

Methodology Approval Process

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1 | Introduction

The methodology approval process is the process by which new methodologies, methodology revisions, modules and tools are approved under the VCS Program. Such methodology elements are subject to a public stakeholder consultation hosted on the VCS website and independent assessments by two validation/verification bodies, before final approval by the VCSA.

The methodology approval process is outlined at a high level in the *VCS Program Guide* and the purpose of this document is to provide detailed requirements and practical guidance on the process. The document lays out the steps involved in the methodology approval process and then provides further requirements and guidance for specific elements that are subject to the process. The document is intended for use by methodology element developers (“developers”), project proponents, validation/verification bodies and any other parties who use the methodology approval process.

This document shall be updated from time-to-time and readers should ensure that they are using the most current version of the document.

2 | Scope and Costs of the Methodology Approval Process

2.1 SCOPE OF THE METHODOLOGY APPROVAL PROCESS

The following methodology elements are subject to the methodology approval process:

- 1) New methodologies and methodology revisions.
- 2) New modules and tools (including additionality tools, performance benchmarks and technology benchmarks).

2.2 COSTS OF THE METHODOLOGY APPROVAL PROCESS

The costs of both assessments in the methodology approval process are borne by the developer. An administration fee is payable, as set out in Section 3.3.5. Financial compensation is available to developers of new methodologies, the details and conditions of which are set out in the *VCS Program Guide*.

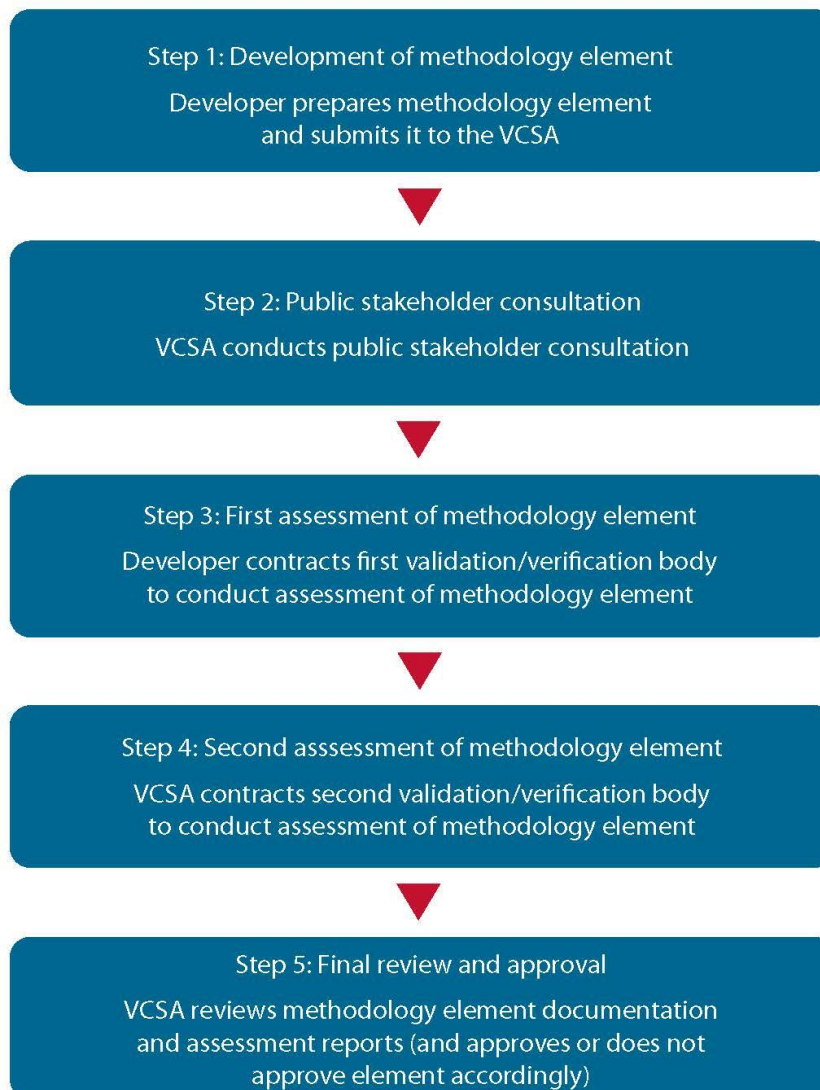
The time taken to complete the process is largely dependent upon the initial quality of the methodology element and the length of time taken by each validation/verification body to complete its assessment.

3 | Methodology Approval Process

3.1 OVERVIEW

Diagram 1 summarizes the methodology approval process, which is further described in the sections that follow.

Diagram 1: Steps in the Methodology Approval Process



3.2 STEP 1: DEVELOPMENT OF METHODOLOGY ELEMENT

- 3.2.1** The developer shall prepare the methodology element documentation that will be subject to a public stakeholder consultation and independent assessment by two validation/ verification bodies. This means the developer shall prepare, in accordance with all the applicable VCS rules, the new methodology, methodology revision, module or tool, as applicable. The methodology element documentation shall state clearly the date on which it was issued and its version number. Methodologies and methodology revisions shall be prepared using the *VCS Methodology Template* and modules and tools shall be prepared using the *VCS Module Template*.

Note - The entity acting as developer may change during the course of taking a methodology element through the methodology approval process, provided that any necessary authorization is secured from the original developer, the VCSA is notified and the new entity submits to the VCSA a signed methodology approval process submission form (see Section 3.3.1).

3.3 STEP 2: PUBLIC STAKEHOLDER CONSULTATION

- 3.3.1** The developer shall submit to the VCSA a signed methodology approval process submission form (available on the VCS website) and the methodology element documentation.
- 3.3.2** The VCSA shall review the methodology element documentation to ensure compliance of the methodology element with the VCS rules, including, inter alia, the integrity of the approach to additionality, the appropriateness of the applicability conditions and the correctness of reference to and use of VCS requirements and defined terms. Where it deems it necessary, the VCSA shall require the developer to revise the methodology element documentation before accepting it into the methodology approval process. The purpose of the VCSA review is to assist the developer in identifying areas of non-compliance with the VCS rules early in the process and therefore to streamline the overall assessment process.
- 3.3.3** Where the VCSA deems that the methodology element is still not in compliance with the VCS rules or would sanction politically or ethically contentious project activities, or may otherwise impact the integrity of the VCS Program or the functioning of the broader carbon market, it reserves the right not to accept the methodology element into the methodology approval process.
- 3.3.4** The VCSA shall post the methodology element documentation on the VCS website for a period of 30 days, for the purpose of inviting public comment. Methodology elements are posted according to a monthly schedule, as set out on the VCS website. Any comments shall be submitted to the VCSA at secretariat@v-c-s.org and respondents shall provide their name, organization, country and email address.
- 3.3.5** The VCSA shall invoice the developer for the methodology approval process administration fee when the methodology element has been posted for public consultation. The fee rate is set out in VCS document *Program Fee Schedule*.

- 3.3.6** At the end of the public comment period, the VCSA shall provide all and any comments received to the developer. The developer shall take due account of such comments, which means it will need to either update the methodology or demonstrate the insignificance of the comment. It shall demonstrate to each of the validation/verification bodies what action it has taken, as set out in Section 3.4.2).
- 3.3.7** All and any comments received shall also be posted by the VCSA on the VCS website, alongside the methodology element information.

3.4 STEP 3: FIRST ASSESSMENT OF METHODOLOGY ELEMENT

- 3.4.1** The developer shall contract the first validation/verification body to undertake an assessment of the methodology element documentation. See Section 4 for eligibility requirements for validation/verification bodies. Such contracting of the first validation/verification body may occur before, after or during Step 2 above. However, to ensure that the first assessment report includes an explanation of how any comments received during the public stakeholder consultation have been accounted for in the methodology, the validation/verification body shall issue the assessment report only after the public stakeholder consultation period has ended.
- 3.4.2** All and any of the first validation/verification body's findings shall be responded to. As a result of any such findings, the developer may need to amend the methodology element documentation.
- 3.4.3** The first validation/verification body shall produce an assessment report in accordance with the VCS rules and best practice. The assessment report shall be prepared using the *VCS Methodology Assessment Report Template*. The assessment report shall address the scope of assessment applicable to the methodology element (see Sections 5.1, 6.1 and 7.1 for methodologies, methodology revisions and modules/tools respectively). In addition, the assessment report shall contain the following:
- 1) An explanation of whether and how the developer has taken due account of all comments received during the public stakeholder consultation (see Step 2 above).
 - 2) A description of all and any of the validation/verification body's findings and the developer's response to them.
 - 3) An assessment statement prepared in accordance with the requirements for validation statements set out in the *VCS Standard*, mutatis mutandis. Such statement shall also state the version number of the methodology element documentation upon which the statement is based.
 - 4) Where required, and as set out in Section 4, evidence of fulfillment of eligibility requirements for validation/verification bodies.
- 3.4.4** The developer shall provide the VCSA with the most recent methodology element documentation and the assessment report produced by the first validation/verification body.

- 3.4.5** The VCSA shall review the most recent methodology element documentation, using the procedure set out in Section 3.3.2. Where it deems it necessary, the VCSA shall require the developer to revise the methodology element documentation, and shall involve the first and second validation/verification bodies, as required.
- 3.4.6** The VCSA shall post the (revised) methodology element documentation and the assessment report on the VCS website, to provide transparency in the development process, and provide such documentation to the second validation/verification body.

3.5 STEP 4: SECOND ASSESSMENT OF METHODOLOGY ELEMENT

- 3.5.1** The developer shall provide the VCSA with one or more work proposals from potential second validation/verification bodies and shall indicate any preferred choice where more than one work proposal is provided. See Section 4 for eligibility requirements for validation/verification bodies. The VCSA retains the right to choose another validation/verification body if it is not satisfied with the option(s) provided. The developer can provide such work proposals to the VCSA at any stage in the methodology approval process and providing them earlier in the process may help ensure minimal time delay in contracting the second validation/verification body.
- 3.5.2** The VCSA shall contract the second validation/verification body, using its standard agreement, to undertake a second assessment of the methodology element documentation (as may have been amended during the course of the first assessment). The developer pays the second validation/verification body directly, as provided for in the contract between the VCSA and the second validation/verification body and the methodology approval process submission form.
- 3.5.3** The second validation/verification body shall begin the assessment of the methodology element documentation after the VCSA has provided it with the first assessment report and the most recent version of the methodology element documentation. However, where the first validation/verification body's findings cannot be resolved in a timely manner, the second validation/verification body may begin its assessment before the completion of the first assessment. The unresolved findings shall be noted in a draft first assessment report which shall be provided to the second validation/verification body by the VCSA (and the final first assessment report and second assessment report shall include an explanation of whether the findings have been satisfactorily addressed by the developer).
- 3.5.4** All and any of the second validation/verification body's findings shall be responded to. As a result of any such findings, the developer may need to amend the methodology element documentation. In such case, the developer shall engage both validation/verification bodies to ensure that each of their assessment statements is based upon the same final version of the methodology element documentation. This means that the first validation/verification body needs to take account of any revisions made to the methodology element documentation as a result of the second assessment. Where the methodology element documentation is revised as a result of the second assessment, the first validation/verification body shall only be required to update the assessment statement and not the other sections of its assessment report.

- 3.5.5** The second validation/verification body shall produce, and provide to the VCSA, an assessment report in accordance with all applicable VCS Program requirements and best practice. In addition to adhering to such requirements and best practice, the assessment report shall also contain the same information that is required of the first validation/verification body and its assessment report as set out in Section 3.4.3. The assessment report shall be prepared using the *VCS Methodology Assessment Report Template*.

3.6 STEP 5: FINAL REVIEW AND APPROVAL

- 3.6.1** Where the developer amends the methodology element documentation in response to the second validation/verification body's findings, it shall provide to the VCSA the revised methodology element documentation and the revised first assessment report.
- 3.6.2** Where the first and second assessment reports both approve the methodology element, the VCSA shall review the methodology element documentation, using the procedure set out in Section 3.3.2. The two assessment reports shall also be reviewed, to ensure that the assessments have been conducted in accordance with the VCS rules. Where it deems it necessary, the VCSA shall require the developer to revise the methodology element documentation, involving the first and second validation/verification bodies, as required. The VCSA may also make minor revisions to the methodology element (eg, to correct typos or clarify language), consulting the developer and validation/verification bodies, as required.
- 3.6.3** Where the VCSA approves the methodology element, it shall notify the developer and the first and second validation/verification bodies of same. The approved methodology element shall be assigned a reference number and posted with the two assessment reports on the VCS website. The methodology element can then be used by project proponents to develop projects.
- 3.6.4** Where one or other of the assessment reports does not approve the methodology element and attempts to resolve the situation in accordance with Section 3.7.2 have been unsuccessful, the methodology element will not be approved by the VCSA. The VCSA may also withhold approval where it is not satisfied with the quality of the methodology element documentation, the first assessment report or the second assessment report, or where it deems that the methodology element does not comply with the VCS rules or would sanction politically or ethically contentious project activities, or may otherwise impact the integrity of the VCS Program or the functioning of the broader carbon market.

Note – The two validation/verification bodies shall be responsible for reviewing any minor modifications, edits or clarifications that need to be made to the methodology element within two years of its approval. The process for such updates is set out in Section 8.

3.7 PROCEDURE FOR CLARIFICATION AND FACILITATION BY THE VCSA

- 3.7.1** The developer and/or the validation/verification bodies may request that the VCSA provides clarification with respect to unresolved findings or the VCS rules. The VCSA shall consult all

necessary parties before providing any clarification and shall notify the developer as well as both validation/verification bodies when such clarification is provided.

Note – The validation/verification body is ultimately responsible for assessing the methodology element and the VCSA's clarification shall not substitute or take precedence over the validation/verification body's assessment.

- 3.7.2** Where the developer is not able to gain the consensus of both validation/verification bodies with respect to the resolution of all findings and finalization of the methodology element documentation, it may request that the VCSA facilitates discussions between all parties to attempt to resolve the situation.

3.8 INACTIVE METHODOLOGY ELEMENTS

- 3.8.1** Where a methodology element under the methodology approval process does not progress to the subsequent step of the process within 12 months or where the developer chooses to withdraw the methodology element from consideration under the methodology approval process, the VCSA shall update the status of the methodology element on the VCS website to inactive. However, recognizing that certain complex methodology elements under the methodology approval process may require more time for assessment, the VCSA shall not update the status of a methodology element to inactive where a methodology element is under ongoing assessment or where the developer notifies the VCSA that it is still pursuing the methodology element under the approval process.

The developer may reactivate the methodology element at any time by notifying the VCSA.

4 | Eligibility Requirements for Validation/Verification Bodies

4.1 ELIGIBILITY REQUIREMENTS

- 4.1.1** The eligibility requirements for validation/verification bodies are set out in Table 1 below. Recognizing that the approval of methodology elements has implications for more than a single project, the eligibility requirements ensure that the appropriate level of expertise and experience is applied in the methodology approval process. Table 1 also states (third column) for which of the applicable eligibility requirements the validation/verification body shall submit evidence of its fulfillment of same. The specific requirements regarding evidence of fulfillment of applicable eligibility requirements are outlined in Section 4.2.

Note - The eligibility requirements for validation/verification bodies set out in Table 1 are in addition to the requirements for competence set out in the *VCS Standard*.

Table 1: Eligibility Requirements for Validation/Verification Bodies

Methodology Element	Eligibility Requirements	Evidence Required?
Non-AFOLU methodology elements	1) Both 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; AND	N
	2) At least one of the validation/verification bodies shall have completed at least ten project validations or methodology element assessments under the methodology approval process in the sectoral scope group applicable to the methodology element. ¹ Project validations can be under the VCS Program or an approved GHG program and projects shall be registered under the applicable program. A validation of a single project under more than one program (eg, VCS and CDM) counts as one project validation. Methodology element assessments shall be for methodology elements that have been approved by the VCSA.	Y
ARR AFOLU methodology elements	1) Both validation/verification bodies shall be eligible under the VCS Program to perform validation for sectoral scope 14 (AFOLU); AND	N
	2) At least one of the validation/verification bodies shall: <ol style="list-style-type: none"> a) Be accredited under an approved GHG program for sectoral scope 14² for validation³; OR b) Have completed at least ten project validations in any sectoral scope and at least three project validations or methodology element assessments under the methodology approval process under sectoral scope 14. Project validations can be under the VCS Program or an approved GHG program and projects shall be registered under the applicable program. A validation of a single project under more than one program (eg, VCS and CDM) counts as one project validation. Methodology element assessments shall be for methodology elements that have been approved by the VCSA. 	N Y

¹ The sectoral scope groups shall be determined in accordance with the ANSI project level groups to which the VCS sectoral scopes are mapped. The mapping of ANSI project level groups to VCS sectoral scopes is available on the VCS website. Where the methodology element has more than one applicable sectoral scope and such scopes fall under more than one sectoral scope group, the validation/ verification body must have validated at least ten projects or methodology elements in each of the relevant sectoral scope groups.

² Or the approved GHG program equivalent to VCS Program sectoral scope 14, if sectoral scopes under the approved GHG Program are not directly equivalent to the VCS Program numbering system for sectoral scopes.

Non-ARR AFOLU methodology elements	1) Both validation/verification bodies shall be eligible under the VCS Program to perform validation for sectoral scope 14 (AFOLU); AND	N
	2) At least one of the validation/verification bodies shall use an AFOLU expert (see Section 9) in the assessment; AND	Y
	3) At least one of the validation/verification bodies shall have completed at least ten project validations in any sectoral scope. Project validations can be under the VCS Program or an approved GHG program, with the projects having been registered under the applicable program. A validation of a single project under more than one program (eg, VCS and CDM) counts as one project validation. The validation/ verification body that meets this eligibility requirement may be the same validation/verification body that uses an AFOLU expert.	Y
Methodology elements using a standardized method	In addition to the above, at least one of the validation/verification bodies shall use a standardized methods expert (see Section 9) in the assessment.	Y

4.1.2 In the unlikely event of there being no validation/verification bodies that meet the eligibility requirements set out in Table 1, the developer shall contact the VCSA, who shall work with the developer to choose an appropriately qualified validation/verification body.

4.2 EVIDENCE OF FULFILMENT OF REQUIREMENTS

4.2.1 Each validation/verification body shall submit evidence of its fulfillment of eligibility requirements where indicated in the third column of Table 1. Such evidence shall be provided in the validation/verification body's assessment report of the methodology element and shall be as follows:

- 1) Where the validation/verification body is required to have undertaken a certain number of project validations or methodology element assessments, a summary of such work shall include the following:
 - a) For project validations, the name of the project, the date that the validation report was issued, the date that the project was registered and the name of the GHG program under which the project was registered.
 - b) For methodology element assessments, the name of the methodology element and the date that the assessment report was issued.
- 2) Where the validation/verification body is required to use an AFOLU expert or a standardized methods expert, the assessment report shall state the name of the expert and their role in the assessment.

³ Note that, at the time of writing, Climate Action Reserve (CAR) accreditation is only for verification (not validation); hence CAR accreditation is not sufficient to fulfill this requirement.

5 | New Methodologies

5.1 SCOPE OF ASSESSMENT

- 5.1.1** The validation/verification body shall determine whether the proposed methodology complies with the requirements set out in the *VCS Standard* (and its ancillary documents such as the *AFOLU Requirements* and *ODS Requirements* documents, where applicable) and any other applicable requirements set out under the VCS Program.
- 5.1.2** The scope of assessment shall include (at a minimum) the following, and the assessment report shall provide an explanation of whether and how the methodology addresses these:
- 1) Applicability conditions: Assessment of whether the proposed methodology's applicability conditions are appropriate, adequate and in compliance with the VCS rules.
 - 2) Project boundary: Assessment of whether an appropriate and adequate approach is provided for the definition of the project's physical boundary and sources and types of GHGs included.
 - 3) Procedure for determining the baseline scenario: Assessment of whether the approach for determining the baseline scenario is appropriate, adequate and in compliance with the VCS rules.
 - 4) Procedure for demonstrating additionality: Assessment of whether the approach/tools for determining whether the project is additional are appropriate, adequate and in compliance with the VCS rules.
 - 5) Baseline emissions: Assessment of whether the approach for calculating baseline emissions is appropriate, adequate and in compliance with the VCS rules.
 - 6) Project emissions: Assessment of whether the approach for calculating project emissions is appropriate, adequate and in compliance with the VCS rules.
 - 7) Leakage: Assessment of whether the approach for calculating leakage is appropriate, adequate and in compliance with the VCS rules.
 - 8) Quantification of net GHG emission reductions and/or removals: Assessment of whether the approach for calculating the net GHG benefit of the project is appropriate, adequate and in compliance with the VCS rules.
 - 9) Monitoring: Assessment of whether the monitoring approach is appropriate, adequate and in compliance with the VCS rules.
 - 10) Data and parameters: Assessment of whether the specification for monitored and not monitored data and parameters is appropriate, adequate and in compliance with the VCS rules.

- 11) Adherence to the project principles of the VCS Program: Assessment of whether the methodology adheres to the VCS Program principles set out in the *VCS Standard*.
- 12) Relationship to approved or pending methodologies: Assessment of whether any existing methodology could reasonably be revised to serve the same purpose as the proposed methodology, determined in accordance with Section 5.2.

5.1.3 Where the proposed methodology references tools or modules approved under the VCS or an approved GHG program, the validation/verification body shall determine whether the tool or module is used appropriately within the methodology. Reassessment of the actual tool or module is not required.

5.2 RELATIONSHIP TO APPROVED OR PENDING METHODOLOGIES

5.2.1 In order to safeguard against the unnecessary proliferation of methodologies, methodology developers are required to demonstrate that no approved or pending methodology under the VCS Program or an approved GHG program could reasonably be revised to meet the objective of the proposed methodology. Methodology revisions are appropriate where a proposed activity or measure is broadly similar to an activity or measure covered by an existing approved methodology such that the proposed activity or measure can be included through reasonable changes to that methodology. The procedure for demonstration and assessment that no existing methodology could reasonably be revised to meet the objective of the proposed methodology is as follows:

- 1) The methodology developer shall list all approved or pending methodologies, under the VCS or an approved GHG program, that fall under the same sectoral scope or same AFOLU project category⁴ or combination of sectoral scopes or AFOLU project categories, as applicable. The list shall include, at a minimum, all such methodologies that are available sixty days before the proposed methodology is submitted to the VCSA for public consultation. Such list of methodologies (“listed methodologies”) shall contain the methodology name and reference number, and the GHG program under which it is approved or pending.
- 2) The methodology developer shall state whether, and explain how, the proposed methodology uses, includes, refers to or relies upon all or part of any of the listed methodologies. Where it does, the methodology developer shall demonstrate that none of the identified methodologies (“similar methodologies”) could have been reasonably revised (ie, developed as a methodology revision) to meet the objective of the proposed methodology. The onus is upon the methodology developer to demonstrate that a methodology revision would not have been more appropriate, failing which the proposed methodology shall not receive a positive assessment from the validation/verification body. Examples that sufficiently demonstrate the requirement for a new methodology include, but are not limited to, the following:

⁴ The current AFOLU project categories are ARR, ALM, IFM, ACoGS, PRC and REDD

- a) The proposed methodology uses an approach to setting the baseline and assessing additionality that is different to any of the similar methodologies (eg, the similar methodologies use a project method for additionality, whereas the proposed methodology uses a performance method).
- b) The proposed methodology uses, includes, refers to or relies upon all or part of a number of the similar methodologies, such that it would have been problematic to revise any particular one of the similar methodologies.
- c) The proposed methodology uses a modular approach to provide a more flexible methodology with wider applicability than any of the similar methodologies.
- d) The proposed methodology draws upon the similar methodologies to provide a simplified methodology for micro-scale projects.
- e) None of the similar methodologies could be revised without substantial changes to the sections on project boundary or procedure for determining the baseline scenario.
- f) None of the similar methodologies could be revised without the addition of new procedures or scenarios to more than half of its sections.

5.2.2 The methodology developer shall document the above in the relevant section of the methodology document, such document being subject to public consultation and independent assessment by two validation/verification bodies. Where either of the validation/verification bodies is unable to conclude that any approved or pending methodology under the VCS Program or an approved program could not have been reasonably revised to meet the objective of the proposed methodology, in accordance with the procedure set out above, it shall not grant the methodology element a positive assessment.

5.3 PROPOSALS FOR METHODOLOGIES CURRENTLY EXCLUDED UNDER THE SCOPE OF THE VCS PROGRAM

5.3.1 The scope of the VCS Program is extended from time to time, such as with the inclusion of AFOLU into the program in November 2008 and ozone-depleting substances in January 2010. As part of the process of extending the scope of the VCS Program, it is useful for the VCSA to have a view of possible methodologies and projects that might be eligible under such extensions. Where developers would like to prepare methodologies that currently fall outside of the scope of the VCS Program and have them assessed by a validation/verification body, they are encouraged to contact the VCSA and to follow the requirements in this document if continuing with such methodology development and assessment.

6 | Methodology Revisions

Methodology revisions shall be prepared using the *VCS Methodology Template*. The VCS Program distinguishes between revisions to VCS methodologies and revisions to approved GHG program methodologies, and the requirements for each are set out in the sections below.

Where immaterial revisions to the methodology element are needed, for example to correct typos or to make other simple changes to the methodology that do not require further assessment, the VCSA may make such changes and issue a revision (ie, new version) of the methodology element. The developer of the methodology element shall be consulted, as required.

6.1 SCOPE OF ASSESSMENT

The scope of assessment for methodology revisions shall be the same as for new methodologies (see Section 5.1), though excluding assessment of relationship to approved or pending methodologies.

6.2 REVISIONS TO VCS METHODOLOGIES

A revision to a VCS methodology is handled as an update to the prevailing version of the methodology and the following applies:

- 1) The methodology revision shall not narrow the methodology's applicability or in any other way exclude project activities that are eligible under the prevailing version of the methodology, unless such narrowing or exclusion is authorized by the VCSA.
- 2) The methodology document of the prevailing version of the methodology shall be edited to incorporate the methodology revision. The Word version of the prevailing methodology document may be requested from the VCSA. Where the prevailing version of the methodology does not use the *VCS Methodology Template*, the methodology shall be transferred into the template.
- 3) Where the methodology revision is approved by the VCSA, the prevailing version of the methodology shall be withdrawn and the methodology revision shall replace it.

6.3 REVISIONS TO APPROVED GHG PROGRAM METHODOLOGIES

A revision to an approved GHG program methodology creates a parallel, revised methodology and the following applies:

- 1) The methodology revision shall reference the (underlying) methodology that it is revising, including the methodology name, version number, issue date and approved GHG program. The methodology revision shall require the use of the latest version of such methodology, such that the methodology revision keeps pace with developments that may occur in the underlying methodology.

- 2) The methodology revision shall use the *VCS Methodology Template*. The rationale for developing the methodology revision shall be clearly stated. Where sections of the underlying methodology are not altered, this shall be stated in the relevant section of the methodology revision document.
- 3) Where a methodology revision has been approved by the VCSA and a new version of the underlying methodology is issued such that the integrity of the methodology revision is affected and it no longer meets with VCS requirements, projects will not be able to use the methodology revision (as set out in the validation and verification section of the *VCS Standard*). The methodology revision may be updated and approved via the methodology approval process.

Note - Methodology deviations and monitoring plan deviations shall not require the project proponent to prepare new methodology element documentation and shall not be managed via the methodology approval process. Instead, the validation/verification body shall validate the deviation as part of the project validation or verification process (as applicable) in accordance with the VCS Standard.

7 | New Modules and Tools

7.1 SCOPE OF ASSESSMENT

- 7.1.1 New modules and tools shall be assessed against the aspects of the assessment scope for new methodologies set out in Section 5.1 that are relevant to the specific module or tool.
- 7.1.2 The assessment of a revision to a module does not require the reassessment of all methodology framework documents which reference it, though the assessment shall determine whether the revised module is appropriate for the methodologies and that all methodologies maintain their overall integrity. Likewise, the assessment of a revision to a tool shall ensure that the integrity of methodologies that use the tool is not adversely impacted.

8 | Review of Approved VCS Methodology Elements

On occasion, the VCSA may review methodology elements approved under the VCS Program to ensure that they continue to reflect best practice and scientific consensus. This includes ensuring that methodology elements approved under the program are consistent with any new requirements issued by

the VCSA and that methodology elements have appropriate criteria and procedures for addressing all VCS requirements.

As a result of a review, the VCSA may need to put on hold the prevailing versions of methodology elements or permanently withdraw methodology elements approved under the VCS Program. Relevant stakeholders shall be kept informed during the review process. The procedure for reviews is set out in the sections below. Note that these procedures are applicable to all types of methodology elements and a module may be put on hold or withdrawn without the parent methodology being put on hold. The statuses of all methodology elements are available on the VCS website.

8.1 TRIGGER FOR REVIEW

8.1.1 A review of a methodology element may be triggered as a result of the following:

- 1) The VCSA periodically issues new requirements that reflect the on-going development of the program, best practice and/or emerging scientific consensus with respect to projects and methodology elements. On occasion, methodology elements may become inconsistent with new requirements subsequently issued.
- 2) The VCSA may periodically review methodology elements where there are concerns that they do not reflect best practice or scientific consensus, or they do not meet VCS requirements. Such reviews may be triggered by general scientific or technological developments in the sector or specific concerns about a methodology element that are brought to the VCSA's attention.
- 3) The VCSA sanctions the consolidation of a number of methodology elements into one single methodology element (requiring the withdrawal of the original methodology elements).

8.2 PROCEDURE FOR REVIEW

8.2.1 The review of the methodology element and any relevant issue that triggered the review shall be undertaken by the VCSA, with input sought from the developer, the two validation/verification bodies that initially assessed the methodology element and appropriately qualified external experts, as required.

8.2.2 Where the review is triggered by new requirements being issued by the VCSA, the VCSA shall undertake the review of approved VCS methodology elements within 60 days of the new requirements being issued.

8.3 OUTCOME OF REVIEW

8.3.1 Where the review determines that the methodology element meets all VCS requirements and reflects best practice and scientific consensus, no further action shall be required.

8.3.2 Where the review determines that the methodology element requires limited modifications, edits or clarifications, the methodology element shall be put on hold. The VCSA shall coordinate with

the developer to update the methodology element documentation and may propose a solution (eg, a simple procedure that addresses the new VCS requirements) to address the non-conformities. The VCSA may require the two validation/verification bodies that initially assessed the methodology element to review and approve the updates via email. Likewise, the VCSA may seek input from appropriately qualified external experts.

- 8.3.3** Where the review determines that the methodology element requires substantive revision, the methodology element shall be put on hold. Where the developer or another entity would like to have the methodology element reissued, the methodology element shall be revised and approved via the methodology approval process set out in Section 3 (though the methodology element shall be exempt from the methodology approval process administration fee and the public stakeholder consultation). The VCSA may seek input from appropriate qualified external experts prior to approving the new version of the methodology element.
- 8.3.4** Where the review determines that the methodology element is fundamentally flawed, the methodology element shall be withdrawn (or in certain circumstances put on hold pending further investigation). The withdrawal of a methodology element is considered permanent.
- 8.3.5** Where the review determines that the methodology element needs to be withdrawn due to consolidation of a number of methodology elements, the methodology element shall be withdrawn. The withdrawal of the methodology element is considered permanent.

8.4 GRACE PERIODS

- 8.4.1** Versions of methodology elements put on hold or withdrawn may be used for the grace period set out for the methodology element on the VCS website. Projects shall have their validation reports issued before the end of the grace period. Beyond such date, projects may only use any new approved version of the methodology element. Grace periods shall be determined by the VCSA using the following guidelines:
- 1) Where the methodology element requires limited modifications, edits or clarifications in accordance with Section 8.3.2, the prevailing version may be used for up to six months after it was put on hold. The only exception to this is where it is not appropriate to allow continued use of the prevailing version of the methodology element (eg, where a typo in an equation could lead to material over-statement of GHG emission reductions or removals), in which case no grace period shall be granted.
 - 2) Where the methodology element requires substantive revision in accordance with Section 8.3.3, or is withdrawn or put on hold due to fundamental flaws in accordance with Section 8.3.4, the following applies:
 - a) The prevailing version may be used for up to six months after it was put on hold.
 - b) Where the prevailing version of the methodology element impacts the integrity of the VCS Program or the functioning of the broader carbon market, no grace period shall be granted (to any projects), subject to approval from the VCS Board.

- 3) Where the methodology element is withdrawn due to consolidation of methodology elements in accordance with Section 8.3.5, the withdrawn methodology element may be used for up to twelve months after the date of withdrawal.

8.4.2 Methodology elements being developed under the methodology approval process do not have to comply (immediately) with new requirements where the first assessment report has been submitted to the VCSA in accordance with the VCS rules before the time the VCSA issues such new requirements. However, such methodology elements, where finally approved by the VCSA, shall be valid for six months from the date that the new requirements were issued by the VCSA (ie, any projects shall have their validation reports issued within such time periods). After such time period, projects cannot use the methodology element and it is considered put on hold or withdrawn, as determined by the VCSA.

Notwithstanding the above, methodology elements being developed under the methodology approval process shall be required, subject to VCS Board approval, to comply (immediately) with new requirements where a failure to do so would impact the integrity of the VCS Program or the functioning of the broader carbon market.

9 | Use of Experts in the Assessment of Methodology Elements

9.1 PURPOSE OF EXPERT

9.1.1 Recognizing that there is currently limited experience and expertise within the broader validation/verification body community regarding the assessment of certain methodology elements and the precedent that is set by new methodology elements approved under the VCS Program, an expert shall be used in the assessment of the following:

- 1) Non-ARR AFOLU methodology elements (see Table 1).
- 2) Methodology elements that use a standardized method.

9.1.2 The process for use and designation of experts shall operate as set out in Sections 9.2 and 9.3. The requirement and necessity for validation/verification bodies to use an expert shall be revisited by the VCSA as and when it has been demonstrated that the validation/verification body community has developed sufficient experience and expertise in assessing the relevant types of methodology elements.

9.2 USE OF EXPERT

- 9.2.1** As set out in Section 4, a validation/verification body conducting an assessment of an AFOLU methodology element or a methodology element that uses a standardized method may need to use an expert in the assessment, and the following applies:
- 1) Experts shall be approved by the VCSA in accordance with the procedure set out in Section 9.3.
 - 2) AFOLU experts shall be approved for the AFOLU project category relevant to the methodology element.
 - 3) Standardized method experts have the authority to assert their expert judgment in relation to the appropriateness of the proposed level(s) of the performance benchmark metric in ensuring environmental integrity and provision of sufficient financial incentive to potential projects, and therefore to require the methodology element to use a level it deems appropriate.
- 9.2.2** The expert can be part of the validation team or act as technical expert to the validation team. Where the expert is acting as technical expert to the validation team, they shall meet all the requirements of technical experts set out in *ISO 14065:2007* and shall not carry out the assessment alone.
- 9.2.3** As set out in Section 4.2 the methodology element assessment report shall state the name of the expert and its role in the assessment.

9.3 APPLICATION PROCEDURE FOR EXPERTS AND LIST OF EXPERTS

- 9.3.1** The procedure for applying to be an expert is as follows:
- 1) The applicant shall complete the expert application form, available on the VCS website, and submit this together with two references, at least one of which shall be a professional non-academic reference, to the VCSA at secretariat@v-c-s.org. The applicant shall also pay the expert application fee, the rate of which is set out in VCS document *Program Fee Schedule*.
 - 2) The application shall be assessed by members of an assessment panel and on a quarterly basis. Further information about the assessment panel, process and schedule is available on the VCS website.
 - 3) The assessment criteria for AFOLU experts are as follows:
 - a) AFOLU expertise and experience: The applicant shall possess significant expertise in the project category. The applicant shall have at least three years of relevant work experience or an equivalent combination of education and work experience as follows:
 - i) Have expertise in assessing carbon baselines, modeling, leakage, and measurement and monitoring frameworks, as they relate to AFOLU methodology elements;

- ii) Have experience in developing AFOLU projects or methodologies or assessing projects or methodologies under the VCS Program or an approved GHG program; and,
- iii) Be well versed in current scientific thinking and best practices associated with AFOLU project design and implementation, and carbon accounting and reporting.

Such experience shall be demonstrated and supported with direct work experience, education/training, peer-reviewed journal articles, publications, publicly available reports, and/or methodologies developed, applied or assessed.

Based on the above requirements, the following expertise and experience are expected for ALM, IFM, REDD, ACoGS and PRC AFOLU expert applicants.

- i) ALM AFOLU expert applicants shall demonstrate the above AFOLU expertise and experience with respect to agricultural and cropland systems. Applicants shall have knowledge and experience related to farming, fertilization and nutrient cycling. Applicants shall have experience in quantifying emissions from agricultural systems and from fertilizer application and have experience modeling, measuring and monitoring soil carbon stocks and GHG emissions from agricultural activities and crop systems.
- ii) IFM AFOLU expert applicants shall demonstrate the above AFOLU expertise and experience with respect to plantations, silviculture, agro-forestry, and timber harvesting. Applicants shall have experience in determining baseline scenarios for managed forests and shall demonstrate an understanding of forest stand dynamics. Applicants shall demonstrate experience in modeling timber harvests or forest rotations and shall have experience quantifying carbon stock. Applicants shall have experience in measuring and monitoring forest carbon. Applicants shall understand the dynamics of market leakage with respect to timber production.
- iii) REDD AFOLU expert applicants shall demonstrate the above AFOLU expertise and experience with respect to forests facing threats of deforestation and degradation. Applicants shall have experience in determining the most plausible baseline scenario in either a planned or unplanned deforestation and/or degradation situations. Applicants shall demonstrate an understanding with regard to drivers of deforestation and/or degradation and approaches to modeling deforestation and/or degradation patterns, and be able to apply that knowledge to leakage. Applicants shall demonstrate an understanding of forest stand dynamics. Applicants shall demonstrate experience in measuring and monitoring changes in land use and carbon stock.
- iv) ACoGS AFOLU expert applicants shall demonstrate the above AFOLU expertise and experience with respect to grasslands and shrublands. Applicants shall have experience in establishing the most plausible baseline scenario in either a planned or unplanned land use conversion of forest or non-forest ecosystems. Applicants shall demonstrate an understanding with regard to drivers of land use conversion and

approaches to modeling land use conversion, and be able to apply that knowledge to leakage. Applicants shall demonstrate an understanding of grassland and shrubland ecosystem dynamics. Applicants shall have experience modeling, measuring and monitoring soil carbon stocks.

- v) PRC AFOLU expert applicants are expected to demonstrate the above AFOLU expertise and experience with respect to peatland ecosystems. Applicants shall have experience establishing the most plausible baseline scenario and quantifying trace gas fluxes from drained and undrained peatland ecosystems. Applicants shall demonstrate experience in measuring and monitoring changes in peatland depth and extent as well as changes in site conditions relevant to GHG fluxes and shall demonstrate experience in quantifying leakage, particularly also in relation to hydrological connections to the surrounding landscape.
 - b) AFOLU project category and regional scope: The applicant shall possess appropriate regional experience in the relevant project category. For example, REDD applicants shall possess relevant developing country and tropical forest experience. This is required because it is expected that most REDD methodology elements will be applied within such contexts and because of the unique characteristics that must be considered when establishing robust deforestation and degradation baselines in these regions.
 - c) Organizational affiliation and independence: The applicant shall demonstrate independence and freedom from conflict of interest in relation to the methodology element assessment process.
- 4) The assessment criteria for standardized methods experts are as follows:
- a) Standardized methods expertise and experience: The applicant shall possess significant expertise in the development and use of standardized methods. The applicant shall have at least three years of relevant work experience or an equivalent combination of education and work experience as follows:
 - i) Have expertise and experience in developing projects or methodologies or assessing projects or methodologies that use standardized methods; and,
 - ii) Be well versed in current scientific thinking and best practices associated with standardized methods and their implementation.Such experience shall be demonstrated and supported with direct work experience, education/training, peer-reviewed journal articles, publications, publicly available reports, and/or methodologies developed, applied or assessed.
 - b) Organizational affiliation and independence: The applicant shall demonstrate independence and freedom from conflict of interest in relation to the methodology element assessment process.
- 5) Applicants will be notified of the outcome of the assessment and, where approved, shall be added to the list of experts. The list shall state the name of the expert, the AFOLU project

- category(s) for which they are approved (for AFOLU experts), and their contact details. The list of experts is available on the VCS website.
- 6) An expert can request it be removed from the list of experts at any time by contacting the VCSA and requesting same. The VCSA also reserves the right to remove an expert from the list where it determines that the expert no longer meets the required criteria or performance quality for experts.

10 | Review of Standardized Methods

Recognizing that market and sector conditions change over time, the procedures set out in this section are provided to ensure that standardized methods, once approved, remain appropriate to evolving market and sector conditions. These procedures also provide an important safeguard given the limited experience to date with the development and use of standardized methods under GHG programs. These procedures shall be revisited and may be revised as experience with standardized methods is acquired.

10.1 POST-APPROVAL ASSESSMENT OF STANDARDIZED METHODS

10.1.1 For methodology elements using a standardized method, an assessment shall be undertaken within five years of the approval of the standardized method and each subsequent five years, as follows:

- 1) The developer (or another entity) shall revise the standardized method to reflect current data, as follows:
 - a) For performance methods, the data and dataset characterizing available technologies, current practices and trends within a sector (which may be documented and contained in the methodology element or may be maintained in a separate database referenced by the methodology element) shall be updated. The developer does not need to undertake stakeholder consultation with respect to the level of the performance benchmark metric (as is required for the initial development of performance methods).
 - b) For activity methods, additionality shall be redetermined (from scratch using the activity penetration, financial viability or revenue streams options). Where the activity method uses the activity penetration option and the level of activity penetration has risen (since initial approval) to exceed the five-percent threshold level, the activity method may not be revised to use either of the other two options. Such activity methods become invalid and shall be withdrawn.

Note - The *VCS Standard* should be read for further information on use of data within

standardized methods and appropriateness of the level of performance benchmarks.

- 2) The revised methodology element documentation shall be issued no earlier than four years after the previous approval of the methodology element.
- 3) The revised methodology element shall be approved via the methodology approval process set out in Section 3, In addition, the following applies:
 - a) The methodology element shall be exempt from the methodology approval process administration fee and the public stakeholder consultation.
 - b) The scope of assessment shall be limited to assessment of the revisions undertaken as set out in Section 10.1.1(1) above.
 - c) For performance methods where data is maintained in a central repository (ie, not documented and contained within the methodology), the validation/verification body shall assess whether there are still clear and robust custody arrangements for the data and defined roles and responsibilities with respect to the central repository.
- 4) For performance methods, the VCSA shall re-examine the appropriateness of the level(s) of the performance benchmark metric to ensuring environmental integrity and provision of sufficient financial incentive to potential projects, by re-evaluating the original (and any subsequent) analysis undertaken to determine the level of the performance benchmark metric and considering evidence from use of the methodology element by projects. The methodology element may need to be revised to reflect the outcome of such re-examination and the VCSA shall co-ordinate with the developer accordingly.
- 5) The VCSA shall review the revised methodology element and the assessment reports submitted by the validation/verification bodies, together with outcome of the re-examination of the appropriateness of the level(s) of the performance benchmark metric, following the procedure set out in Section 3.6, mutatis mutandis.
- 6) Where the revised methodology element is not approved by the VCSA by the day that is five years after its initial or previous approval, the methodology element shall be put on hold until such time as the revised methodology element is approved. Where the methodology element remains on hold on the day that is seven years after its previous approval, the methodology element shall be withdrawn.

Note – Where methodologies are put on hold or withdrawn, grace periods apply (as set out in Section 8) and registered projects may continue to issue VCUs for the remainder of their project crediting periods.

10.2 INTERIM ASSESSMENT OF ACTIVITY METHODS

- 10.2.1** For methodologies or modules using an activity method that uses the activity penetration option for establishing a positive list, an interim assessment shall be undertaken within three years of the initial or previous (where the activity method has already undergone post-approval assessment in accordance with Section 10.1) approval of the activity method, as follows:

- 1) The scope of the assessment shall be to assess whether the activity penetration level for the project activity remains within the permitted threshold.
- 2) The developer or another entity shall submit to the VCSA an assessment report providing evidence of same. A full re-analysis of the activity penetration level is not required and other proxies may be used to confirm that the activity penetration level for the project activity remains within the permitted threshold. Proxies may include the continued existence of barriers to the implementation of the project activity (such as cost of technology, cost of implementation of the project activity or level of awareness of the project activity) and the continuing validity of assumptions made within the activity method.
- 3) The assessment report may be submitted to the VCSA no sooner than 30 months, and no later than 34 months, after the initial (or previous) approval of the activity method.
- 4) Where the VCSA deems that the assessment report does not adequately justify that the activity penetration level remains within the permitted threshold, and the developer (or other entity) does not provide sufficient further evidence, the methodology shall be put on hold. It may be revised and assessed via the methodology approval process.

APPENDIX 1: DOCUMENT HISTORY

Version	Date	Comment
v3.0	8 Mar 2011	Initial version released under <i>VCS Version 3</i> .
v3.1	15 Jul 2011	Provided additional detail with respect to the requirements for AFOLU expert applicants, including the addition of an application fee (effective on issue date).
v3.2	19 Oct 2011	Main updates (all effective on issue date, unless otherwise stated): <ul style="list-style-type: none"> 1) Clarification of process for review of approved VCS methodology elements. 2) Specified that all methodology assessment reports shall be prepared using the <i>VCS Methodology Assessment Report Template</i> (shall be used for all methodology assessment reports issued on or after 19 March 2012, except for first assessment reports where a draft report has been issued before such date).
v3.3	1 Feb 2012	Main updates (all effective on issue date, unless otherwise stated): <ul style="list-style-type: none"> 1) Included requirements for standardized methods (Table 1 and Sections 9, 10). 2) Further clarification provided on procedure for review of approved VCS methodology elements, including specification of grace periods. 3) Addition of criteria for AFOLU ACoGS expert applicants (Section 9.3.1).

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