

VER+

extra value for your non-Kyoto credits



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- Verified Emission Reductions (VER) are tradable emission reductions that have been generated according to standards and requirements other than the Kyoto Protocol.
- VER+ is the TÜV SÜD standard for projects targeting at Verified Emission Reductions.

VER+

The factors contributing to a boom in VERs:

- I. In the US and Australia, as non-signatory countries to the Kyoto world, private entities and states move ahead and have installed “**shadow regimes**”
- II. With growing public awareness the concept of **carbon neutrality** is becoming mainstream – that requires carbon offsets / VERs
- III. *Innovative **domestic schemes** within Kyoto countries focus on voluntary projects that include third party assessment*

Non Kyoto schemes including offset projects

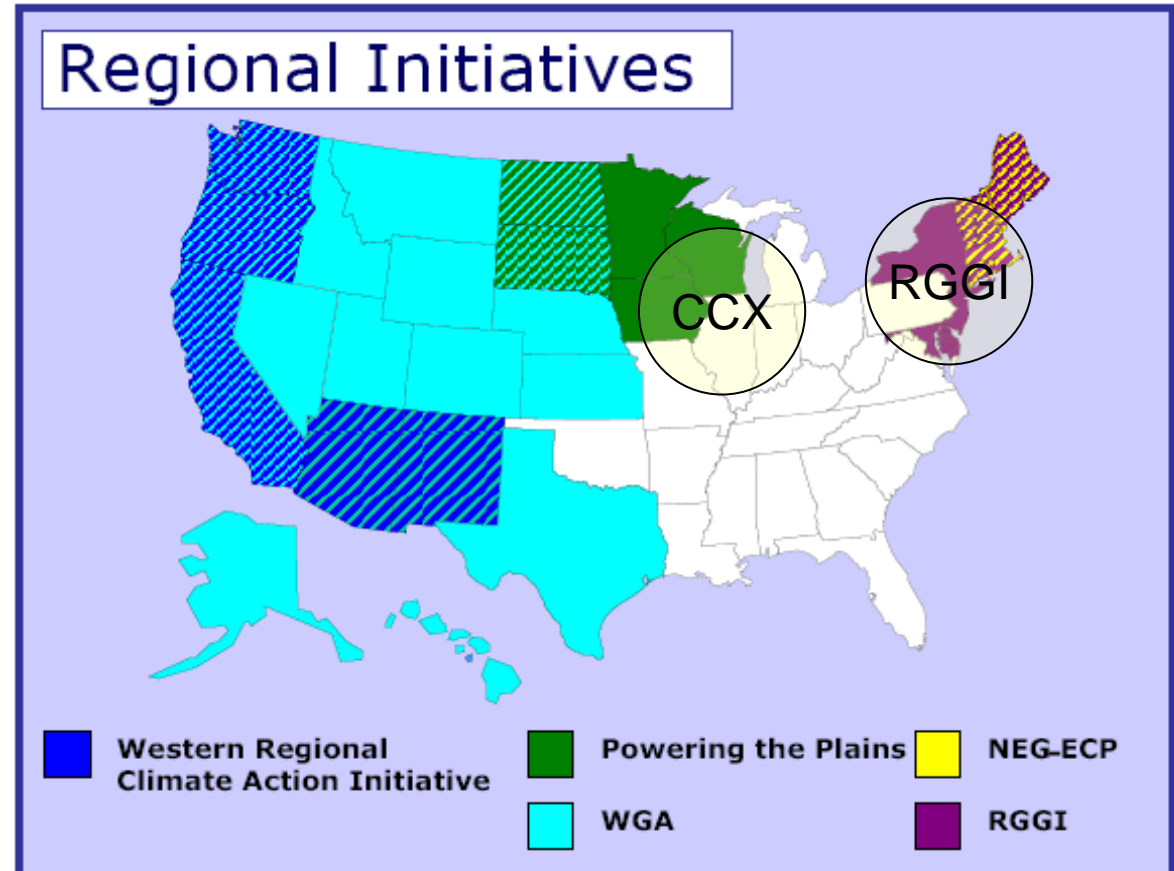


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Chicago Climate Exchange (CCX) (cap and trade, 4,4 million t CO₂ in offsets in 2006, aprox. 30 projects)

New South Wales carbon market in Australia (NSW-GGAS, only power sector, intensity targets, incl. > 200 projects)

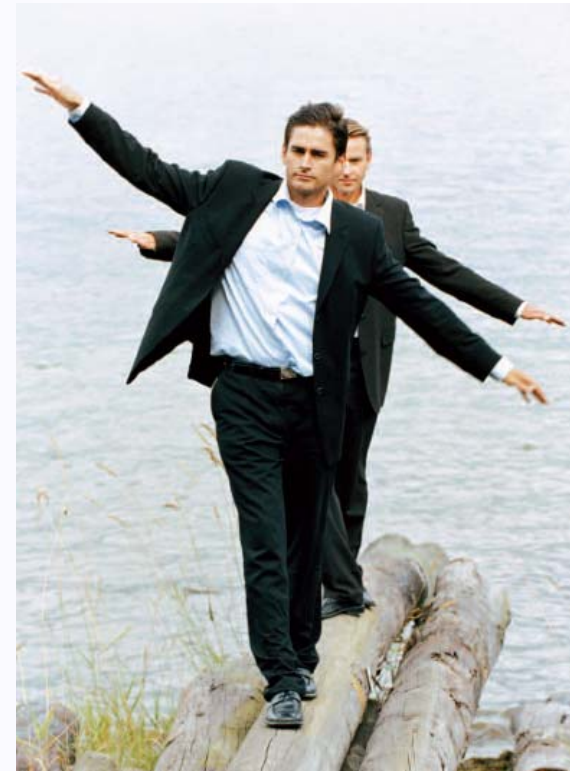
Regional Greenhouse Gas Initiative (RGGI) in the North-Eastern US (project based mechanisms in future phase)



Numerous policy / registry initiatives on the way

PewCenter 2007: Learning from State Action on Climate Change

- NGOs and emerging businesses conquered the field of **carbon neutrality** – starting in Europe passing over to the US.
- In order to reach carbon neutrality you need (voluntary and additional) offsets.
- First movers : PrimaKlima, Future Forest / Carbon Neutral Company, Climate Trust, Climate Care, Atmosfair....
 - > 30 different providers worldwide
(see e.g. www.ecosystemmarketplace.com for details)
- “the carbon offset industry is at risk of being discredited by ‘cowboy’ operators”
(Shopeley / Carbon Neutral Group).



Certification of carbon neutrality



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1. Choice of activity and determination of systems boundary

Efficient activity, proper boundaries

2. Estimation of GHG-emissions scheduled to be offset

Reasonable, traceable, conservative

3. Choices and purchase of offset credits

Validated project, verified emission reductions VER+

4. Retirement of the respective amount of carbon credits

Assured process, traceable, evidenced

5. Marketing of the climate neutral activity

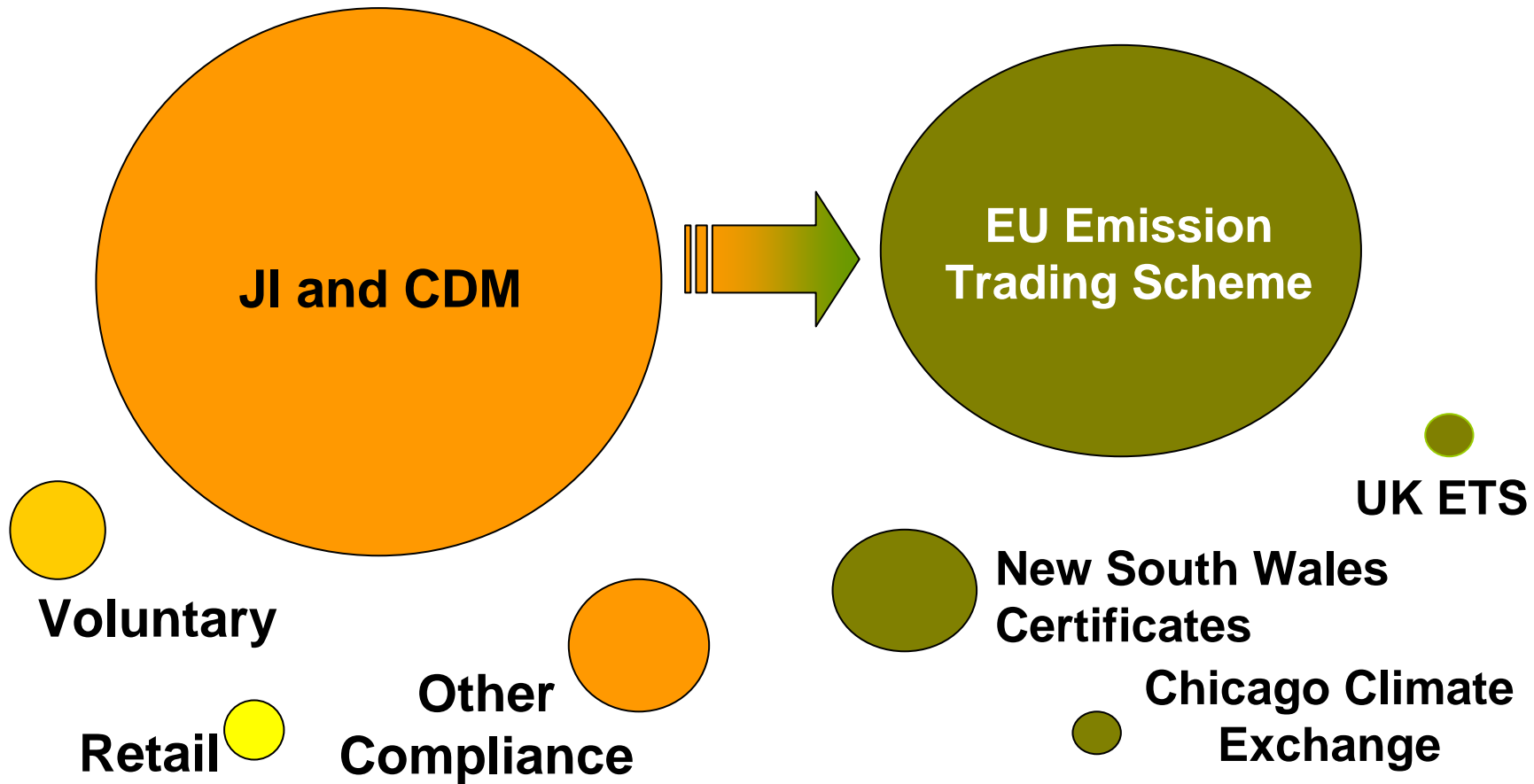
Consistent and credible promotion and marketing



- **French domestic offset programm** (projets domestiques CO₂), issuance of ERUs for certified voluntary project activities not covered by EU-ETS.
- **JIM.NRW** (Germany) programmatic approach for small scale activities in the energy sector (< 20MW, no EU-ETS). Certified activities receive ERUs.
- The large field of **Green Investment Schemes (GIS)**. VER projects could be rewarded with AAUs.
- New Zealand Emissions Trading currently under development, including offset projects.
 - *Japanese Voluntary Emissions Trading Scheme (no projects)*
 - *EU-ETS*

Project-Based Transactions

Allowance Markets

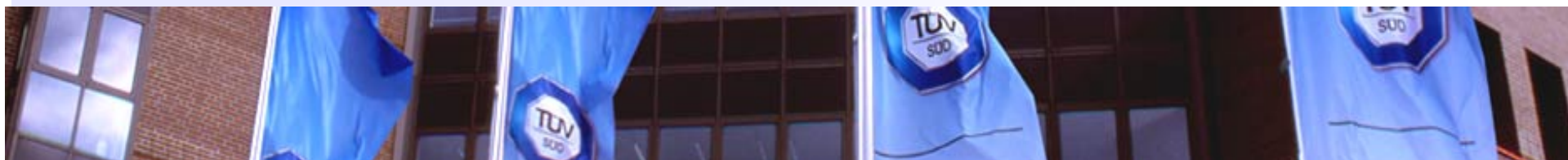


Source: WB Carbon Finance / IETA 2005



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2. How are VERs generated ?



Also a VER projects starts with the PDD:

- A. General description of project activity
- B. Application of a baseline and monitoring methodology
- C. Duration of the project activity / crediting period
- D. Environmental impacts
- E. Stakeholders' comments

Annexes: Contact details, Baseline data, Monitoring Plan

In VER projects methodological approaches for baseline estimation and monitoring can be defined for individual projects (no separate approval process)

Based on definitions for CDM activities

Additionality

*„A CDM project activity is **additional** if **anthropogenic emissions** of greenhouse gases by sources are reduced below those that **would have occurred** in the absence of the registered CDM project activity.“*

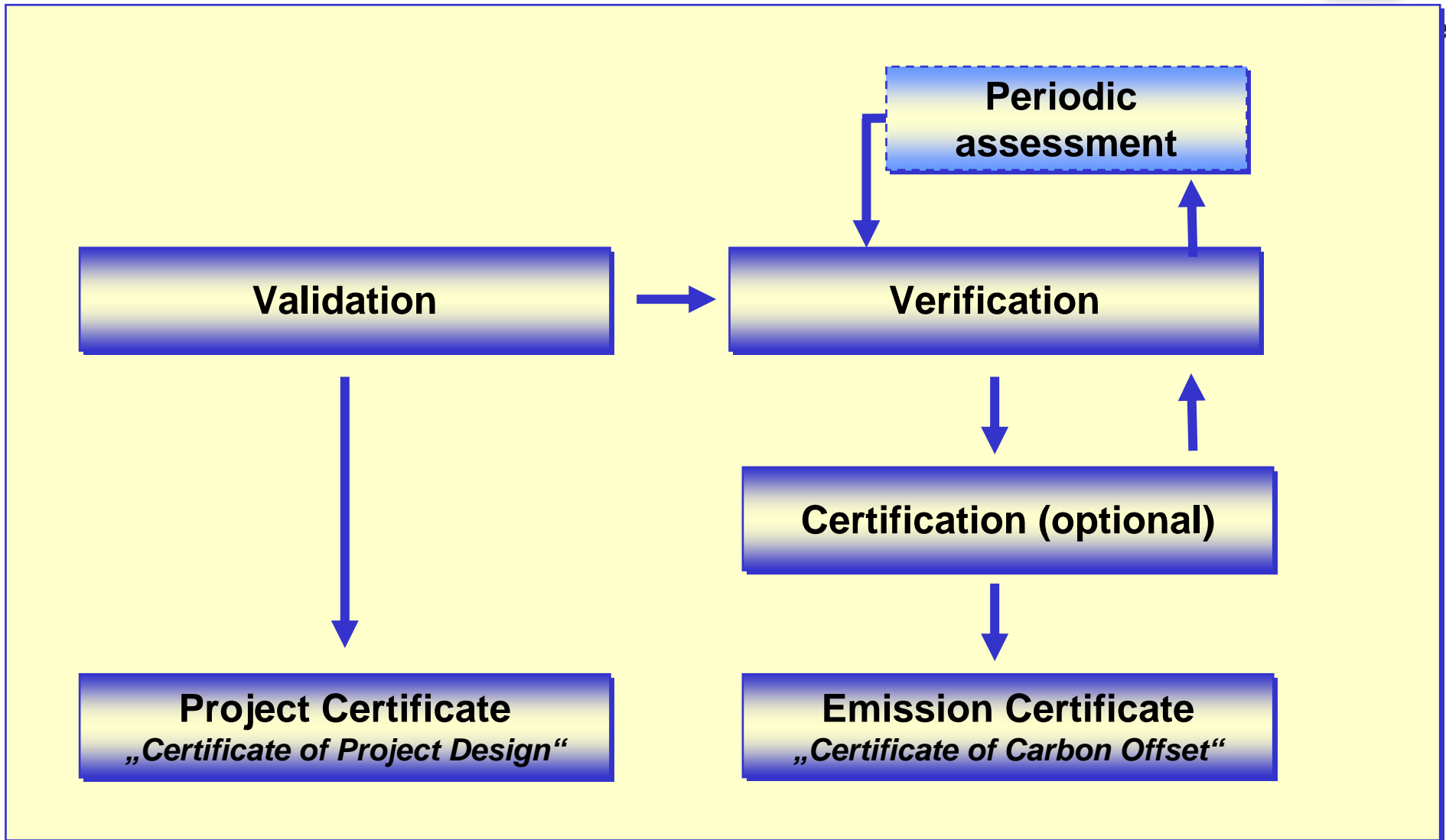
Baseline

*The baseline for a CDM project activity is the **scenario**, **that** reasonably represents the anthropogenic emissions by sources of greenhouse gases that **would occur in the absence of the proposed project activity...***



- **Project Boundary:** Shall encompass all anthropogenic GHG emissions that are significant and reasonably attributable to the project.
- **Leakage:** The net change of GHG emissions measurable and attributable to the project activity - which occurs outside the project boundary.
- **Monitoring:** Collection and archiving of all relevant data necessary for determining the baseline, GHG emissions within the project boundary (project emissions) and leakage.
- **Crediting Period:** time over which carbon credits may be generated
- **Calculation:** Net GHG reductions / removals = Baseline emissions (-) Project emissions (-) Leakage

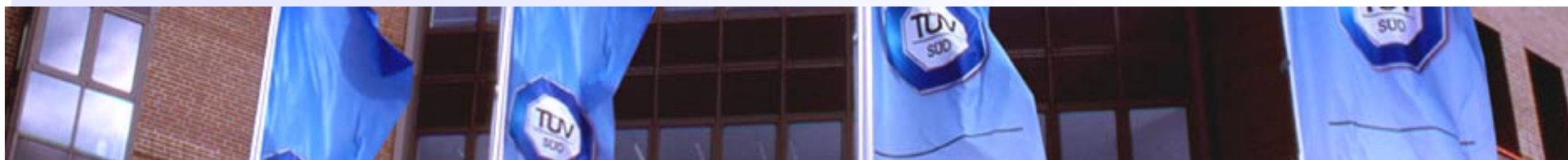
Assessment steps





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2. Key elements of the VER+ standard



What is VER+?



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- VER+ standards are largely in line with the requirements of Kyoto Protocol for JI / CDM projects
- The additionality test proves that the emission reductions would not have occurred in absence of the project activity.
- Larger flexibility on methodologies: can be composed on a project specific basis (JI approach).
- Projects / credits are not registered with UNFCCC - but can be tracked with TÜV SÜD's "Blue Registry"



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**Choose certainty.
Add value.**

1. Eligibility

Project activities that could qualify as JI - without limitation to the status of the host country.

Thus, a wider approach on land-use based projects included.

2. Additionality

To be tested according to tools and guidelines as defined under the Kyoto Protocol. The following options exist:

- I) if an approved CDM methodology is applied within the VER+ PDD that includes specific guidance on additionality, then it shall be followed the specific indications of the methodology,
- II) in all other cases, the most recent version of the CDM Additionality Tool shall be applied.

3. Permanence

The emission reductions shall not be reversible. Land-use related projects that can not ensure permanence, need to install safeguards in order to balance potential reversibility.

4. Exclusivity

For a defined crediting period a project activity can exclusively apply for VER+ credits. The following would mean a misuse of the TÜV SÜD certificate:

- claim of emission reductions (ER) by the same activity in the same time frame in a different regime.
- multiple use of VER+ credits, e.g. by selling/transferring the same charge of VER+ credits to several buyers.

5. Avoidance of Double-Counting

In Annex-I-countries emission reductions are increasing the amount of AAUs. In order to avoid double counting the VER+ one of the following points is required:

- A statement that corresponding VER+ credits will not be transferred to other countries.
- A confirmation of the Designated Focal Point (DFP), that the equivalent amount of AAUs will be frozen on the country's account.
- Documentary evidence that the host country is without possibility to transfer AAUs.



6. Crediting Period

- The crediting period of VER+ activity expires at the end of the latest agreed commitment period under the UNFCCC scheme.
- As soon as a new commitment period is defined the crediting period might be extended (after re-validation applying the initial methodology).
- Early crediting: VER+ activities can apply for a starting date of the crediting period as of 01.01.2000, if it can be clearly documented that the project has been initiated in order to mitigate climate change.
- Projects registered under CDM/JI may generate VER+ credits for time periods not included in the crediting period as registered under that scheme.

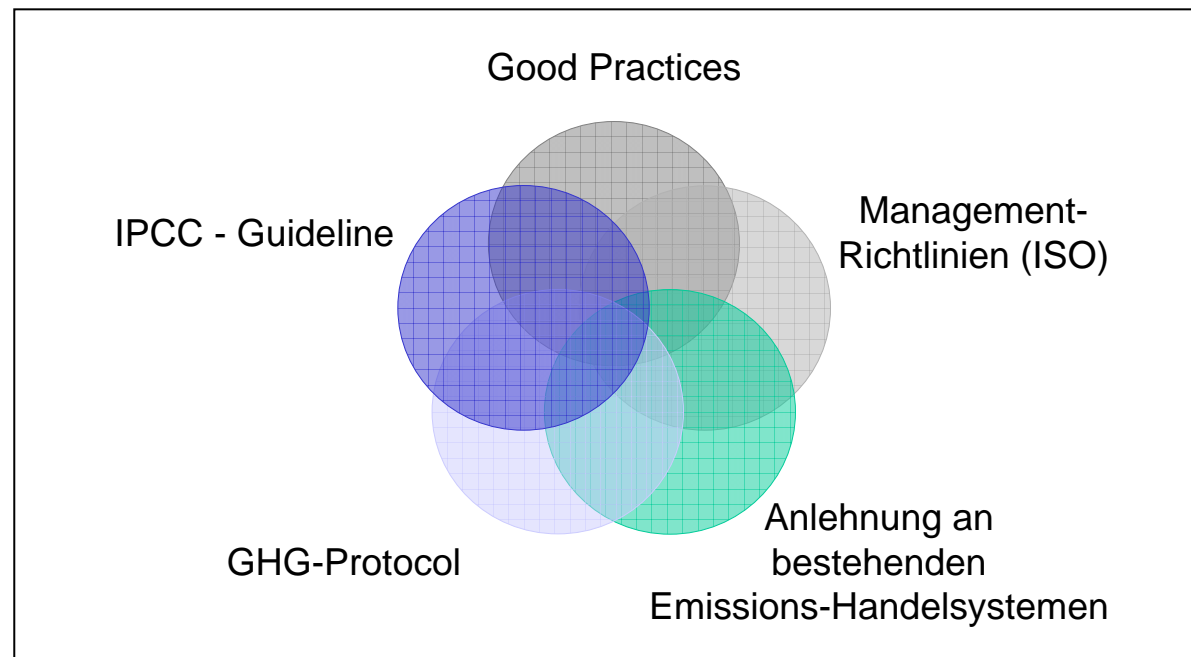
7. Methodologies (Baseline and Monitoring)

Any reasonable and conservative methodological approach

The methodology shall be:

- project specific based on the approach applied under JI, or
- approved by the CDM Executive Board.

The methodology selected may stay the same until the end of the crediting period.



8. Environmental and Social Impacts (same as CDM / JI)

- The project activity shall not cause substantial negative impacts on the environment or severe negative social impacts.
- Any potentially negative impact shall be mitigated.
- If an Environmental Impact Assessment (EIA) is required by the host Country, the latter should be initiated.

9. Involvement of Stakeholders

- If required by national law a local stakeholder process has to be carried out.
- In any other case the following two options exist: (i) perform a stakeholder process voluntarily, (ii) justify that the project activity does not impact the neighbouring vicinity.
- TÜV SÜD will make the PDD publicly available for comments.

Some good reasons for VER+



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- ✓ VER+ means a transparency
- ✓ VER+ is widely applicable and credible.
- ✓ VER+ is likely to give you extra value
- ✓ VER+ is likely to be fungible (package validations and verifications, e.g. jointly with GS-VER, VCS, CCX etc.)





Thank you for your attention.

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**Choose certainty.
Add value.**