



Moving from CDM to VCS: Step-by-Step

23 July 2013

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Agenda

- VCS Program
- Transfer from CDM to VCS
- Q/A

VCS Program

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Verified Carbon Standard (VCS)

- Standard and program for the certification of GHG emission reduction projects:
 - ✓ Provide a global benchmark and framework for the carbon market
 - ✓ Foster innovation within a context of quality, credibility and transparency
 - ✓ Demonstrate workable frameworks that can be incorporated into compliance programs worldwide
- Created by International Emissions Trading Association, WBCSD, The Climate Group, WEF
- Piloted in 2006, formally launched in 2007

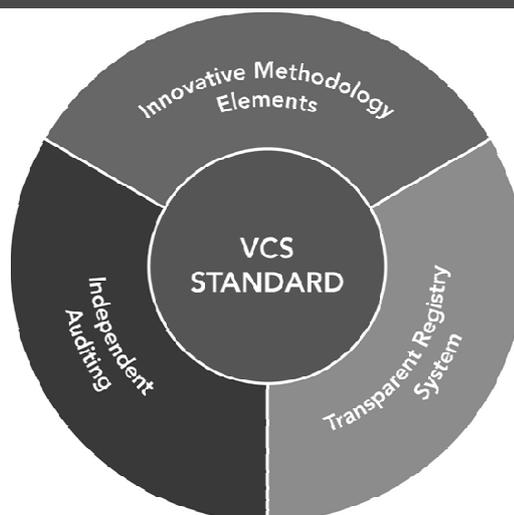


VCS Association

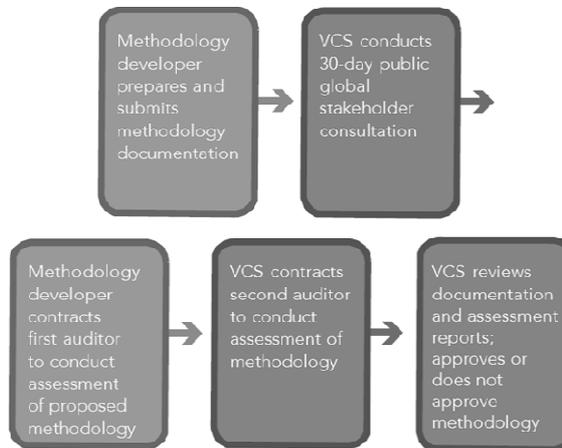
- Non-profit organization
 - ✓ Headquartered in Washington, DC
 - ✓ Staff in Brazil, Chile, China, Thailand
- Single focus – manage and develop the platform:
 - ✓ No consulting
 - ✓ No project development
 - ✓ No validation/verification
 - ✓ No proprietary positions in the Verified Carbon Unit (VCU) market
- Funded primarily by VCU levy (\$0.10 per VCU)
 - ✓ Plus grants for specific initiatives



VCS Program



Methodology Approval Process



VCS Methodologies

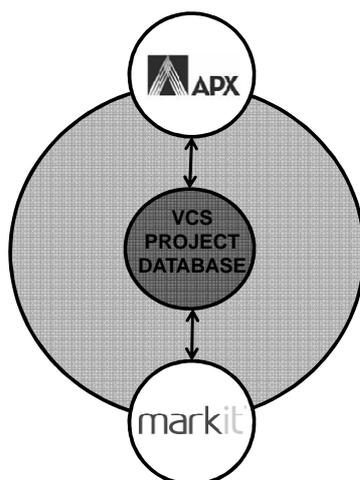
- Accept CDM Methodologies
- VCS: 25 approved methodologies
 - ✓ Transport – gasoline to ethanol fuel switch for commercial fleets, switching to light-weight pallets, jet engine washing
 - ✓ 6 REDD, plus improved forest management and agriculture
 - ✓ Energy efficiency – commercial buildings, residential homes
 - ✓ Ozone-depleting substances
- 18 methodologies under development
 - ✓ Manufacturing – asphalt, precast concrete production
 - ✓ Transport – mobile machinery efficiency improvements
 - ✓ ... plus others for wetlands, grasslands, energy and chemical industry
- Methodology developers include World Bank, Food and Agriculture Organization, Pacific Forest Trust (British Columbia government), private sector, non-profits

Validation and Verification

- Approved validation/verification bodies (VVBs) validate and verify projects to VCS criteria
- 42 VVBs accredited in 15 sectoral scopes, with offices located worldwide
- Eligible VVBs include entities:
 - ✓ In good standing under approved GHG programs:
 - UN Clean Development Mechanism (CDM)
 - UN Joint Implementation (JI)
 - Climate Action Reserve (CAR)
 - ✓ Accredited under ISO 14065 for scope VCS by an accreditation body that is a member of the International Accreditation Forum (IAF)



VCS Registry System



- Registries meet key criteria:
 - ✓ Financial standing
 - ✓ Insurance requirements
 - ✓ Insolvency protection
- Registries agree to:
 - ✓ Conflict of interest requirements
 - ✓ Replacement of VCUs issued in error
- Registry system is expandable



Verified Carbon Units (VCUs)

Core Elements



Additional Certifications Recognized by VCS



(Thailand)

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A Global Benchmark for Carbon

Combining VCS and Benefit Standards

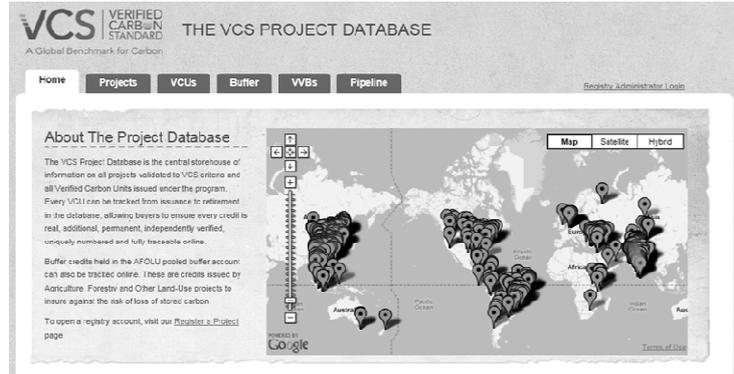
- Comprehensive quality assurance
 - ✓ VCS for carbon quantification assurance
 - ✓ Crown Standard, CCB or SOCIAL CARBON for criteria addressing community, biodiversity, country-specific rules
 - ✓ Joint templates for VCS+CCB projects available for use, similar templates underway for VCS+SOCIAL CARBON

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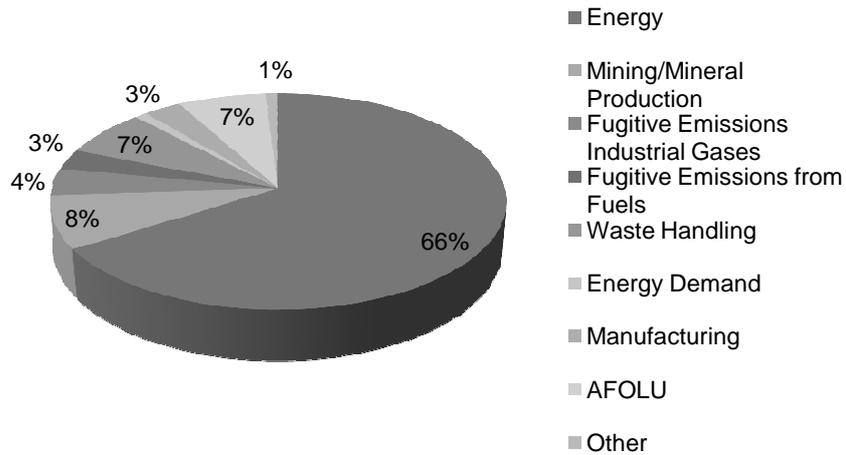
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VCS Project Database

- 1050 projects registered
- 130 million VCUs issued

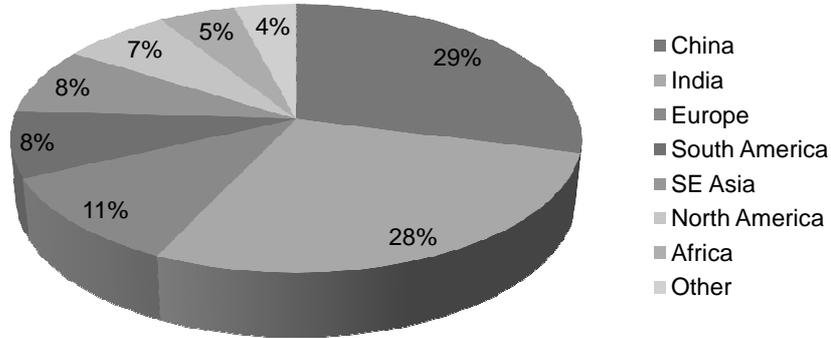


VCUs by Sectoral Scope, March 2013



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Vcus by Country/Region, through March 2013

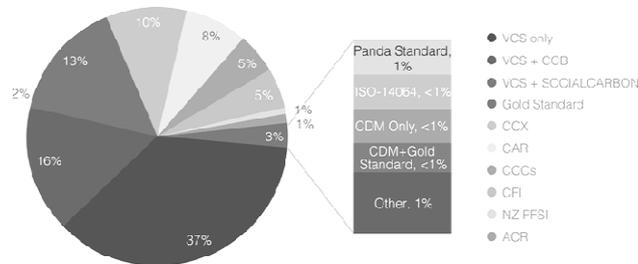


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Voluntary Market Recognition

- ✓ VCS credits represent largest share of voluntary carbon market among third-party standards (55%)
- ✓ Volume of VCUs tagged to benefit standards (VCS+CCB, SOCIAL CARBON, or Crown Standard) doubled in 2012, represented 18% market in 2012



Source: Forest Trends' Ecosystem Marketplace. *State of the Voluntary Carbon Markets 2013*

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Transfer from CDM to VCS

Participation Under Other GHG Programs

- Projects may be registered under VCS and either an approved or not approved GHG program so long as no double claiming of GHG emission reduction/removal credits
- Projects not eligible for VCU issuance beyond end of total project crediting period
- Projects validated under CDM as a PoA must register each CPA as a separate project

Participation Under CDM

- Projects validated under CDM must undergo gap assessment to register with VCS
- Eligible if CDM validation completed within relevant validation deadline (two years for non-AFOLU projects)
- Validation “completed” when validation report submitted to CDM was issued
- AFOLU projects must comply with all VCS requirements (eg, buffer pool)

Participation Under CDM

- Gap assessment undertaken by VCS-approved validation/verification body (DOEs are eligible)
- VCS Standard specifies required sections of VCS Project Description Template for assessment:
 - ✓ Summary details (project proponent, start date, location, etc)
 - ✓ Demonstration of no double counting
 - ✓ Details of participation under other GHG programs
 - × Details unnecessary for additionality assessment, baseline scenario, monitoring plan, GHG quantification

Participation Under Other GHG Programs

- Non-AFOLU projects may transfer from non-approved GHG programs (eg, Gold Standard)
- Project must have been issued validation/ verification report by program
- Project start date must be on or after 19 Nov 2007
- Project must undertake full VCS validation

Projects Rejected by Other GHG Programs

- Projects rejected by other GHG Programs (eg, CDM) may transfer to VCS only if rejection due to procedural or eligibility requirements
- Project must undertake full VCS validation

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