



August 2023 VCS Program Updates: Overview of New VCU Labels



Webinar Objectives

- Provide an overview of New VCU Labels released in August 2023
- Answer questions on the New VCU Labels

Agenda

I. Introduction to VCU Labels

II. Overview of New VCU Labels updates

Mitigation Outcome Type Labels (Reductions/Removals)

Article 6 Labels

CORSIA Labels

III. Q&A

Introduction to New VCU Labels

- **Consultations**

- June 2022 | [New Verra Unit Labels Consultation](#)
- February 2023 | [Public Consultation on the VCS Program](#)

- **Links**

- [VCU labels](#) page includes links to all documents:
 - [Mitigation Outcome Type Label Guidance, v1.1](#) (PDF).
 - [Article 6 Label Guidance, v1.0](#) (PDF).
 - [Article 6 Letter of Authorization Template, v1.0](#) (DOC)
 - [The VCS Under CORSIA](#)

<https://verra.org/programs/verified-carbon-standard/verified-carbon-units-labels/>

What are VCU Labels?

A VCU label indicates that a VCU meets requirements that are set outside the VCS:

Certification Labels: Certification labels relate to standards or programs developed by non-profit or governmental organizations. Example: Climate, Community & Biodiversity (CCB) Standards

Market Labels: Market labels identify VCUs that are eligible for use in certain domestic, sectoral, or investor-specific markets.

For more information see: VCS Standard, v4.5, Section 3.25; Registration and Issuance Process, v4.4, Sections 4.4.7 - 4.4.8

A VCU can have multiple labels.

The August 2023 new VCU labels fall under the “**Market Labels**” category.

Verra Registry Label Requests

- Account Holders may request the new labels be added to their issuance request through the Verra Registry under 'Additional Certifications' on the project's Verification Summary page.

VERIFICATION AND VINTAGE RECORDS

View Update ↑ ↓	Action ↑ ↓	View Units ↑ ↓	Additional Certifications ↑ ↓	Transaction Type ↑ ↓	Verification Period ↑ ↓	Total Verification Quantity ↑ ↓	Vintage Period ↑ ↓	Total Vintage Quantity ↑ ↓	Quantity of Units Issued ↑ ↓	Quantity of Units Pending ↑ ↓	Quantity for Verification Period Required for Buffer ↑ ↓	Buffer Quantity Deposited ↑ ↓	Buffer Quantity Pending ↑ ↓	Summary Number
View/Update	Add Unit	No Unit records created	Addtl. Certifications	VCU	01/01/2020 - 31/12/2023	500,000	01/01/2021 - 31/12/2021	125,000	0	0	50,000	0	0	
View/Update	Add Unit	No Unit records created	Addtl. Certifications	VCU	01/01/2020 - 31/12/2023	500,000	01/01/2020 - 31/12/2020	100,000	0	0	50,000	0	0	

1 - 2 : 2

« First ← Prev Go To Next → Last »

Verra Registry Label Requests

- On the Additional Certifications page, select the new labels from the drop-down menu

Emission Additional Certifications

Other Certifications

Remove	Certification:	Verification Start Date:	Verification End Date:
Remove	<div style="border: 1px solid #ccc; padding: 5px;"><p>Select One</p><p>Select One</p><p>Article 6 Authorized – NDC Use</p><p>Article 6 Authorized – Intl mitigation purposes</p><p>Article 6 Authorized – Other purposes</p><p>Carbon Dioxide Removals</p><p>GHG Emissions Reductions</p><p>CORSIA – Pilot Phase, 2021-2023</p><p>Crown Standard</p><p>FSC</p><p>ISO 14001</p><p>ISO 14064-2</p><p>SA 8000</p><p>Social Carbon</p><p>W+ Income & Assets</p><p>W+ Time</p><p>W+ Education & Knowledge</p><p>W+ Leadership</p><p>W+ Food Security</p><p>W+ Health</p></div>	<input type="text"/>	<input type="text"/>
Remove		Verification Start Date:	Verification End Date:
Remove		<input type="text"/>	<input type="text"/>
Add		Verification Start Date:	Verification End Date:
		<input type="text"/>	<input type="text"/>

Climate, Co

Certification Status:

Activate

Verification Date:

Edition

Distinction(s):

Climate Gold

Community Gold

Biodiversity Gold

Verra Registry Label Requests

- The Verra Registry is currently expanding functionality to handle more detailed requests for the labels outlined in this presentation.
- Until registry functionality is updated, Account Holders can continue to submit label requests for new issuance requests as described.
- For more detailed label requests such as:
 - Applying a market label retroactively to previously issued VCUs
 - Applying an Article 6 Label to a subset of the vintage/verification period
 - Applying an emission reduction or carbon removal label to a subset of VCUs (for projects that have both reduction and removal VCUs)

Please contact the Registry Team via email at registry@verra.org as far in advance as possible.

Mitigation Outcome Type Labels

Mitigation Outcome Type Label

Mitigation Outcome Type: **GHG Emissions Reductions and Carbon Dioxide Removals**

- Market desire to differentiate VCUs that represent emissions reductions from carbon dioxide removals
- Verra has developed voluntary market labels for VCUs to represent the mitigation outcome type
- The labeling of the mitigation outcomes is optional
- Already issued VCUs are eligible for labels if the applied methodology results in 100% GHG emissions reduction or carbon dioxide removals
- Registry functionality and the required methodology revisions to enable labeling of projects with a mix of reductions and removals are under development

Mitigation Outcome Type Label

Definitions and Methodology requirements for reductions and removals

- The August updates include definitions for reductions and removals and updates to the methodology requirements
- Breakdown of reductions and removals, and allocation of project and leakage emissions to each mitigation outcome type
- Project and leakage emissions clearly associated with either of the mitigation outcome types are discounted from the corresponding mitigation type; otherwise they are allocated proportionally
- Leakage emissions and non-permanence buffer contributions will be similarly allocated according to the methodology

Mitigation Outcome Type Label

List of Methodologies by Mitigation Outcome Type

- See [Mitigation Outcome Label Guidance, v1.1](#) (PDF) for more information on example mitigation outcome types and eligible methodologies
- Appendix 1 and the methodologies pages provide the mitigation outcome type and eligibility with the labels for each methodology
- Labels will only be available for projects using methodologies that are either 100% reductions, 100% removals, or have an explicit breakdown of the two within the methodology
- Reporting of the breakdown between the two mitigation types is mandatory as of 1 March 2024 for methodologies that contain the breakdown, but labels will only be applied where requested
- Verra will revise all methodologies that are not yet eligible for the label and issue a new methodology version over the next few months
- The mitigation outcome type of all CDM methodologies are emission reductions, except the four CDM afforestation and reforestation methodologies

Article 6 Labels

Article 6 Label: Guidance Document

Specific guidance for obtaining Article 6 Labels for VCUs is available in the new: [Article 6 Label Guidance, v1.0 \(PDF\)](#).

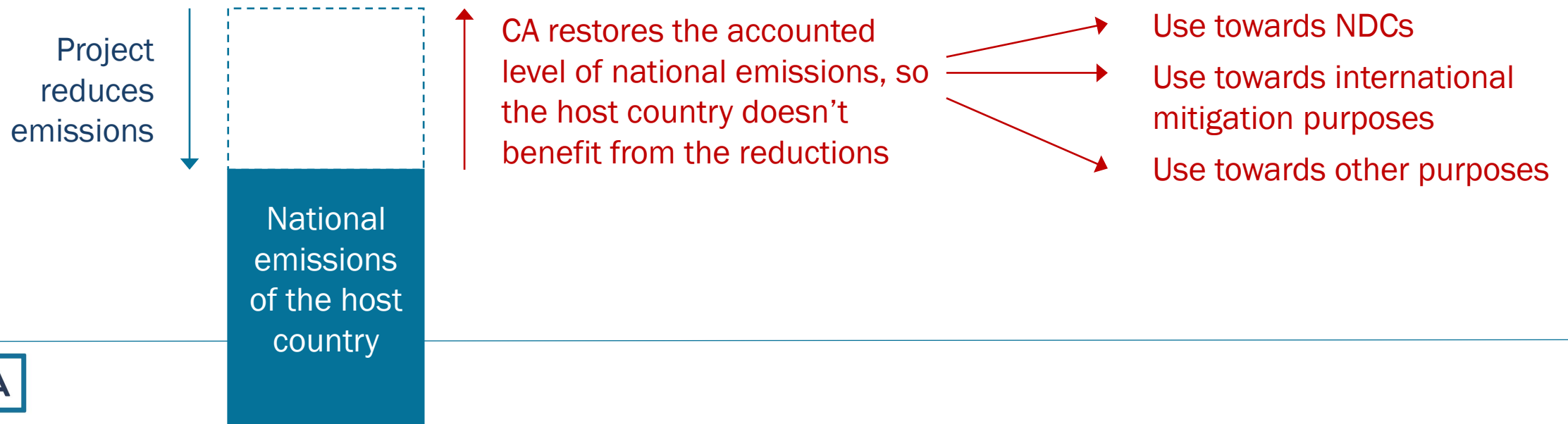


Article 6 Background: Uses of mitigation outcomes

- Parties (countries) to the Paris Agreement set goals for reducing emissions in their ‘Nationally Determined Contributions’ (NDCs)
 - Article 6 of the Paris Agreement provides for countries to cooperate in meeting NDCs
 - Jointly implementing compliance carbon markets
 - Financing mitigation projects in other countries in return for credits
 - International transfers mean the ‘mitigation outcomes’ are counted against the buyer country’s NDC rather than the host country’s NDC (avoiding double counting)
 - The scope of Article 6 accounting was expanded in the detailed rules (Glasgow, 2021)
 - Use towards NDCs (country-to-country transfers)
 - Use towards ‘international mitigation purposes’, currently the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIJA)
 - Use towards ‘other purposes’, including the voluntary market
- Mandatory accounting
- Optional accounting

Article 6 Background: Authorization and adjustments

- For international transfers to be included in its Article 6 accounting, a host country must first give its authorization for one of the Article 6 related uses
- Host Parties provide authorization via Letters of Authorization (LOAs)
- LOAs are a host country commitment to apply corresponding adjustments
- Adjustments are submitted to the UNFCCC in countries' Biennial Transparency Reports (BTRs), with the first BTR due by the end of 2024



Article 6 Background: Applying adjustments

- Host countries apply corresponding adjustments when ‘first transfers’ of credits occur
- Host countries may determine what constitutes the first transfer condition
- Where ‘multiple uses’ are specified, only the ‘first international transfer’ is applicable

Possible first transfer conditions \ Possible uses of mitigation outcomes	Authorization	Issuance	First international transfer	Use (retirement)
NDC use	✗	✗	✓	✗
International mitigation purposes	✓	✓	✗	✓
Other purposes	✓	✓	✗	✓
Multiple uses (incl. NDC use)	✗	✗	✓	✗

Article 6 Background: Monitoring adjustments

- The status of VCUs with Article 6 Labels can be publicly viewed through the VCS ‘Public Reports’ tab on the Verra Registry
- Verra will monitor host countries’ submissions to the UNFCCC to assess whether corresponding adjustments have been applied and will make this information public
- An Article 6 Label may be withdrawn and Account Holders will be informed:
 - If evidence of a corresponding adjustment is not observed within two years of its required application pursuant to Article 6 (if the VCU has already been retired, account holders will be given time in advance to contact the host country)
 - If the host Party has completed its accounting for the relevant NDC period and is therefore no longer able to apply a corresponding adjustment

Article 6 Labels Process

- VCUs may receive Article 6 Labels to indicate they have been authorized for specific uses by host countries under Article 6 of the Paris Agreement
- Three Article 6 Labels are available:
 - Article 6 Authorized – NDC Use
 - Article 6 Authorized – International mitigation purposes
 - Article 6 Authorized – Other purposes
- Project proponents must upload a signed LOA to the Verra Registry
- LOAs may be uploaded at any time after a project is listed on the registry
- Verra reviews uploaded LOAs for specified information before making them public

Article 6 Label Eligibility: Criteria

VCUs are eligible for Article 6 Labels where they meet the following criteria:

1. VCUs represent GHG emissions reductions and removals made from 1 January 2021
2. A LOA containing specified information has been uploaded to the Verra registry
3. The LOA was issued by the authority designated by the host Party to provide authorization under Article 6 of the Paris Agreement
4. VCUs meet all criteria specified in the LOA (in particular the authorized use)
5. The host Party is still able to apply a corresponding adjustment for the calendar year in which the mitigation outcome occurred

Article 6 Label Eligibility: Letter of Authorization

The following information should be included in LOAs:

1. Date of authorization
2. Competent authority
3. Authority representative
4. Authority contact information
5. Issuing program: VCS Program
6. Project identification
7. Project location
8. Authorized use(s)
9. First transfer condition
10. Commitment to corresponding adjustments

Letter of Authorization template

- Verra has created an LOA template, available on the ‘VCS Labels’ website or here:
https://verra.org/wp-content/uploads/2023/09/LOA-Template_legal.docx
- The template is to assist project proponents in approaching a host country
- Using the template is optional – the host country may provide an LOA in any format of their choice but should include all the specified information

Retirements

- Retirement of VCU with Article 6 Labels proceeds in the same way as other VCUs
- However, VCUs retired against certain purposes must have the appropriate label

Article 6 Label	Retirement transaction
Article 6 Authorized – International mitigation purposes	VCUs with vintages from 2021 onwards that are retired against any CORSIA retirement reason
Article 6 Authorized – NDC use	VCUs with vintages from 2021 onwards that are retired against any compliance-related retirement reasons, where this implies an international transfer of the mitigation outcomes represented by the VCUs

Retirement transparency

Retirements of VCUs with Article 6 Labels are to be made public – until this is automated on the Verra Registry, the relevant checkboxes on the retirement screen must be ticked during the retirement transaction

<input type="radio"/> Retirement Sub-Account	Select a Retirement Sub-Account
Beneficial Owner: *	
Retirement Reason: *	Select a Reason
Retirement Reason Details: **	
Email Notification: *	
	(list address separated with ";")
Retirement Certificate Language Preference:	English
	(Retirement certificate will be attached to notification email(s))
Make Account Name, Beneficial Owner, and Retirement Reason Public:	<input checked="" type="checkbox"/>
Make Retirement Reason Details Public:	<input checked="" type="checkbox"/>

CORSIA Labels

CORSIA Pilot Phase (2021-2023)

- The International Civil Aviation Organization (ICAO) sets criteria for carbon credits to be eligible for use under CORSIA
- The VCS is currently fully approved for use towards the Pilot Phase compliance period under CORSIA, for VCUs vintages from 2016 to 2020
- Existing CORSIA labels have been updated to ‘CORSIA – Pilot Phase, 2021–2023’
- Please see the Verra website for information on approved methodologies:
<https://verra.org/programs/verified-carbon-standard/vcs-under-corsia/>

CORSIA First Phase (2024-2026)

- The VCS has conditional approval for the First Phase under CORSIA
- The August VCS Program update completed work to fully align the VCS with remaining criteria required for the First Phase
- Verra expects the VCS to be fully approved by March 2024 at the latest, and hopefully earlier if ICAO accelerates the assessment of conditional findings
- After receiving full approval from ICAO for the First Phase:
 - ‘CORSIA – First Phase, 2024–2026’ labels will be available
 - Verra will publish a CORSIA Label Guidance document

Q&A



Photo by FUNDAECO / REDD Conservation Coast Project

Thank You



Photo: FUNDAECO / REDD Conservation Coast Project

For questions pertaining to VCS Program Updates: programupdates@verra.org

For general questions pertaining to the VCS Program: info@verra.org

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