and is then ignored???<br><br> The current process may be painful at times but it does force proponents and VERRA to stick w the process and get to a consensus … | |
| | CONTINUED FROM PREVIOUS COMMENT<br> and a productive consensus<br> A VCS veto would undermine these creative productive tensions with adverse impacts and outcomes<br> The VCS proposed process risks giving rise to long-term conflicts and meths developed without the required deep wrestling with the issues on hand<br> the resulting escalation in conflict is likely lawsuits for VERRA and appeals to the VERRA board<br><br>Alternative Creative Solutions That Avoid Creating These New Problems<br>There are several legitimate problems that VCS is seeking to "fix" by introducing this self-directed meth development pathways. These problems can be resolved creatively without introducing the institutional COI and undermining the market-based methodology development process upon which VCS' success has rested to date. The challenges VCS has named to be addressed include:<br>1.Overlapping meth development proposals<br>2.Meth development initiatives which run so long that they are abandoned and never completed<br>3.Impasses reached in meth developing on key findings which render the meth "parked" in ways where it cannot progress further<br>4.Remuneration for meth developers of such a size (for massive projects) that they introduce a CoI for developers which receive payments large enough to motivate over crediting | |

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| | | CONTINUED FROM PREVIOUS COMMENT<br>In all these situations there are solutions which can be introduced which avoid the institutional CoI “VERRA directs the show” problems.  For example:<br>1.Verra can convene a discussion among overlapping developers (having secured their permission to provide a simple short outline of the scope of their proposed methodology) – with the goal of reaching agreement regarding the structure of modules which each would write (jointly if the overlap between some is very extensive). The overarching meth that’s needed to anchor the modules (please review VM0025) is short and can be written jointly by them.<br>2.VCS can establish a new rule through which if it has not received any response from a developer to a finding over say a 9 month period it has the right to consider the development “timed out” and has the right to allow another third party (privately funded) developer to step in to try to put a new meth in place.  Note this does not have VERRA take on and direct/fund the meth dev role itself and so avoids the CoI<br>3.Impasses can be reached in meth development.  They’re not happy situations.  But in any negotiation process, if one party has reserved itself the right to veto and then continue as it best sees fit it creates a receipe for long term conflict and law suits.  A better approach is to bring in a third party independent adjudicator (e.g. Michael Lehman from DNV) who has enormous experience on meth development, VVB, | |
| | | CONTINUED FROM PREVIOUS COMMENT<br>VSC standard in order to assess the impasse, see if there is a creative way forward and if not provide an opinion regarding where the problem lies (is it the developer that won’t agree with a VCS Standard that is imposing requirements they just don’t like or is VCS seeking to apply its rule on an inconsistent basis).  Based upon the independent adjudicator’s opinion, VCS would have the right to open the meth development process to other third party developers (again privately funded, not funded by VCS to avoid the COI) – or, if the adjudicator found for the developer, VCS would need to take steps to align its decisions to be consistent with its Standard in regards to this methodology.  This intermediate adjudication process will also help avoid appeals to the Board of Directors which otherwise can arise in these circumstances.<br>4.Remuneration issues can easily be resolved by reducing the remuneration per ton for large projects so as not to create CoIs for developers.  An even better idea (see below) is to encourage these funds to be set aside and used to fund year 5/10 reviews.<br><br>These examples illustrate how VCS could resolve the challenges we sincerely understand it is facing – but in creative ways that do not structurally undermine the private market for methodology development nor create a corrosive internal conflict of interest that (based upon 2008 capital markets and so many other examples in financial markest) would put the VCM structurally at risk. | |

# GENERAL COMMENTS

Section specific comments

| Comment No. | Reviewer organization | Reviewer name | Reviewer country | MDRP Section/s, pages and/or lines | Subject | Comment | Proposed Change (optional) | Verra's response |
|---|---|---|---|---|---|---|---|---|
| 54 | Re.green Participações S.A. | Fernando Gardon | Brazil | Section 3.20 Methodology Grace Periods | Grace Periods | On behalf of the grace periods, it would be more useful if grace periods were set according to project type. For example, in AFOLU projects as REDD and A/R project types, distinct grace periods should be defined. This is important because REDD and A/R projects present different aspects related to the validation/verification process. While REDD projects might be easily validated in a six month period, A/R project are much more complex and demand at least six months. Thus, we argue that A/R projects should have an extended grace period of at least one year, a change that would benefit the validation process for many projects undergoing the first phases of certification. The short period of six month could result in a delay of these projects under development, this is because changing a methodology may incur in the necessity of modifying a lot of work already done, making some projects unfeasible. | Different AFOLU project types should have specific grace periods. A/R projects should have an extended grace period of at least one year, instead of only six months. | See response to comment 16 |
| 55 | Re.Green | Diego de Paula Toledo | Brazil | 3.20.3 of PROPOSED UPDATES TO THE VCS METHODOLOGY APPROVAL PROCESS | Grace period | The outcomes are clear, however the grace period of six months from the approval of the VCS methodology (section 3.20.3) are short for LULUCF projects. This grace period could be 12 months. In fact this grace period of 12 months could be applicable to the new ARR methodology, which is scheduled for publication late this year. | 3.20.3 The grace periods are set as follows:<br>1) Where a methodology is revised, the prevailing version of the methodology may be used for up to twelve months from the approval of the new version.<br>2) Where a methodology of an approved GHG program is newly excluded from the VCS Program and replaced by a VCS methodology, the previously accepted methodology of the approved GHG program may be used for up to twelve months from the approval of the VCS methodology.<br>3) Where a previously approved methodology becomes inactive during the review process, it may be used for up to twelve months after it becomes inactive.<br>4) In exceptional circumstances, Verra retains the right to set a different grace period.<br>3.20.4 The grace periods of 3.20.3 are applicable to new methodologies published since 2022. | See response to comment 16 |

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| 56 | South Pole | Chetan Aggarwal | India | 2.1.3 | General Guidance | If a third party developer has submitted a Methodology Idea and subsequently a concept that reasonably fits VCS program rules and requirements, the third party developer should not be forced to form a working group/consortium. As the requirement is 'may', a third party developer must have the right to reject any such suggestion from Verra. If the developer rejects such as suggestion from verra, Verra must not use any provision in MDRP negatively against the developer to reject its methodology idea or concept note. If deemed necessary by both the parties (in cases where Verra is not managing and funding the methodology development), funding to form such groups should not be evaluated and not necessarily be a burden on the developer. Often, such things are not considered and can not be considered as this is not a very defined procedure. Even for methodology development that are funded through philanthropic grants, such things may or may not be considered in the original budget. | | To clarify, not all methodologies necessarily require a working group. Working groups and other forms of stakeholder engagement usually have the most impact at the concept note stage to give direction, provide technical input and support the developer in outlining the methododological approach. This has been successfully piloted in several cases. If a developer does want not engage with other stakeholders or a working group where it would be appropriate to produce a high-quality and broadly applicable methodology, another third-party developer or consultant hired by Verra could take over. This will typically be determined at an early stage before concept note development starts, so the developer can make a decision. This is to ensure the development of robust and broadly applicable methodologies that should be suitable for the market, not a specific developer or proprietary technology. |
| 57 | South Pole | Chetan Aggarwal | India | 2.1.11 | Methodology Status | - Verra should have more of a registry type of system to track methodology development and transparently visible to the general public.<br>- The Status under development should be at minimum the following<br>(I) Concept Note - The potential methodology is under concept development and evaluation stage<br>(ii) Draft Methodology - The complete methodology is under development and evaluation by Verra<br>(iii) Public Consultation<br>(iv) VVB assessment: The methodology is under VVB assessment<br>(v) Final Review and Evaluation: The methodology is under final review. | | Thanks for your comment. Verra will publish the development stage and status of all methodologies in the review process from methodology idea to final review, similar to what you suggest. |
| 58 | South Pole | Chetan Aggarwal | India | 3.1.3 | Methodology Idea Note Submission | Verra must mention timelines of review by them. Cue can be taken from project reviews done. E.g., 10 business days/20 business days. As methodology Idea note would be fairly overarching, this should be fairly less time consuming<br>Providing timelines would be helpful for the developer to plan accordingly and also give some responsibility to Verra over timelines. | | A timeframe for developers is required to address the issue where a developer becomes a bottleneck for the market and other third-party developers, or a consultant hired by Verra could take over the development. Verra may grant exceptions to the timelines as appropriate. See comment response 4 for Verra review timelines. |

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| 59 | South Pole | Chetan Aggarwal | India | 3.1.6 (1) | Outcomes of Methodology Idea Note | Where Verra determines that methodology idea note would proceed, the first preference to develop concept and progress with the methodology development process must be given to stakeholder submitting the idea note. Where verra decide that submitting entity is not capable or is not willing to undertake complete methodology, Verra must confirm this in writing to avoid any future issues. Even in CDM, EB never decides whether the submitting entity is good enough or not, they are given fair chance to proceed with submission of the methodology development/revision. There could well be first timers that are very good. Prime example is indigo Ag that developed VM42. That organisation was not a traditional project or methodology developer. | | The selection of a developer should not be based on the date of submission of an idea, but experience, expertise, and willigness and capability to produce a useful methodology for the broader market. Experience has shown that in some cases leaving the methodology development to the first developer that submits an idea leads to methodologies that do not work for the broader market. Verra does not have a "self directed purpose" to develop methodologies, but to provide broadly applicable, high-quality methodologies to enable project development and drive climate change mitigation. To be clear, the same stakeholder that submits an idea can also be the methodology developer if they comply with all criteria. |
| 60 | South Pole | Chetan Aggarwal | India | 3.1.6.(2) Verra may also put a methodology idea note on hold due to the limited availability of Verra staff for reviews throughout the methodology development process | Outcomes of Methodology Idea Note | This is a very unacceptable excuse. From methodology idea note to concept note developemtn and further each step, there is always a time gap. Such time gaps must be utilised by Verra to get more and relevant resources to review the methodology documents. This line seems to be blackhole. This along with no mention of timelies to review, looks like a way that Verra does not want to take responsibility of the process while controlling each outcome at its will. | | Given the market growth and increased interest in methodology development, Verra cannot proceed with all methodology ideas. Verra needs to prioritze high value methodologies in the interest of the broader market and to achieve impact at scale. This language has been changed in the Methdoology Development and Review Process document. |
| 61 | South Pole | Chetan Aggarwal | India | 3.2.3 | Methodology Concept Note Development | Verra should mention timelines for review of the concept note | | See response to comment 19 |
| 62 | South Pole | Chetan Aggarwal | India | 3.2.4 | Methodology Concept Note Development | While it is good to have a tentative deadline for responding the comments/findings of the CN by the developer, 60 days seems to be arbitary. The response time will depend on multiple factors, the most important seems to be - a) complexity of the methodology b) stakeholders involved.<br>in case of b, where there is a consortium or a working group, such times maybe higher. | To still have idea of reasonably progressing in a timely manner - Verra should add above two points and mention that timelines may be extended becasue of this or time to respond to findings will be decided on case on case basis. For simpler methodologies, there would also be less findings, thus less time required to address the findings and responding to Verra | See response to comment 19 |
| 63 | South Pole | Chetan Aggarwal | India | 3.2.5 (1) | Methodology Concept Note Development | Similar comment to Row 9 - 3.1.6 (1) | | See response to comment 59 |

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| 64 | South Pole | Chetan Aggarwal | India | 3.3.5 | Draft Methodology Development | -'the draft methodology within six months of concluding Step 2 of the methodology development process'. Such timelines can not and should not be imposed on third party developers. Drafting process with the developer community may have multiple variables, e.g., resources involved, expert committee members, consortium member availability, complexity of the methodology, amongst others. Verra may dicatate development timelines when they are managing methodology development/revision process. While it is understandable that Verra wants to ensure that methodology progresses, Verra can not impose unecessary deadlines on independent third party developers, regardless of their internal beliefs. | Alternatively, Verra can utilise one or the following options<br>a) Verra put this 6 month requirement as 'may'<br>b) tentative timeline maybe agreed between developer and Verra after approval of concept note<br>c) 'when developer does not submit first draft of the methodology within 6 months of the approval of concept note, Verra would send a formal communication to the developer to check whether the development of methodology is still active'. Further requirements can be adopted from 4.7.1 of RIP v4.1 | See response to comment 19 |
| 65 | South Pole | Chetan Aggarwal | India | 3.3.7 | Draft Methodology Development | Verra should also mention timelines for its own review. Take cue from review timelines for the project reviews. E.g., 20 business days to review the complete methodology. | | See response to comment 19 |
| 66 | Climate Neutral Business Network | Sue Hall | USA/international | 3.1.6 | Introduction of Major Institutional Conflict of Interest | VCS' proposal to have itself lead the meth development process – including suspending private meth development for "lack of progress" and then taking that same meth development forward itself – represents a conflict of interest.<br>Conflicts of interests (CoI) are highly corrosive to the integrity and well-functioning of financial markets – especially when they arise within rating/certification/standards bodies<br>-If VCS is unaware of how conflicts of interest at financial market rating agencies impacted the corrosion of integrity in the mortgage backed securities market in 2008 and ultimately lead to the demise of Lehman Brothers Investment bank and the 2008 capital market implosion then (candidly) VCS leaders should research this and educate themselves.<br>-The problems that COIs raise for financial markets is exceptionally well documented. There are regulations in regulated markets to prevent them (e.g. Gramm Rudman Act). Entities must construct Chinese walls (e.g. between trading and private finance in investment banks). CoI are treated with the utmost of serious concern in financial services (FS) markets due to their extreme corrosiveness on integrity.<br>-Just because VERRA doesn't have SEC oversight (yet), doesn't mean it can afford to ignore COIs. Furthermore it will have such oversight soon (as the VCM expands e.g. through VCMI) so to introduce structural COIs now is a major flaw/concern<br><br>Other certifiers don't combine both private market meth development and centrally controlled "public agency" self-executed meth development. The best ones pick one approach to avoid the CoI that arises if both approaches are combined within the same single organization | | See responsed to comment 27 |

-Climate Reserve uses the "public agency" self directed approach exclusively
-American Climate Registry relies exclusively upon the marketplace

VCS executives on the webinar did not appear to agree that its proposals would introduce a structural, institutionalized CoI. This is a very serious concern. You cannot address a problem you do not recognize
-Responses to the public question were to the effect that "VERRA doesn't write the meth itself, it hires a consultant to do that, VERRA then reviews that work so the process works the same as for private meth development"
-Unfortunately, any decent lawyer will tell you that since VERRA is directing the meth development and funding the consultant do this work which it hires and manages this DOES represent a very clear COI
Stakeholders we've spoken with make it very clear that VCS' proposals embed this serious COI. It's plain to everyone and it's causing VCS' reputation to sink already. If implemented, VCS' internally developed meths risk not being considered to have the same level of integrity needed to sustain its broader reputation.

The checks and balances which other certifiers (e.g. Climate Reserve) have put in place to balance the COIs inherent in a Standards organization driving its own methodology development process are shockingly absent in VCS' proposals
-There is no broad stakeholder engagement for example to create the public accountability with methodologies co-developed through that process
-There's not even a discussion of Chinese walls etc

Furthermore, organizationally speaking. currently the meth review team, which makes the recommendation/decision on the part of the VCS Standard to accredit a methodology, reports through to Toby, head of Innovation, which is the very same program within VCS that would be choosing to pursue meth development on a VCS-lead basis. This makes the CoI even more structurally embedded in the organization. At A MINIMUM, if the innovation team is to be involved in meth development, the meth review team should report separately through a chain of command located within the VCS Program side of the enterprise. This wouldn't construct a Chinese wall but it's pretty clear already that have both functions within the same business unit creates a very unhealthy CoI.
Since a COI at VERRA puts the entire VCM at risk, it must be avoided. COIs at investment banks and rating agencies in 2008 put the mortgage backed securities market at risk. When it imploded people's security and access to housing and shelter was undermined. If this CoI undermines confidence in VERRA's rating/standard setting role the VCM is undermined with implications for the planet which none of us can afford.
Free Marketplace Mechanisms for VCS Meth Development Will be Undermined
Several of VCS' proposals will undermine the free marketplace and private sector's willingness to invest in independent meth development.
VCS' proposal gives it the right to suspend a private meth developer's efforts (for lack of progress) whilst (CoI'd) giving itself the right to continue with that same meth development. In private markets, this is called "nationalizing" assets – it's considered a "takings issue" for private capital. Clearly the CoI at the center of VCS' proposal is driving this problem but the result is that private meth developers won't choose VCS for accreditation.

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| 67 | Climate Neutral Business Network | Sue Hall | USA/international | 3.1.7 | Idea Note public | VCS proposes to make the "initial notes" public. This gives all other parties the opportunity to appropriate an innovative new meth idea and rush to get a concept note in first in order to "steal the march" and become the meth developer, disenfranchising the original team which put the creative idea forward. The notion that there are any safeguards for intellectual property is violated (even though everyone recognizes that ultimately when published the meth becomes public). Trust in VCS to have early discussions with them when couched as requiring publication of an initial note will vanish. VCS' access to creative ideas and new proposed meths will wane. It will lose share and market positioning especially in the vital innovative markets. The time to make a meth public is positioned well at this point – namely when the meth is drafted and has secured VCS support. Anticompetitive behavior is far less likely at this point. VCS is proposing to harvesting IP from the market place and then make it their own in ways that undercut all incentives to trust VCS with that IP in the first place<br>3.VCS' proposals do not appear to recognize that there are competitive interests underlying a methodology development process. These are not "get my badge on the meth" ego motivations. Competitively speaking, there are first mover advantages for projects which use the methodology first with deeper insight into how the meth works because they have been part of its development process. These are reasonable returns for the extremely demanding capital and time/talent investment that a VCS methodology development process requires. And yet VCS' proposals now run rough-shod over such underlying market incentives. Candidly, if VCS wants to have VCS run "centrally developed" methodologies then it should this and only this. It will avoid the conflicts of interest – or at least only those COIs which arise between itself and its private meth development parties. | | See responses to comments 10 and 27 |
| 68 | Climate Neutral Business Network | Sue Hall | USA/international | 3.3.4 | Require PD to be completed alongside the methodology itself | VCS is also proposing that at PD be completed alongside a draft meth and submitted to VCS for review before the meth is accredited. This raises many concerns:<br>-PDs can't be completed until a meth is finalized. You need the meth to ground your response to its requirements<br>-PDs represent yet another major investment of time and capital – and to do this before a meth is even accredited is far too great a risk<br>-To require a PD to be developed before a meth has been accredited is an unreasonable further risk and investment on developers' parts<br>-It also penalizes and places more risk on the meth developer's project which his not placed on other project proponents so it is unfair.<br>-It will again provide further reasons for new meths to not seek accreditation through VCS | | The draft PD it is intended to help reviewers understand how the methodology would be applied to a project, if the approach is workable and if outcomes can be reasonably validated and verified. The draft can include reasonable assumptions where real world details are not yet available. A draft PD enables the developer to fully think through the methodology applicability to a real world case, which is expected to further improve quality of methodologies. Other GHG Programs such as the CDM also require a draft PD, which has been proven to be successful for both developers and assessors. Additionality, the draft ICVCM Core Carbon Principles and Assessment Framework also require a draft PD alongside new methodologies. |

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| 69 | Climate Neutral Business Network | Sue Hall | USA/international | 3.3.5 | Requirement to complete draft of new meth within 6 months of concept note approval (3.3.5) | While some meths can be developed and drafted within such a time frame, this is TOO short and if an extensive stakeholder consultation process is to take place (as has been the case with our meths) then there is no time for this kind of development approach. This is short sighted. The early stage input from stakeholders is extremely helpful and leads to more efficient drafting/reviews later with VCS.<br><br>The sudden imposition of a timeline cut off incentivizes POOR meth drafting (rushed, expedited, non consultative etc). VCS should be creating incentives towards excellence.<br><br>If a meth is be co-developed, six months will be a ridiculous timeline given the larger number of parties requiring consensus be reached. | | This timeline is intended to prevent methodologies stalling out in the development process to the detriment of other potential users in the market. Past experience has shown that draft methodologies can be reasonably developed in less than six months. For example, VM0044 was drafted by a group of consultants in less than four months and VM0042 was drafted in less than six months.<br><br>As provided in the MDRP, Verra will grant additional time if deemed reasonable progress is being made.<br><br>See also response to comment 19. |
| 70 | Climate Neutral Business Network | Sue Hall | USA/international | 4.2.6 | Grace Period proposed for meth revisions | VCS is proposing a 6 month grace period. This is too short. 18 months is more reasonable. After all, VCS' own project review process now is taking 4 sometimes even 6 months. 6 months for many reasons is unworkable.<br><br>The same timeframe is proposed for revisions taking place for performance updates, standardized additionality updates. These also are far too short.<br><br>The timeframe under which we were able to complete the performance benchmark upates for VMD0038 was far more than a year. This was due to a) unclear VCS procedures (which had to be invented since we were the first to do this) b) enormous delays in VCS responses between our submissions. So to allow only 6 months under such circumstances is entirely unreasonable. VCS doesn't respond to meth performance updates within its own timeframe. And the results will be that projects will have their VCU issuance unreasonably suspended and be motivated to leave VCS for a more dependable certifier. | | Grace periods of six months were already included in the former Methodology Approval Process. This is not a new requirement. The updated MDRP only clarifies languange and includes the same grace periods for other cases such as the replacement of methodologies from other approved GHG programs by a new VCS methodology.<br><br>Also to be clear, the six months grace period is for submission of the complete validation report, not Verra review and finding resolution by the proponent.<br><br>See also response to comment 16 for further clarification. |

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| 71 | Climate Neutral Business Network | Sue Hall | USA/international | 5.1.1/5.1.2 | Year 5 or any other time review of published meths | VCS proposes conducting periodic reviews of meths every 5 years which can then requiring revisions.  At any other time VCS proposes conducting the same review/requirements if a concern is brought up by a stakeholder – on more than a 5 year frequency as needed.  This creates a massive contingency in any VCS meth accreditation and significantly increases the burden on methodologies to continuously fund updates – the source of funding for which is very unclear.<br><br>Whilst there are some reasons why such a meth review/refinement may be occasionally justified including the following, it does not make clear the circumstances under which these would be justified:<br>-Major changes in the VCS Standard which render a meth out of compliance with it<br>-As now, regular 5 year updates for default parameter values or standardized additionality testing performance benchmarks/positive list revisions<br>-Scientific changes that across the entire GHG/VCM market are recognized as impacting ER calculations (e.g. for input parameters should a meth specify them and they become outdated)<br> In these situations, any meth review should surely be limited to new circumstances (changes to Standard etc) that have arisen since the methodology was originally accredited by VCS. Otherwise, unreasonable double jeopardy concerns arise (see below) which makes VCS' original accreditation contingent and frankly unreliable and far less valuable.<br> VCS does not make this qualification clear in its proposals<br><br>Furthermore, VCS' new proposal broadens its basis for requiring such revisions so that they could be required on a more capricious "subjective" basis | The enhanced review process is required to ensure that methodologies comply with VCS requirements and continue to reflect best practices, scientific consensus, and evolving market conditions and technical developments in a sector. This is also in line with the draft ICVCM Core Carbon Principles amd Assessment Framework.<br><br>The review will be done and funded by Verra. Methodologies would only need to undergo major or minor revision if relevant updates have to be made (e.g., default values, alignment with requirements and rules, updates of standardized method, etc). A VVB and external experts are not necessarily required for a standard review process, unless a major revision is required.<br><br>With respect to the point "*a single stakeholder can bring in such a "well founded" concern, why on earth didn't the VCS meth review process bring this up previously?* ": Section 9.1.(2) of the former Methodology Approval Process already included procedures that an issue can be brought to Verra´s attention, which triggers a review. A revision of a methodology is only required if Verra determines that that the concern is well-founded and updates to the methodology are required to address the issue. Methodologies will not be suspended because of "bad actors" raising non-substantial concerns to hold off issuances of projects. In such cases a revision would not be required. |

NOTABLY, the idea that a single stakeholder could bring a criticism of a meth and catalyze its revision raises a “bad actor” problem. When methodologies (particularly mine) have engaged hundreds of stakeholders as they’ve been written, the idea that a bad faith stakeholder could hold a methodology hostage and require its rewrite is a serious concern.
-VCS spoke of a “well founded” stakeholder concern but how is that well-foundedness to be assessed by VCS and how are bad actors to be eliminated
-Even if a concern is well founded, the process concerns below STILL arise.

VCS’ methodology review process has many public comment windows already. It already has a fair basis upon which meth revisions (major and minor) can be conducted. And yet now VCS is proposing to review meths every 5 years regardless of whether justifiable new circumstances have arisen since publication (see wording on 5.1.2).

VCS’ current proposal therefore opens up a READJUDICATION of an already APPROVED ACCREDITED VCS methodology. This is completely different as a process and raises unreasonable and unnecessary risks which will undermine meth developers’ interests in selecting VCS for potential accreditation.

VCS’ upfront methodology review process is detailed, rigorous, frankly arduous and extremely demanding of capital, expertise, time and effort. At the end of such a process, meth development parties have a reasonable right to expect that the methodology will have some durability, steadiness and steadfastness of application fairly across all project proponents

IF a single stakeholder critique – or any other concern that VCS could itself raise during its own every 5 year review -- will cause VCS to a) suspend the meth b) require its revision c) suspend VCU issuance until this is completed (which is what VCS' current rules would imply) there are obviously very serious concerns.
-Bad actors can engage to competitively disrupt the valid VCM market and hold VCU issuance hostage
-Meth development teams would then be expected to fund such revisions? Using their funds???? When VCS had approved and accredited the meth only a few years earlier?
oFunding of that review process is not clear – do you want the original meth developer involved in those updates (they know the meth best)? How will they be compensated? What about the engagement of all the stakeholders who developed the meth in the first place?
-How will the institutional knowledge (from the original meth developers and VCS team) be engaged – and is this merited when a rewrite can be catalyzed in a capricious fashion?
-Why would meth development teams then choose VCS if their project VCU issuance could be suspended at any time due to such bad actor influences?
-Will there be a public engagement process for such revisions? As there was for the meth in the first place? Without some way to balance all interests, meths could suddenly become unworkable for the original projects because a meth got skewed due to a biased stakeholder raising a concern (bad actor). All the investment that was made in the VCS meth would then be null and void. This raises a significant meth development risk
-The process requirement to be now initiated would be VVB and external experts alongside VERRA: so every 5 years there will be a re-run of meth accreditation with enormous costs. Candidly, who's going to sign up for this VERRA?
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Even more fundamentally, if a single stakeholder can bring in such a "well founded" concern, why on earth didn't the VCS meth review process bring this up previously? There is a principle in law of double jeopardy. VCS' proposal here honestly risks creating such double jeopardy concerns. What does VCS' accreditation decision really mean then in practice? What if VCS has a future concern which they get a stakeholder to raise because it changed its mind on something which previously had been a foundation for its methodology accreditation?

-  VCS risks becoming a bad actor itself in this situation where its requirements and suspension of VCU issuance would be seen as capricious
-  uncertainty will be increased for all meths and for the meth development process so the market won't be able to scale w VCS
-  meth developers would no longer trust VCS for their VCU issuance. The reasonableness and steadiness, dependability of a certifier would have vanished
-  if the process is implemented, VERRA opens itself up to more lawsuit risks. What after all would its accreditation decision for a meth have really meant??? VCS' accreditation apparently would now be a contingent accreditation .. contingent upon it changing its mind based upon a single stakeholder's input … any such contingency will devalue VCS' meth accreditation in the methodology marketplace

VCS activity meth update requirements are far more blunt and unsophisticated than the update requirements already written into some methodologies like VM0038.

Where a methodology already has clear explicit procedures for how activity methods will be updated and applied across different regions, the original methodology's specification should be sustained – not the more blunt, less accurate procedures VCS is proposing to introduce for (apparently its more poorly written) other meths. Revisions to this clause will be needed:
-For activity methods, additionality shall be re-determined from scratch, using the activity penetration, financial viability, or revenue stream options. Where the activity method uses the activity penetration option and the level of activity penetration has risen (since initial approval) to exceed the five percent threshold level, the activity method shall not be revised to use a different additionality approach. Such activity methods become inactive