MEMO

To: Secretariat of the VCS program, Verra
From: Martin Clermont, CEO Will Solutions Inc.
Date: June 3th, 2019
Subject: General comments on the proposed version 4.0 of the VCS program, second public consultation

We are grateful to have received an invitation from VCS to comment on its second public consultation version 4.0, conducted under the direction of Verra http://verra.org/about-verra/who-we-are/ . As the developer of the VM0018 methodology realized under the VCS program version 3.0 and as the project proponent of a first cluster project based on methodology VM0018, we are happy to submit some recommendations. We are proud to be part of the 50 organizations which submitted their first comments in summer 2018.

We have read carefully the documentation provided by VERRA, available on the website since April 11th, 2019 and have reviewed these documentation several times. We have discussed with some stakeholders involved in our Project and we have collected and integrated their comments to this document. We fully agree, on the fact that it is the right moment to update the current version of the VCS program, dating from March 2011, on the basis of major developments mainly: the signing of the Paris Agreement, the rise of interest in Sustainable Development Goals (SDG) and other technological developments.

Our comments are submitted by iteration on your draft documents dated of April 11th, 2019. We suggest, in our iterations, that the VCS program be subject to an automatic minimal revision every 5 years. Version 5.0 would be for 2025. It is essential to protect the acquired rights of project holders with a grandfather's clause for projects including their renewal period. In the medium term, VCS should increase the automatization of its process (the life cycle of a carbon project, from cradle to grave, from validation of a project up to the issuance of verified VCU), with the use of Artificial Intelligence (AI) and with the existing block chain technologies, which will increase the rigor, speed and transparency of the program.

No	Document	Comments
1	Methodology Approval Process v4.0 Draft 11APR2019	*Yes our comments are written in iteration (redline) in document attachment*
2	Project-Cycle-Factsheet	*Very good, no comments*
3	SR15-SPM version stand-alone LR	*Very good, no comments*
4	VCS methodology Requirements v4.0 DRAFT 11APR2019	*Yes our comments are written in iteration (redline) in document attachment. We noticed that is mainly for AFOLU projects*
5	VCS Standard v4.0 Draft 11APR2019	*Yes our comments are written in iteration (redline) in document attachment*
6	VCS v4-Mapping Document 1APR2019	*Thank you very useful*
7	VCS-v4-Reorganizing-and-Restructuring-VCS-Program	*No comments*
8	VCS-v4-Revision-to-Scope-of-VCS-Program	*Yes our comments are written in iteration (redline) in document attachment.*
9	VCS-v4-Streamlining-Methodology-Approval-Process	*No comments*
10	VCS-v4-Updates-to-AFOLU-Requirements	*No comments*
11	VCS-v4-Update-to-Project-Crediting-Period-Requirements	*No comments*
12	VCS-v4-Update-to-VVB-Accreditation-Recognition	*No comments*

Thank you for specifying to the audience than registered projects and projects that apply for registration within 3 months of a revision to the scope of the VCS Program will/would remain eligible under the VCS Program for the entirety of their renewable crediting periods. We understand that following such grace periods, the project types listed in the table above would no longer be eligible to request registration.

We are very concerned about some issues concerning the overlapping period of MR, specifically those on the proposed section of the **VCS Standard v4.0 Draft 11APR2019** *on inclusion of New Project Activity Instances: Item 7 of page 26.This is an issue that touches the rights of the civil society participating in future group projects such as our cluster Sustainable Community. We recommend, based on social & environmental justice, to modify the actual proposed article (Item 7 of page 26) as follows:*

Be eligible for crediting from the start date of the instance through to the end of the ***group*** *project crediting period (only). Note that where a new project activity instance starts in a previous verification period, ~~no~~ credit may be claimed for GHG emission reductions or removals generated during a previous verification period* ***for a maximum of 5 years prior to the latest Monitoring Report, verified and approved by the program VCS*** *(as set out in Section 3.4.4) ~~and~~ .New instances are eligible also for crediting from the start of the next verification period.*

1. Our arguments remain the same as the ones mentioned in our 2017 discussion with the VCS program which led to the acceptance of our Second Monitoring Report.
2. Larger participation for all stakeholders of the civil society is an essential element to act on climate change!
3. Strict limitation to larger facilities and/or large carbon project proponents having the expertise and the money to support such requirements will obviously and considerably limited action.
4. Mutualisation of expertise and costs is a key element for a larger participation in climate action.
5. Currently, knowledge is restricted to intellectual elite, who know and understand in detail all the complexities of the carbon program and methodology to qualify, quantify and verify GHG reductions / sequestration.
6. With the international commitment to reduce in term of billions of tCO_2e, it is important to favor larger participation and not the opposite.
7. Therefore, carbon credits should be able to be claimed by voluntary cluster projects (group projects) with evidence of the date of implementation of any new PAI, but inside the initial date of the validated PD; for a maximum of 5 years back to the latest Monitoring Report verified.
8. Based on our field experience (2016-2019) in social innovation to encourage larger participation, the lifecycle in our process for recruiting & regrouping the reduction of GHG emissions of 79 members operating over 620 buildings inside a defined territory, with the same validated PD, took us over 2,5 years.
9. We are presently working on implementing new existing technologies (IoT, AI and block chain) to reduce this process to 12 months.
10. In 2025, we should be able to recruit, connect, perform field audits and to quantify 2 times/year with over 1 000 members (and thousands buildings) in one cluster. Thanks to the integration of IoT, AI and bloc chain technologies.
11. Evidence shows that regulated carbon credits issued for early adoption, on Cap & Trade Quebec and California, are authorized in previous periods from 6 to 8 years prior to the initial starting date of their regulated Cap & Trade.
12. These 2 states, which implemented the Cap & Trade, are restricted to a very low number of participants (140 in Quebec and about 700 in California) even though that it covers an energy sector of a carbon tax system through fossil fuel distributors!

Finally, we are reconfirming our last year comments on 4 issues:

1. Revision to Scope of the VCS program;
2. The Domestic Climate Contribution (DCC);
3. Streamlining Methodology Approval Process;
4. Reorganizing VCS Program Documents and some program issues; double counting, the overlap period of the Monitoring report and the use of block chain technology.

1) Revision to Scope of the VCS program:

- We still agree, on the revision of energy for large scale project activities associated to **power plants**[1] and **large industrial plant** facilities, their projects associated to energy (production and consumption) seem to no longer depend on carbon finance, as it works well for industries that use a lot of fossil energy[2].
- We believe that *Energy transition*, from the use of fossil fuel switching to renewable energy, is not yet done and accessible for the great majority of Client facilities in the majority of jurisdictions around the world. The Clients facilities around the world should include Small and Medium Enterprises (SME), small to medium size municipalities and other commercial and institutional buildings, as Carbon pricing tends not to work well for curbing emissions from buildings, which generate about six percent of global emissions[3] and based on the fact that Carbon pricing by itself may not be sufficient to induce change at the pace and on the scale required for the Paris target to be met[4].
- We based our assumptions on our field experience acquired from our Cluster project (as group project) deployed in the province of Quebec (Canada), as subnational authority. From our first validated cluster projectwe noticed several observations written in our comments on July 2018.
- We refer to some studies showing the challenge in realizing large volumes of GHG reductions inside Quebec with «clean electricity» (with almost no carbon footprint) as shown in a university study EEQ[5] and in a government mid-term report mentioning the need for a yearly reduction of 10 million tons of GHG's that needs to be realized in the Quebec territory[6]

We recommend to Verra to continue to accept, in VCS's program version 4.0, grouped projects (clusters) for PAI's with less than 5 000 tons of CO_2e per year as defined and limited in the methodology VM0018. This should be acceptable both for non LDC/SIDS[7] and for LDC/SIDS countries and islands.

[1] https://www.ft.com/content/bdb138ac-6d63-11e8-852d-d8b934ff5ffa and https://www.wsj.com/articles/energy-woes-take-toll-on-siemens-1517396945

[2] https://www.foreignaffairs.com/articles/world/2018-06-14/why-carbon-pricing-isnt-working?cid=soc-tw-rdr

[3] https://www.foreignaffairs.com/articles/world/2018-06-14/why-carbon-pricing-isnt-working?cid=soc-tw-rdr

[4] https://static1.squarespace.com/static/54ff9c5ce4b0a53decccfb4c/t/59b7f26b3c91f1bb0de2e41a/1505227373770/CarbonPricing_EnglishSummary.pdf

[5] In French, page 32-33 and 41-43 http://energie.hec.ca/wp-content/uploads/2017/12/EEQ2018_WEB-FINAL.pdf

[6] Page 22 http://www.mddelcc.gouv.qc.ca/changementsclimatiques/bilan/bilanPACC-mi-parcours.pdf

[7] Forty-seven (47) countries are categorized as LDCs. Twenty-eight (28) LDCs are located in Africa, six (6) in Arab States, twelve (12) in Asia & Pacific, and one (1) in the Americas. More >. Thirty-two (32) countries are categorized as LLDCs. Sixteen (16) LLDCs are located in Africa, four (4) in Asia & Pacific, eight (8) in CIS, two (2) in Europe, and two (2) in the Americas. More >

2. The Domestic Climate Contribution (DCC)

- The program should carefully introduce DCC considering the double counting issue. We understand the fact that several countries of the Paris Agreement intend to buy offsets outside their own countries to reach their National determined Contribution (NDC).
- The program should always consider the ownership of the GHG reduction associated to its physical realization on a specific territory.
- We are maintaining our recommendations on July 2018 regarding that the Program should be very careful **not to favor a greater gap in social and environmental injustices** by encouraging developed countries to buy offsets at the expense of poorer countries under the false pretext of a fair trade market at a lowest cost.

3. Streamlining Methodology Approval Process

As we have practical experience in methodology development and approval under the VCS program and based on the development and approval of the VM0018, **we would like and we are maintaining our recommendations on July 2018**, to accelerating the approval period by limiting to 12 months the approval period by VCSA of any new methodology and to 6 months for its modification. We also recommend increasing the return to its designer for an amount of 0,05$US/VCU issued under any project based on this methodology and/or its modification.

4. Reorganizing VCS's Program Documents and other program issues;

The double counting issue: We believe that the ownership of the GHG reduction is the key aspect in determining priority for counting and should be included in VCS's program version 4.0.