

GREEN-E® CLIMATE ENDORSEMENT OF THE AMERICAN CARBON REGISTRY

Summary of and Response to Stakeholder Comments

(Comment Period: February 4, 2013 – March 18, 2013)

This document summarizes the comments received by the Center for Resource Solutions (CRS) on the endorsement of the American Carbon Registry (ACR), provides a summary of CRS's responses, and explains the final decision by the Green-e Governance Board.

Stakeholder Comments and Staff Recommendations:

CRS received two sets of comments from stakeholders, one of which expressed support of endorsement of ACR without reservations. The second set of stakeholder comments is summarized below.

Stakeholder Comments:

The commenter identified that the ACR Standard v2.0, and its predecessor the ACR Technical Standard v.1.0, originally published in 2009, along with the program's Validation and Verification Guidelines have never been released for public consultation, which is required by the Green-e Climate Standard, Sec. 5.1.a(b) and (c). Nor, they argue, were these documents developed in an especially transparent manner in accordance with Sec. 5.1.a(a) and (d) of the Green-e Climate Standard. As these documents represent the program's primary rule set, which transcend project type and project-specific analysis, the commenter is claiming that ACR's program-level processes are therefore inconsistent with the Green-e Climate Standard. As such, their leading recommendation is to withhold endorsement of ACR at this time. To come into compliance, the commenter suggests that ACR first revise these documents to include explicit language requiring public consultation for all standards (and not only for methodologies) and a specific process for revisions and updates, and then release them for full public comment.

The commenter provided a secondary recommendation to limit endorsement only to ACR methodologies that have been both released for public consultation and approved after May 1, 2010. This would mean that only projects approved under these methodologies would be eligible, and all projects and credit vintages listed and issued prior to this date would not be eligible. The commenter cites historical web crawl and other archived information to support their claim that program rules aimed at the level of transparency required by the Green-e Climate Standard for standard and protocol development as well as project evaluation, verification, and registration were not put in place and verifiably enforced until this date.

ACR was previously the Environmental Resources Trust (ERT), which was not acquired by Winrock International until 2007 and not rebranded as ACR until 2009. According to this commenter, during this time, "ACR's processes and requirements were either undocumented [...] or available only to paying members." Furthermore, the commenter challenges impartiality safeguards and the validity of validation and verification prior to the release of v.2 of the ACR Technical Standard in 2010, arguing that ERT acted as both verifying and registry operator through mid-2008. The commenter also points to a lack of evidence demonstrating that environmental integrity requirements in the Green-e Climate Standard (Sec. 5.1.c) were met prior to mid-2010. Their conclusion is that any projects relying on processes or practices in place prior to mid-2010 and any credits issued to these projects during that time or since should be excluded. They conclude further that even recent verification events for these projects do not mitigate environmental integrity deficiencies.

Discussion:

ACR has reported that the ACR Standard v.2.0 was in fact posted for public comment on February 5, 2010 for a 15-day comment period. They have acknowledged that the pre-existing ACR Technical Standard did not undergo public consultation since it was published prior to the implementation of ACR's policy of public comment periods for all standards.

ACR's program rules require public consultation for approval of all ACR methodologies and methodologies from other GHG programs (except CDM), and significant revisions, as well as scientific peer review, public posting of all comments and responses, and public documentation of drafts, proposed modifications, committee recommendations, and author responses. However, it does not appear that these rules were applied to projects registered prior to v.2.0 of the ACR Standard, dated February 2010. It also does not appear that these requirements, as written in the Standard, apply to the Standard itself or other sector standards, only to methodologies. However, ACR has reported that this is an oversight that they will correct in the next version of the Standard, which they plan for release following an open stakeholder comment period in the fourth quarter of 2013. ACR has submitted a letter to CRS attesting that it is its policy that standards and sector standards are subjected to the same public review process as methodologies, including a 30-day public comment period, and which affirms the fourth quarter of 2013 as the time period for the update and comment period. Additionally, it appears that sector standards for Forest Carbon and ACR Nested REDD+ did in fact undergo this process.

The ACR Standard v.2.1 does not include language outlining an update or revision process, and ACR has stated that Standards are updated "on an ongoing basis." The Green-e Climate Standard only requires that GHG Program requirements be "periodically updated" (Sec. 5.1.c(a)) and that "processes and procedures are available to update GHG Program requirements if material issues are identified" (Sec. 5.1.c(b)). ACR's general philosophy is that standards and methodologies should not be revised any more frequently than needed, since Project Proponents invest significant time and financial resources in developing projects based on the standards and methodologies in place at the time. Thus, there are no set schedules for updates to standards, methodologies or other documents (unless otherwise noted in the methodology in the case of performance-based standards, for example). However, ACR has articulated its process for revisions and updates in a letter to CRS dated May 15, 2013.

ACR also acknowledges that there is some inconsistency in terms of a "documented process and a record of the development of the program requirements" (Sec. 5.1a(a) of the Green-e Climate Standard) among their standards and methodologies due to the evolution of ACR policies over time.

With respect to the comments challenging the impartiality of the program and third-party validation and verification of projects under ACR and ERT prior to the release of v.2.0 of the ACR Technical Standard, it does appear, based on available ACR project documentation, that ERT was validating and verifying projects internally through mid-2008. Projects appear to have been validated against an ERT monitoring, reporting and verification (MRV) template during much of this time, but without a project-specific methodology or type-specific protocol. Between 2009 and 2010, it appears that projects were validated against the 2009 ACR Technical Standard, again without an approved project-specific methodology.

To address the commenter's primary concerns that the ACR Standard has not been vetted through a full, formal public consultation event and that ACR's policies regarding public consultation for standards and sector standards and regarding updates and revisions are not clearly articulated, Staff recommended that endorsement be conditional on the revision of the ACR Standard v.2.1 and/or other appropriate governing documents to include:

1. Language requiring public consultation for the Standard and all sector standards, and
2. Language articulating the process for revisions and updates to Standards and methodologies if and when material issues arise.

Staff recommends further that the amended documents be thereafter released for a 30-day public comment period. Should this public consultation result in other changes to the ACR Standard affecting Green-e Climate Standard criteria, these changes will be evaluated by the Board at that time. Staff believes that endorsement can be conferred now with reasonable assurance that these changes will be made in the near future, and that the intent of the Green-e Climate Standard will be satisfied.

Staff supported the commenter's secondary recommendation, namely, that endorsement of ACR be limited to ACR standards and methodologies that have been both released for public consultation and approved after v.2.0 of the ACR Standard in 2010.

The GHG Subcommittee agreed with staff recommendations.

Other Staff Findings and Recommendations:

Dispute Resolution Mechanism (Sec. 5.1.b(b) of the Green-e Climate Standard)

Findings

Staff has identified that while there appears to be an informal process via email, ACR does not have a formal dispute resolution procedure regarding registered projects, as required by Sec. 5.1.b(b) of the Green-e Climate Standard. ACR has said that such a procedure may be instituted in the future, but that currently disputes that cannot be resolved through scientific peer review or technical committees are brought to the attention of the relevant ACR staff person and escalated as appropriate, to the ACR Director or as necessary to the Winrock Vice President – Environment Group or other senior management.

No stakeholder comments were received on this issue.

Staff Recommendation

Staff sought the Board's determination on whether or not ACR's informal dispute resolution process is sufficient to meet the Green-e Climate Standard. Staff recommended that the Board determine that ACR's dispute resolution process is sufficient.

Crediting Periods (Sec. 5.1.c(f) of the Green-e Climate Standard)

Findings

Staff has identified that the crediting period for "stop-logging IFM projects and all REDD projects" equals ten (10) years, which is too short for sequestration projects (20 year minimum) according to the Sec. 5.1.c(f) of the Green-e Climate Standard.

For REDD and for IFM stop-logging, ACR believes changes in economic, social, and political conditions are rapid enough that allowing projects to use the same baseline for 20 years is not defensible, and could lead to crediting of reductions that are not real or additional. They also note that VCS project-specific methodologies also require baseline re-evaluation at 10-year intervals and that at ACR the period of baseline validity and the crediting period are merely equivalent.

Staff has also identified that ACR does not limit the allowed number of crediting period renewals, whereas the Green-e Climate Standard limits the total crediting period for a project. ACR feels that its requirements to renew the crediting period are sufficiently stringent—re-evaluating the baseline, certifying and validating a new GHG Project Plan, demonstrating additionality against then-current requirements, and using ACR-approved baseline methods, emission factors, tools and methodologies in effect at the time of renewal—that an unlimited crediting period policy does not compromise the validity or integrity of a project’s GHG reductions.

The Green-e Climate Standard allows for “consideration of crediting period requirements that vary from these guidelines” where “clear and sufficient justification” is provided.

Staff Recommendation

Staff sought the Board’s determination on whether the above constitutes clear and sufficient justification, or whether vintage limitations should be placed on ACR projects based on initial crediting dates in order to conform with Green-e Climate crediting period length requirements. Staff recommended that the Board determine that ACR has provided sufficient justification for crediting period requirements for stop-logging IFM projects and all REDD projects.

Timing Additionality Test (Sec. 5.1.c(g) Table 1 of the Green-e Climate Standard)

Findings

Staff identified that AFOLU projects with a Start Date of 01 November 1997 or later are eligible for registration, which is inconsistent with the Timing Test requirements in Sec. 1.c(g) Table 1 of the Green-e Climate Standard. As of today, 10 ACR projects have start dates prior to 01 Jan 2000. ACR no longer allows any new non-AFOLU projects with a start date prior to 1/1/2000. However, all projects with start dates prior to 2000 would be excluded per the staff recommendation above limiting endorsement to ACR methodologies approved after v.2.0 of the ACR Standard in 2010 and therefore limiting eligibility to projects listed after this date.

Staff identified that the time period between project start date and/or registration to validation and verification may exceed 5 years under ACR, which is inconsistent with the Timing Test requirements in Sec. 1.c(g) Table 1 of the Green-e Climate Standard. This is relevant mostly to afforestation/reforestation projects; it is unlikely that any other project type would delay validation, verification and credit issuance more than 5 years. ACR did not feel it was reasonable or necessary to require projects to incur the cost of validation and/or verification long before they would have any credit sales to defray this cost. Since ACR does not award any credits ex ante, they do not perceive any risk in allowing projects to defer validation and verification until trees have grown large enough for credit revenues to exceed validation and verification costs.

Staff Recommendation

In accordance with the Green-e Climate Standard, Staff recommended limiting eligibility to ACR projects which have been validated within 5 years of registration.

Performance and Technology Additionality Test (Sec. 5.1.c(g) Table 2 of the Green-e Climate Standard)

Findings

Staff has identified that the ACR performance additionality test is not always accompanied by technology test, as required per Sec. 5.1.c(g) Table 2 of the Green-e Climate Standard v.2.0.

Revisions to this section of the Green-e Climate Standard are occurring concurrently with ACR's application for endorsement. ACR's performance additionality test conforms to these revisions.

Staff Recommendations

Staff recommended no action.

Reporting Cycle Requirements (Sec. 5.1.d(d) of the Green-e Climate Standard)

Findings

Staff identified that ACR has no reporting cycle requirements, which are required per Sec. 5.1.d(d) of the Green-e Climate Standard v.2.0.

Revisions to this section of the Green-e Climate Standard are occurring concurrently with ACR's application for endorsement. ACR's performance additionality test conforms to these revisions.

Staff Recommendations

Staff recommended no action.

Hydropower Projects (Sec. 6.2(c) of the Green-e Climate Standard)

Findings

Staff has identified that ACR allows non-US hydropower facilities up to 100 MW, which is inconsistent with Sec. 6.2(c) of the Green-e Climate Standard which limits non-US hydropower facilities to 10 MW. To date, ACR does not have any non-US hydropower projects registered.

Staff Recommendations

Staff recommended limiting eligibility of non-US hydropower ACR projects to those that are 10 MW or smaller.

Native Species Requirement for Forestry Projects (Sec. 6.4(d) of the Green-e Climate Standard)

Findings

Green-e has identified that ACR requires that native species not be removed/cleared in forestry projects, whereas Sec. 6.4(d) of the Green-e Climate Standard requires use of native species. These requirements are not equivalent. ACR allows non-native species to be used, though the use of non-native species in a way that significantly impacts local biodiversity benefits would not pass ACR's test for Community and Environmental Impacts.

Staff Recommendations

Staff sought the Board's determination on whether or not the above represents sufficient justification of circumstances under which use of non-native species may be considered superior and does not significantly impact local biodiversity benefits. Staff recommended that the Board determine that ACR has provided sufficient justification that use of non-native species would not significantly impact biodiversity.

Green-e Governance Board Decision (June 3, 2013):

The endorsement of the American Carbon Registry was put before the Green-e Governance Board for a vote on June 3, 2013. The Board voted to approve endorsement of ACR, effective June 3, 2013:

1. Such that endorsement is limited to ACR standards and methodologies that have been both released for public consultation and approved after v.2.0 of the *ACR Standard* in 2010, and therefore only projects registered and credits issued under these methodologies and standards are eligible in Green-e Climate; and
2. Provided that ACR amend the *ACR Standard v.2.1* and/or other appropriate governing documents, in or around the fourth quarter of 2013, to include the following, and then release the amended documents for a 30-day public comment period, as attested in a letter to CRS dated May 15, 2013:
 - i) Language requiring public consultation for the Standard and all sector standards, and
 - ii) Language articulating the process for revisions and updates to Standards and methodologies if and when material issues arise.Should this public consultation result in other changes to the ACR Standard affecting Green-e Climate Standard criteria, these changes will be evaluated by the Board at that time.
3. Such that the following exceptions also apply:
 - i) *Timing Test* - In accordance with the Green-e Climate Standard, Staff recommends limiting eligibility to ACR projects which have been validated within 5 years of registration, and
 - ii) *Hydropower* - Staff recommends limiting eligibility of non-US hydropower ACR projects to those that are 10 MW or smaller.

The Board also determined that:

1. ACR's dispute resolution process is sufficient;
2. ACR has provided sufficient justification for crediting period requirements for stop-logging IFM projects and all REDD projects; and
3. ACR has provided sufficient justification that use of non-native species would not significantly impact biodiversity.