



Criteria Catalogue: VER+ (version 2.0) CMS Standard GHG 30		 Industrie Service
No. CMS-Z: GHG 30	Certification Body "climate and energy"	



The Standard for Verified Emission Reductions




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Acronyms

UNFCCC	United Nations Framework Convention on Climate Change
EB	Executive Board (as defined in Article 12 of the Kyoto Protocol)
DOE	Designated Operational Entity (UNFCCC accredited bodies for CDM projects)
AIE	Accredited Independent Entity (UNFCCC accredited bodies for JI projects)
CDM	Clean Development Mechanism
JI	Joint Implementation
VER	Verified Emission Reduction
PDD	Project Design Document
AAU	Assigned Amount Units; basic units of emission rights for countries with a reduction target under the Kyoto Protocol

Definitions

- Validation** Validation is the process of independent evaluation of a project activity by a DOE/ AIE against the requirements of the VER+ standard on the basis of the PDD.
- Verification** Verification is the periodic independent review and ex post determination by a DOE / AIE of monitored reductions in anthropogenic emissions by sources of greenhouse gases (GHG) that have occurred as a result of a registered project activity for a defined monitoring period.
- BlueRegistry** The BlueRegistry is an Internet platform for Verified Emission Reductions (VERs). The main task of BlueRegistry is to contribute to transparency on the voluntary carbon credits as well as avoidance of double selling. The BlueRegistry does not interfere by any means with ownership of credits and certificates.

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A. CRITERIA CATALOGUE

The VER+ Standard provides a global standard for voluntary GHG emission reduction projects. The criteria of the VER+ Standard are streamlined with those of CDM / JI, including the requirements of project additionality and corresponding tests that prove the project is not a business as usual scenario.

If this catalogue of criteria leaves any ambiguity on the methodological approach for baseline setting, monitoring and the quantification of expected and achieved emission reduction, the guidelines and decisions regarding CDM / JI mechanisms shall be applied.

A VER+ project has to comply with the following criteria:

1. Eligibility Criteria

VER+ can be applied globally.

Projects have to consider the greenhouse gases included in the Kyoto Protocol. These are CO₂ Carbon dioxide, CH₄ - Methane, N₂O - Nitrous oxide, PFCs - Perfluorocarbons, HFCs - Hydrofluorocarbons and SF₆ - Sulphur hexafluoride.

Project activities may be implemented in all 15 project categories (sectoral scopes) as defined by the UNFCCC. This excludes nuclear energy as established by the Marrakech Accords. Hydropower projects are only eligible if they create or expand the installed capacity of not more than 80 MW.

Hydropower projects exceeding the installation or expansion of capacity by more than 20 MW have to conform to the requirements of the World Commission on Dams (as further specified by any EU country, i.e. UK or Germany).

Additional to afforestation and reforestation measures that are currently eligible under the CDM other land use activities such as forest conservation (avoided deforestation / degradation) and improved forest management and re-vegetation are eligible.


2. Additionality

The project needs to be additional and reduce the anthropogenic emissions of greenhouse gases by sources below those that would have occurred in the absence of the project activity.

Project additionality shall be tested according to existing tools and guidelines as defined for project activities under the Kyoto Protocol. Procedural steps include: 1) identification of alternative scenarios, 2) investment analysis (if applicable), 3) barrier analysis and 4) common practice analysis.

For proof of additionality the following options exist:

- a) if an approved CDM methodology is applied, which includes specific guidance on additionality, then these specific indications shall be followed;
- b) in all other cases, the most recent version of the CDM Additionality Tool shall be applied.

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3. Permanence

The emission reductions shall not be reversible.

In case of land-use related projects which cannot ensure permanence, adequate safeguards will be required in order to balance potential reversibility. Therefore, a conservative buffer approach has to be defined in order to address the risk of potential non-permanence in land use projects. State-of-the-art risk assessment has to be applied and updated with each verification.

Regardless, the buffer shall not be less than 20 % of the verified net removals or net emission reductions. Withheld credits will be traced through the BlueRegistry (see criterion B.3).

4. Avoidance of Double-Counting on Project Level

A project activity can exclusively apply for VER+ credits during a defined crediting period (see criterion A.6).

A further claim of emission reductions by the same activity during the same crediting period in a different regime (i.e. CDM / JI, other emissions trading schemes, renewable energy certificates trading or other VER schemes) is not eligible.

Emission reductions that are not directly caused by the project activity or which are included indirectly from other existing abatement schemes have to be excluded from the amount of claimed VER+ credits.

5. Avoidance of Double-Counting with Kyoto Protocol and other Schemes


VER+ projects in industrialised countries (Annex B of the Kyoto Protocol) can cause indirect double counting with the Kyoto regime. Emission reductions triggered by a VER+ project in an Annex-B-country, which has ratified the Kyoto Protocol, are increasing the allocation of emission rights to that country through the national accounting scheme (allocation of AAUs). Hence, even if unintended by the project participants, this might generate a potential for double-counting.

The VER+ standard avoids such conflicts by requiring the retirement of AAUs by the authorities in charge of the host nation. Thus, the host country (which has ratified the Kyoto Protocol and assumed a reduction target) shall confirm that an equivalent amount of AAUs is set aside in the national account (registry) and is not used.

In line with what is described for the avoidance of double counting in the UNFCCC context, the described requirements and processes shall be applied correspondingly for any newly installed scheme (i.e. in the USA) that applies similar processes of emissions accounting and the allocation of emission rights in order to achieve national or sub-national reduction targets.

If the VER+ standard is used to quantify emission reductions of projects that are part of an officially recognized Green Investment Scheme / GIS (as established by the national authority of the host nation), no further requirements on double counting emerge. In these cases the VER+ standard is solely used for the quantification of emission reductions and not to generate tradable credits. Corresponding activities will be documented separately from regular VER+ projects in the BlueRegistry.

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6. Crediting Period

VER+ activities can have a starting date of the project activity as early as January 1st 2005. If the starting date of the project activity is before the date of validation, evidence needs to be provided that the incentive from carbon finance was seriously considered in the decision to proceed with the project.

The crediting period of VER+ activity ends with the latest agreed commitment period under the UNFCCC scheme (recently 31 December 2012).

If a host country of a VER+ project assumed a new emission reduction target (under the Kyoto Protocol or any follow-up regime, or any similar scheme), evidence on the exclusion of double counting as indicated in section A.5 shall be submitted to and reviewed by the DOE / AIE in charge of corresponding validation and verification services.

At the end of 2012 a brief ratification status check of the host country under the Kyoto Protocol, or any subsequent follow up regime, will be carried out by the BlueRegistry administrator to avoid double counting.

Once this review is completed, and if it is confirmed that the host nation has not assumed an emission reduction target, the crediting period is extended automatically up to the end of the next commitment period (as defined by the UNFCCC).

A re-validation is required at the end of the subsequent commitment period.

The accumulated amount of crediting periods is limited to a total of 25 years for standard projects and 50 years for land use activities.


In case that no new commitment period or a new follow-up regime is defined, a project may claim a crediting period of maximum 10 years.

7. Retroactive Crediting

Retroactive crediting for a regular VER+ project is limited to 2 years back from the day of the start of the validation activity (stakeholder publication) with the certification body of the auditing entity in charge. Retroactive crediting will be phased out by the end of 2009 (date of approval by DOE / AIE).

Projects that are registered under CDM or respectively approved under JI may apply for VER+ verification for time periods prior to the crediting period of corresponding schemes. Regarding such pre-ERU / CER reductions, the generation of VER+ credits may occur until the date of CDM / JI registration with UNFCCC. This is applicable if a registered CDM / JI project has started to operate and has actually reduced emissions prior to UNFCCC registration. The earliest starting date for this pre-CDM / JI crediting is the date of publication of the PDD on the UNFCCC website (Global Stakeholder Process), but not earlier than 2 years as mentioned above.

The auditing entity in charge of validation and / or verification shall confirm the consistency of the separate, but not overlapping, crediting periods between the different schemes in their verification report.

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8. Methodologies (Baseline and Monitoring)

The baseline setting, monitoring and quantification of the net GHG emission reductions and removals of a VER+ project may be based on any technically sound, reasonable, and conservative methodological approach. The methodology to be used (independent to project location) shall be chosen in the following order of priority:

- a) approved by the CDM Executive Board or
- b) project specific based on the approach applied under JI

The latest versions of a CDM baseline and monitoring methodology shall be used as this is considered to reflect good practice. No update of formats is necessary after validation start. If the applicability criteria of an identified CDM methodology do not match the project setting completely deviations from that methodology shall be documented in the PDD.

A project specific methodology may be created according to the JI approach, if existing CDM methodology do not match the project setting in at least 50 % of its applicability criteria.

The project specific methodology approach shall be based on the "Guidance on criteria for baseline setting and monitoring" as defined for JI project activities.

In all cases the methodological steps and approach taken shall be clearly documented in the PDD. The guidance of the CDM Executive Board on new methodologies should be considered.

The methodology selected at the stage of project design shall stay the same until the end of the crediting period.

9. Environmental and Social Impacts

The project activity shall not cause substantial negative impacts on the environment. Any potentially negative impact shall be mitigated. Corresponding impacts shall be analyzed and documented in the PDD.

If the project activity requires an Environmental Impact Assessment (EIA) according to national legislation the EIA has to be approved by the end of validation.

The project activity shall not cause severe negative social impacts. Potential impacts shall be analyzed and documented in the PDD.


10. Involvement of Stakeholders

- a) Local stakeholder process

A local stakeholder process has to be conducted if national laws require it. In case no further legal requirements exist, VER+ requires the following:

A local stakeholder process does not need to be carried out if it is justified and documented in the PDD that the project activity does not impact the vicinity negatively. Corresponding documentation and credible evidence needs to be evaluated by the auditor in the context of a validation.

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In any other case the project participants shall perform a local stakeholder process and include relevant information to the PDD.

b) Global stakeholder process

At validation, the initial PDD needs to be published for 30 days on the DOE / AIE website that includes the option for stakeholders to comment. The consideration of comments shall be documented by the validator.

As a minimum the final Monitoring Report shall be published on the DOE / AIE website at the verification stage.

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B. PROCESSES

1. Approval as a VER+ Project

Project approval will be based on the independent assessment of compliance with the aforementioned criteria by a UNFCCC accredited auditor (DOE / AIE).

The project documentation has to be submitted in the most recent version of the CDM-PDD. For projects in an Annex B-country the JI-PDD may be used.

The most recent version shall be used at the start of the validation process. No update of formats is necessary after validation start. The corresponding UNFCCC guidance on the completion of the CDM or JI-PDD format shall be followed. No separate PDD is required for pre-CER / ERU activities. There are no restrictions in the use of specific fonts, logos etc in the templates.

After validation the project shall be registered with the BlueRegistry by the certification body of the DOE / AIE in charge.

2. Validation and Verification of a VER+ Project

In accordance with the CDM / JI guidelines any VER+ project activity has to undergo a validation process before registration at BlueRegistry.

Any DOE / AIE accredited for corresponding scopes under UNFCCC may carry out validations and verifications for VER+ projects.

The same DOE / AIE may carry out validation and verification services.

Verification is carried out based on monitoring reports prepared by the project participants.

In case of retroactive projects it is possible to perform validation and verification in one joint effort.

The frequency of verifications can be freely chosen by the project participants.


In case of land use and forestry projects a first verification shall not occur later than 5 years after validation and the choice of the monitoring and verification frequency shall not lead to a systematic overestimation of net emission reductions or removals.

In the validation and verification process the DOE / AIE shall follow the quality requirements and principles as defined by the Validation and Verification Manual (VVM, initially published by Worldbank / IETA). Once the CDM EB has approved the CDM VVM, this guidance shall be followed for any newly initiated audit service starting not later than six months after the date of EB approval.

The DOE / AIE in charge shall check and explicitly document in its reports the project's compliance of the criteria on exclusivity (A.5) and double counting (A.6) at validation as well as verification.

The DOE / AIE in charge of the validation and verification is solely responsible and liable for the results on the compliance check with VER+ and the verification of emission reductions. This should be explicitly confirmed in the audit reports elaborated by the DOE / AIE in charge.

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3. VER+ and BlueRegistry

The BlueRegistry is a database that is accessible via the Internet. The BlueRegistry allows project participants and traders to administer the documentation on VER+ credits and contributes to avoiding potential double selling.

Relevant information on all VER+ projects is publicly available by publishing corresponding documents in the BlueRegistry (compare Terms of Use of BlueRegistry at www.blue-registry.com).

The auditing entity in charge shall forward the documentation on the results of the validation (approved PDD and validation report) as well as verification (final Monitoring Report and Verification Report) to the BlueRegistry Administrator for publication.

It is the responsibility of the DOE / AIE in charge of validation and verification to ensure that the project participants have approved the publication of project documentation (PDD, Validation Report, Monitoring Report and Verification Report). With the use of the VER+ standard, the participants and auditing firms involved accept this publication.

In order to document the origin and the ownership rights of the project's emission reductions, the project participants shall indicate, at the validation stage, with a Modalities of Communication document to whom these rights will be forwarded. This document has to be also forwarded to the BlueRegistry Administrator.

The project documentation is then added to an account within the BlueRegistry that is held either by the project participant or any other authorized entity.

The holding of an account in the BlueRegistry is a requirement in order to post the aforementioned documents.

An account will be opened at the BlueRegistry for each project. From this account the documentation on VER+ credits can be transferred to another account within the BlueRegistry (transfer) or to an entity not represented in the BlueRegistry (withdrawal).

The opening of an account requires the acceptance of the Terms of Use of the BlueRegistry (see Terms of Use at www.blue-registry.com).

4. Validity of the Standard

Version 2.0 shall be used for all VER+ validations and verifications started after May 2008. All validations using version 1.0 shall be finalized by the end of 2008.