



The Climate Registry

## Summary of Changes to the General Verification Protocol

The Climate Registry's (the Registry) General Verification Protocol (GVP) Version 1.0 outlines the process that Registry-approved Verification Bodies must follow when conducting verification activities in order to ensure high quality greenhouse gas (GHG) data is reported to the Registry.

### Protocol Development Process

The GVP was developed through a seven month stakeholder process that began in November, 2007 and was completed in May, 2008. During this time, Registry staff, along with technical contractors, worked with the Registry's Programs and Protocols Committee, Protocol Workgroup, Advisory Committee, and Executive Committee to develop the Draft GVP, which was released on February 1, 2008.

The Registry released the Draft GVP for public comment for a six week period. During this time the Registry also hosted four public workshops in San Francisco, CA; Washington, DC; Chicago, IL; and Vancouver, BC wherein Registry staff presented the key concepts of the Draft GVP and solicited public feedback. Overall, the Registry received over 900 written comments from 42 different organizations and additional valuable feedback from the public workshop attendees.

In March and April, Registry staff worked to review and evaluate all of the public comments and incorporate appropriate modifications into the document. The Final GVP was published on the Registry's website on May 1, 2008.

### Summary of Changes to the GVP

This document explains the modifications and improvements made to the Final GVP as a result of the public comment process.

- 1. Materiality:** The Final GVP clarified the concept of materiality to be more consistent with international interpretations. The document explains that a material misstatement will occur when a Reporter's stated emissions deviate from its true emissions (allowing for inherent uncertainty) by plus or minus five percent. In addition, the Registry clarified that the materiality threshold must be applied to both direct emissions (Scope 1) and indirect emissions (Scope 2) separately.

The Registry further defined "inherent uncertainty" as it applies to materiality to include:

- The inexact nature of calculating GHG emissions (rounding errors, significant digits, emission factor uncertainty, etc.) and
- The inexact nature of the calculations associated with the Registry's permitted use of simplified estimation methods (for up to five percent of a Reporter's emissions).

In the Final GVP, the Registry included several examples of the application of the five percent materiality threshold and how multiple errors should be evaluated.

Finally, the Registry clarified that Verification Bodies must ensure that Reporters comply with the Registry's program requirements (complete North American reporting) prior to evaluating numeric material misstatements.

The Draft GVP defined a material misstatement as a difference of more than five percent between a Reporter's and a Verification Body's calculated emissions. This draft policy incorrectly implied that a Verification Body must recalculate 100 percent of a Reporter's inventory and compare this value to the Reporter's emission report. This interpretation was not the Registry's intent, and the Final GVP clarifies that the Registry intends for verification to be a risk based exercise.

- 2. Conflict of Interest:** Based on the public feedback received, the Registry modified several aspects of its Conflict of Interest (COI) policy.

The Draft GVP did not include a review of case-specific COI Assessment Forms prior to beginning verification activities, but rather depended on Accreditation Bodies reviewing COI issues during their witness audits later in the verification process. The Registry received multiple comments suggesting that the Accreditation Bodies or the Registry should review the Case-Specific COI Assessment Forms prior to the start of any verification activities. In response to these comments, the Registry will now screen all Case-Specific COI Assessment Forms before allowing Verification Bodies to proceed with verification activities. In addition, on a periodic basis, the Registry will select case-specific COI Assessment Forms for an Accreditation Body to review more thoroughly.

The Draft GVP allowed Verification Bodies to provide both GHG consulting and verification services to the same Reporter if the Verification Body could demonstrate it had adequate provisions (firewalls, etc.) in place to mitigate and manage COI. After researching the difficulties in developing, maintaining, and assessing organizational firewalls, the Registry modified its policy to allow Verification Bodies to conduct both GHG consulting and verification services, however, both services cannot be provided to the same Reporter. The Registry believes this is consistent with the comments received, and balances the need for both flexibility and rigor.

The Registry also received multiple comments that the criteria for Personal COI was too restrictive, specifically the provision that a Verifier could not hold \$1000

of interest in a Reporter. In response to these comments, the Registry raised the financial threshold to \$5,000 before a conflict would arise, and clarified that the financial threshold applied to direct investments only--not mutual or index funds.

- 3. Verification Cycle:** The Registry received contradictory comments on the three year verification cycle proposed in the Draft GVP. Some comments asked to shorten the cycle; others hoped to lengthen it. In order to provide flexibility and rigor in the process the Registry extended the cycle to five years, but stipulated guidelines for when this flexibility could be applied. Ultimately, Verification Bodies must review a Reporter's data to the point that they feel they can provide a "Reasonable Assurance" of the accuracy of the reported emissions.

The Registry requires all Verification Bodies to complete a full verification (identify emission sources, review management plans, conduct a risk assessment, and verify a sample of emission calculations) the first year of any verification cycle. If a Verification Body provides verification services to the same Reporter for the following four years, AND the Reporter's emission sources have not changed, or their management systems have not changed, they may streamline their verification activities. However, at a minimum, Verification Bodies must complete a risk assessment and conduct select facility visits to confirm a reasonable assurance finding of the reported emissions. If components in a Reporter's inventory change during the year, the Verification Body must design verification activities accordingly.

- 4. Batch Verification:** Batch Verification is designed to lessen the cost and burden of verification activities for office-based organizations that have simple, and relatively few, emissions. The Draft GVP set an eligibility threshold for batch verification at 200 metric tons of CO<sub>2</sub>e per year. Public comments suggested that this threshold was too low. As a result, the Registry modified the eligibility threshold to be 1000 metric tons, and further clarified that no significant fugitive emissions could be included in a Reporter's inventory. After completing a year of batch verification activities, the Registry plans to revisit the eligibility threshold as well as the process overall to ensure it is effective.

#### **Clarifications:**

In developing the Final GVP, the Registry made numerous small clarifications and edits to improve the document. The substantive policy changes are described above. In addition to these changes to substance, the Registry:

- Changed language to be more consistent with ISO 14064-3, for example the Registry's Verification Opinion became its Verification Statement.
- Overall improved the consistency with ISO 14064-3.
- Removed the sections relating to accreditation---these issues are now described in detail in the Registry's Guidance on Accreditation.
- Added examples and forms.

## **Continuous Improvement**

The Registry is committed to continuous improvement of its protocols and programs. All stakeholders are welcome and encouraged to provide feedback on the Registry's protocols by completing and submitting the online Feedback Form on the Registry's website: [www.theclimateregistry.org](http://www.theclimateregistry.org).