



VCS Program Update

6 July 2010

Update to the VCS 2007.1: Reconciliation of VCS Methodology Elements and Projects with New Requirements Being Developed under the VCS Program

Background

The VCS Program, by design, is broad in scope and the VCS Association (VCSA) continues to develop further guidance and requirements to assist methodology element developers, project proponents, validation/verification bodies and others using the program. The broad scope ensures that the program meets its stated objectives of stimulating a wide range of GHG emission reduction and removal activities and of fostering innovation, within a context of quality, in the GHG markets.

However, this approach can give rise to conflicts where entities develop methodology elements or project approaches that become inconsistent with new requirements subsequently issued by the VCSA. For example, the VCSA is currently working on further requirements for project grouping, performance standards and further AFOLU project categories. Once requirements are issued, some methodology elements and projects already approved may become inconsistent with the new requirements. It is therefore necessary for the VCSA to clarify how such inconsistencies shall be handled under the VCS Program.

VCS Program Update

The VCS Association provides the following to address the issue of inconsistencies that may arise between VCS methodology elements and projects and any new requirements issued by the VCSA:

- 1) Projects that have been registered before the effective date of any new requirements issued by the VCSA do not need to adhere to the new requirements for the duration of their current project crediting periods. This means that they shall remain eligible to issue VCUs without re-validation against the new requirements through to the end of their current project crediting period. As set out in the VCS rules, when the project crediting period is renewed projects

shall be validated against the scope of the VCS Program, as such scope may have been amended since the previous project validation. This means that the new requirements shall be adhered to at project crediting period renewal.

- 2) When the VCSA issues new requirements, it will undertake a review of approved VCS methodology elements and may put on hold those it deems to be in conflict with the new requirements. Projects may continue to use such (versions of) methodology elements for a grace period, as set out in the VCS rules. If the methodology element developer or another entity would like to have the methodology element assessed against the new requirements and reinstated or revised, the following shall apply:
 - a) The entity shall provide the VCSA with one or more work proposals from potential validation/verification bodies and shall indicate any preferred choice where more than one work proposal is provided. Validation/verification bodies shall be eligible under the VCS Program to perform validation for the applicable sectoral scope(s). Where there is more than one sectoral scope applicable to the methodology element, validation/verification bodies shall be eligible for all relevant sectoral scopes for validation. The VCSA retains the right to choose another validation/verification body if it is not satisfied with the option(s) provided.
 - b) The entity shall submit to the VCSA a signed methodology element assessment submission form, which is available on the VCS website.
 - c) The VCSA shall select and contract a validation/verification body, using its standard agreement, to undertake an assessment of the methodology element's conformance with the new requirements. The validation/verification body's fees shall be paid by the entity.
 - d) The validation/verification body shall produce and provide to the VCSA an assessment report, which shall include an assessment statement. The assessment statement shall be issued in accordance with the requirements for validation statements set out in Section 7.3.4 of the *VCS 2007.1*.

Note - In the requirements for validation statements set out in Section 7.3.4 of the *VCS 2007.1*, for the purposes of assessment statements, 'GHG assertion' should be read as 'methodology element documentation'.

- e) Where the methodology element is deemed by the validation/verification body to comply with the new requirements, the VCSA shall reinstate the methodology element upon receipt of the validation/verification body's assessment report and acceptance of its conclusions.
- f) Where the methodology element is deemed by the validation/verification body not to comply with the new requirements, the methodology element may be revised and the new version shall be approved via the double approval process. The assessment

conducted as describe above can serve as the basis for the first or second assessment required under the double approval process.

- 3) Methodology elements being developed under the double approval process, where the first assessment report has been submitted to the VCSA in accordance with the VCS rules, do not have to comply with any new requirements issued by the VCSA. However, such methodology elements, where finally approved by the VCSA, shall be valid for 12 months (non-AFOLU projects) or 18 months (AFOLU projects) from the date that the new requirements were issued by the VCSA. After such time period, projects cannot use the methodology element and it is considered withdrawn. It can be reinstated or revised via the process set out above.
- 4) In order to give methodology element developers and other stakeholders notice of new requirements being developed by the VCSA, a list of areas of the VCS Program for which new requirements are being developed will be made available on the VCS website. This list will include expected issue dates of the requirements.