Climate Action Reserve

Verification Program Manual June 17, 2009

NOTE TO USERS:

From time to time, the Climate Action Reserve may update this manual. All processes and procedures outlined in this manual must be implemented by December 31, 2009. Please make sure you are using the latest version, available at www.climateactionreserve.org.

For information, comments or questions, please email reserve@climateactionreserve.org

Climate Action Reserve
Verification Program Manual
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1. Introduction

Verification plays a vital role in upholding the integrity and quality of the data reported to both mandatory and voluntary greenhouse gas (GHG) programs across the world. The Climate Action Reserve (Reserve) created this Verification Program Manual to detail the requirements of its verification program and provide accredited verification bodies with a standardized approach for the independent and rigorous verification of GHG emissions reductions and removals reported by project developers into its offset registry, the Reserve.

This standardized approach defines a verification process that promotes the relevance, completeness, consistency, accuracy, transparency and conservativeness of emissions reductions data reported in the Reserve. This is an accompanying document to the Program Manual which presents the Reserve's policies, processes and procedures for registering projects and creating offset credits with the Reserve.

Verification is an integral part of the Reserve; the key objectives of the verification program and guidelines found in this manual are to:

- ensure projects are real, additional, permanent, verifiable and enforceable
- minimize the risk of invalid creation or double counting of Climate Reserve Tonnes (CRTs)
- support the transparency and integrity of the data contained within Reserve
- maintain that verifications are conducted in a consistent and comparable manner across projects
- assist the Reserve in monitoring project developer's on-going compliance with the Reserve's protocols

The Reserve requires third-party verification of all GHG projects, as specified in each project protocol, and CRTs are issued only after a Verification Report and a Verification Opinion attesting to their accuracy have been submitted by the verifier and accepted by the Reserve. The Reserve relies upon the Verification Report to attest to the accuracy and legitimacy of the CRTs issued and the verification body is held accountable to the Reserve for the quality and independence of the report and opinion submitted to the Reserve.

1.1. The Climate Action Reserve

The Climate Action Reserve is a national offsets program working to ensure integrity, transparency and financial value in the U.S. carbon market. It does this by establishing regulatory-quality standards for the development, quantification and verification of greenhouse gas emissions reduction projects in North America; issuing carbon offset credits generated from such projects; and tracking the transaction of credits over time in a transparent, publicly-accessible system. Adherence to the Reserve's high standards ensures that emissions reductions associated with projects are real, permanent and additional, thereby instilling confidence in the environmental benefit, credibility and efficiency of the U.S. carbon market.

At the heart of the Reserve is a publicly accessible web-based system where owners and developers of carbon offset projects can register project information along with verification reports demonstrating GHG emission reductions. Emission reductions are certified as CRTs

(equal to one metric ton of GHG reduced/sequestered), which provide title assurance and unique serial number identifiers to assure that each tonne is counted and retired only once.

1.2. Overview of Verification Process

The following steps must be taken to ensure that the obligations and responsibilities of both the verification body and the project developer are met.

1. **Verification body receives accreditation:** Verification body meets all accreditation requirements and two Lead Verifiers successfully complete a Reserve-sponsored project verification training workshop. (see Section 2)
2. **Project developer selects accredited verification body:** Project developer contacts one or more verification bodies listed on the Reserve to discuss verification activities. Project developer selects an organization to verify its GHG emissions reductions or removals and begins to negotiate contract terms.
3. **Verification body submits case-specific Notification of Verification Activities and Conflict of Interest (NOVA/COI) Form:** After a project developer chooses a verification body, the verification body must submit a NOVA/COI Form to the Reserve for the proposed scope of the planned verification and to establish that the likelihood of a COI between parties is low or that risk of any conflict can be sufficiently mitigated by the verifier (see Section 2.6)
4. **Reserve sends approval to proceed to verification body:** The Reserve reviews the NOVA/COI Form and supporting information to determine the level of risk associated with the proposed project developer/verifier relationship, and notifies the Lead Verifier of its determination.
5. **Verification body & project developer finalize contract and verification criteria:** When the Reserve provides a favorable COI determination between a project developer and verification body, the verification body may finalize their contract and the verification criteria with a project developer.
6. **Verification body conducts verification activities:** Verification body follows the guidance in the Verification Program Manual and the applicable project verification protocol to evaluate a project developer's GHG emissions reductions or removals reported into the Reserve. (see Section 3)
7. **Verification body prepares the verification documentation for project developer:** Verification body prepares the Verification Report, List of Findings and the Verification Opinion for project developer's review, prior to uploading electronically within the Reserve. (see Section 3.7)
8. **Verification body shares List of Findings with both the project developer and the Reserve:** A confidential list of material and immaterial findings is sent to both the Project developer and the Reserve. This gives the project developer the opportunity to correct any errors found and the Reserve the opportunity to request information regarding the findings. (see Section 3.8.2)
9. **Verification body & project developer discuss verification documentation:** Verification body meets with project developer to discuss the final Verification Report and Opinion. (see Section 3.9)
10. **Project developer uploads documents to the Reserve:** Project developer then submits all documentation to the Reserve. (see Section 3.10)

1.3. Disclaimer

This manual has been prepared for informational purposes only. Its contents are not intended to constitute legal advice and any person who requires legal advice should obtain it elsewhere. The Reserve reserves the right to amend or depart from any procedure or practice referred to in this guideline as deemed necessary. Where a departure is necessary, the Reserve will provide public notification of significant changes on its website and will notify verification bodies in writing. This guidance is subject to revisions as new information and industry best practices are identified.

This document is intended to be used in combination with project verification protocols that accompany each Reserve project reporting protocol and the International Organization for Standardization (ISO) 14064 series on GHG emission reductions and removals. In the instance that the applicable protocol or ISO standards differ from guidance given in this document, the Reserve project protocols prevail. ISO standards are intended to be program neutral, ensuring that key rules and decisions are made and enforced by the GHG program itself.

1.4. Organization of Verification Program Manual

This manual is divided into four parts which outline the necessary steps for verification bodies to perform activities under the Climate Action Reserve.

Part I, *Introduction* (this section), provides a brief overview of the purposes and requirements of the verification process, the Reserve's standards, describes the principles of verification, levels of assurance and materiality threshold required under the Reserve and highlights important definitions.

Part II, *Requirements to Perform Verification* focuses on how a verification body becomes accredited to perform verification under ISO 14065, outlines obligations and requirements of verification bodies under Reserve, training requirements, and required administrative activities prior to beginning verification activities which include: roles and responsibilities, conflict of interest, providing required notifications, and designing appropriate verification activities.

Part III, *Project Verification Activities* provides guidance on conducting verification activities, such as: assessing eligibility criteria, identifying sources, reviewing management systems and methodologies, and verifying emission reductions. It also covers procedures for successfully completing the verification process including: preparing the Verification Report, List of Findings and the Verification Opinion, recording and retaining proper records, and dispute resolution.

1.5. Reserve Standards

The purpose of verification is to provide an independent third party review of project data and information being submitted to the Reserve to ensure that the project is eligible per the relevant project reporting protocol and the reported emission reductions meet the materiality threshold.

To fulfill this purpose, the independent verification process maintains the minimum criteria of relevance, completeness, consistency, accuracy, and transparency and conservativeness as its underlying principles as laid out in ISO 14064-2:2006 and are interpreted to meet Reserve standards below.

Relevance. Project eligibility and compliance status are measured in accordance with applicable reporting boundaries and performance standards to meet the minimum thresholds.

Completeness. Verification should include and identify all real emission reductions or removals that may have occurred, and that all applicable emission sources are identified and accounted for within the GHG assessment boundary.

Consistency. Using consistent and uniform methodologies, measurements and source data, and applying sampling and tests equally so performance can be compared over time and across similar projects, compliant with applicable project protocols.

Accuracy. The materiality threshold should be within 5% measurement of the total CRTs reported to prevent material misstatements. Calculations and estimates need to be as precise as possible to prevent material errors.

Conservativeness. GHG reductions or removals should never be overestimated. Calculations, values and procedures should always be applied in a conservative manner, particularly when there are limitations to certainty.

Transparency. Verification should be a transparent exercise. The data used for verification and the verification activities should be clearly and thoroughly documented to be replicated and allow for outside review by the Reserve or potential other oversight bodies.

Implementing these standards in the verification process will help to ensure comparable and consistent reporting to the Reserve. These standards will also help verifiers to make reliable, dependable decisions and are discussed further in the core verification process (see Section 3).

1.6. Verification Standard

Verification is the process through which a verification body assesses a project developer's GHG assertion against defined verification criteria and the standard that is laid out by GHG program. The standard to which a verification body must verify that GHG assertion is laid out in detail within each applicable Reserve project verification protocol and in ISO 14064-3:2006 and must be adhered to by the verification body.

ISO 14064-1:2006 and ISO 14064-2:2006 covers both conformance with the standard and that the GHG assertion is reliable and correct based on the agreed level of assurance, materiality, criteria, objectives and scope. In offset crediting, it is imperative that the verification body is aware of the consequences of double counting and double registry issues when issuing a validation or verification statement[1].

1.6.1. Principles of Verification

An essential element of project verification is to ensure that all verification bodies and verifiers conducting work under the Reserve uphold the basic verification principles laid out in ISO 14064-3:2006. Namely, verification bodies and verifiers shall demonstrate independence of the activity being verified (interpreted in detail in Section 2.5 under Conflict of Interest). Verification bodies must also demonstrate ethical conduct and fair presentation of its findings, conclusions

[1] IAF Mandatory Document on the Application of ISO14065:2007 (P.4, Section 1)

and reports throughout the verification process. Finally, verification bodies must also show due professional care and have the necessary skills and competences to perform the verification.

1.6.2. Level of Assurance

The level of assurance refers to the degree of confidence a verification body can provide that the GHG removal or reductions made in the assertion are materially correct. The Reserve requires that reasonable, but not absolute, assurance be obtained and qualified by the verification body within the verification opinion, ensuring that they are able to "verify without qualification" and attest to the accuracy of the number of CRTs being issued to the project developer.

Under the ISO 14064 standards, the level of assurance is used to determine the depth of detail that a verifier designs into their verification plan to determine if there are any material errors, omissions or misstatements.

The concept of reasonable assurance is derived from financial auditing indicating that there is a remote likelihood that material misstatements will not be detected on a timely basis. Providing a reasonable level of assurance confirms the accuracy of the GHG assertion made. Absolute assurance is the highest form of assurance, but does not allow for professional judgment, sampling and inherent limitations. Thus, reasonable assurance is required for the Reserve. This high level of assurance is necessary to uphold the integrity of verifications conducted under the Reserve.

1.6.3. Materiality Threshold

The materiality threshold refers to any error, omission or misstatement that would impact the GHG assertion or claim to the number of CRTs made by a project developer. This is also known as the "minimum quality standard". To be verified, reported emissions submitted within the Reserve must be free of material misstatements, achieving a level of at least 95% accuracy.

It is possible that during the verification process, differences will arise between the emissions reductions calculated by project developers and those estimated by the verification body. Differences of this nature may be classified as either material or immaterial. A discrepancy is considered to be material if the overall reported CRTs differ +/- 5% from the overall CRTs estimated by the verification body. A difference is considered immaterial if it is less than 5%; immaterial misstatements are not required to be corrected before CRTs are issued.

It should be noted that net discrepancies may balance each other out.
The exception to this rule is for forest carbon stocks where the materiality threshold can be within 10-15%. If a forest project's projected carbon stocks differ from their direct sampling results by +/- 10%, the verification body must confirm that the project developer has adjusted their growth projection model in the current year to reflect the overstatement/understatement of emission reductions/changes in carbon stocks in past years, and to reflect the likely change in carbon stocks from the project activity over time.

For forests, it is expected that the verification body perform a review of statistical procedures used for determination of plots required to arrive at values within 10% of the mean to achieve 90% confidence, randomly select an initial subset of plots to visit, and check carbon stock measurements to see if similar results are recorded. Additionally, if the sample plot measurements differ by < 15% of reported measurements, this level of review may be sufficient,

if so determined in the professional judgment of the verification body. For more detailed information on how this is assessed, please refer to the Forest Project Verification Protocol.

Any decisions regarding material and immaterial findings must be documented by the verification body and issued to the project developer prior to issuance of the Verification Opinion and Report in the List of Findings. The purpose of sharing these findings is to provide the project developer the opportunity to correct any material or immaterial errors identified. The verification body can identify material and immaterial misstatements, but cannot inform the project developer on how to correct those errors, as this would constitute consulting advice and would result in a conflict of interest.

Where an uncorrected material error, omission or misstatement exists in the final project submission to the Reserve, the verification body would be unable to issue a Verification Opinion that provides reasonable assurance and would have to give a negative opinion.

2. Requirements to Perform Verification Activities

2.1. Verification Body Requirements and Individual Verifier Requirements

To become a verification body under the Reserve, a company must comply with the above obligations and follow the requirements in the table below. In addition to verification body requirements, individual verifiers also must meet specific requirements under the Reserve to act as verifiers.

VERIFICATION BODY REQUIREMENTS	INDIVIDUAL VERIFIER REQUIREMENTS
Any company or organization seeking to conduct emissions reduction project verification activities under the Climate Action Reserve must meet one the following criteria: • Be accredited under ISO 14065 and be recognized by the Reserve for that specific project sector • Be an approved sector-specific project verification body under the Reserve (valid until December 31, 2009)	For any individual to be qualified as a Lead Verifier and be eligible to conduct verification activities under the Climate Action Reserve, he/she must meet the following criteria: • Be employed or subcontracted to a verification body accredited under ISO 14065 OR an already approved verification body under the Reserve • Meet internal training requirements, following proper processes and procedures under their ISO 14065 accredited verification body or already approved verification body under the Reserve • Attend and successfully complete an approved sector-specific Project Verifier Training under the Reserve protocols (i.e. receive a Certificate of Completion for the training course) • Be identified as "Lead Verifier" in the Designated Staff, Roles and Responsibilities form submitted by their verification body to the Reserve
Any company or organization seeking to be qualified and eligible to conduct emissions reduction project verification activities must meet ALL the following criteria: • Demonstrate a thorough understanding of the Reserve project reporting and verification protocols. • Have a minimum of two staff designated as lead verifiers each of which is REQUIRED to have completed Reserve training on its project protocols, specific to the project type that the verification body is applying to be accredited under. • Meet Reserve's accreditation additional sector specific requirements.	For any key personnel to undertake verification activities under the Reserve, he/she must meet the following criteria: • Be employed or subcontracted to a verification body accredited under ISO 14065 OR an already approved verification body under the Reserve • Meet internal training requirements, following proper processes and procedures under their ISO 14065 accredited verification body or already approved verification body under the Reserve • Be identified as a verifier or other key personnel in the Designated Staff, Roles and Responsibilities form submitted by their verification body to the Reserve

Training sessions are held on a regular basis; usually at least twice a year and more often as demand arises. A verification body can undertake Reserve training prior to achieving its ISO 14065 accreditation, or during the accreditation process itself. However, priority for available spaces at the trainings will be given to individuals representing ANSI accredited companies, followed by individuals representing companies already enrolled in the accreditation process.

When a verification body has completed both the training requirements **AND** achieved its ISO 14065 accreditation, then it may advertise that it is "recognized and qualified as a verification body for the Climate Action Reserve" and can use the Reserve logo to promote its services. All recognized verification bodies are listed on the Reserve's website, along with all applicants currently undergoing the accreditation process.

Verification bodies that are currently undergoing, but have not yet completed, the accreditation process are allowed to perform verification activities for projects on the Reserve if they have already met the Reserve training and personnel requirements. However, CRTs will not be issued to the project developer as a result of that project verification until such time as the verification body has received its formal accreditation. The verification body should notify the project developer of the circumstances surrounding their expected accreditation and this should be addressed in their verification contract.

One of the requirements of ISO 14065 accreditation is that a verification body must undergo both an on-site and an actual verification witness assessment performed by the accreditation body to witness the verification activities and assess the competency of the verification team, procedures and systems that are in place to ensure they can successfully perform verification. The on-site assessment is to ensure that the verification body conforms to ISO 14065, ISO 14064-3, and the specific sector they are applying for accreditation under and to provide assurance that the verification body has the capacity to perform the activities related to the scopes of accreditation for which it has applied. The witness assessment is to observe the verification body in the performance of tasks related to the verification process for the scope (or group of sectoral scopes) of accreditation for which it has applied. The purpose of the witness assessment is to assess whether verification activities are in line with its documented quality procedures and to assess the capability to conform to the applicable sectoral scope(s) applied for. Further details on sector-specific requirements are available on the Reserve's website.

2.2. Obligations and Requirements to the Reserve

First and foremost, a verification body must follow all applicable Reserve program rules and adhere to guidance laid out in its project and verification protocols to be eligible to perform verification activities. A verification body must always demonstrate ethical conduct, competence and exercise due professional care throughout the verification process and be in line with the other verification principles.

In addition to rules laid out in the Reserve protocols and manuals, the verification bodies under the Reserve have certain duties and obligations. The Reserve also has the discretion to exercise certain powers.

Verification body obligations include (but are not limited to) the following:

- Comply with any guidelines or policies notified to them by the Reserve in writing.
- At a minimum, have two Lead Verifiers on staff to enable the appropriate management of the verification program and the separation of powers and responsibilities between the role of Lead Verifier and the role of independent Senior Internal Reviewer. The Reserve does also allow for the use of subcontractors.
- Ensure that all of its Lead Verifiers are competent, and have undertaken and successfully completed protocol specific training required by the Reserve.
- Ensure that a Lead Verifier directs, supervises and leads the undertaking of the verification services, including signing all written reports or opinions.
- Ensure that the Senior Internal Reviewer is an active Lead Verifier as defined by the Reserve, has been trained on the relevant protocol and is able to demonstrate continued competence and appropriate continuing professional development.

- Ensure that all verification body personnel working on project verification activities are competent, and have agreed to be bound by confidentiality obligations, including that the verification body accepts liability for any breach of confidentiality by its employees, agents or subcontractors.
- Submit a signed and duly executed Designated Staff, Roles and Responsibilities form to the Reserve annually. As staff and roles fluctuate over time, the verification body must ensure that an updated form has been submitted and is on file with Reserve.
- Provide the Reserve with a Notification of Verification Activities and Conflict of Interest (NOVA/COI) Form a minimum of **10 business days** before the commencement of work, so that the Reserve has an opportunity to review and address any potential conflicts and to observe any part of the verification activities it chooses.
- Not enter into any agreement or participate in any activity that could create a conflict of interest with a verification client without first notifying the Reserve in writing so that it may evaluate and mitigate any potential risks.
- Maintain professional liability insurance to the level of at least $4 million for any one or more claims arising out of the same set of circumstances and a policy of professional indemnity insurance with a reputable insurer, and have the Reserve is named on the insurance.
- Retain records for **at least seven years** from the date of the last accepted Verification Report at the end of the crediting period (records to be retained include all relevant evidence to support that Report);
- Provide full and free access to the Reserve to obtain all records, documents, accounting and other information maintained by the verification body in relation to Reserve projects.

These obligations are laid out in further detail in the Reserve **additional accreditation requirements** for verification.

The Reserve has certain powers, including (but not limited to) that at any time and at its sole discretion it may:

- Direct the verification body and the project developer not to enter into any agreement that may amount to a conflict of interest, and the verification body must comply with any such direction,
- Determine that a verification of a Reserve project should not proceed, or that a person should be removed as a Lead Verifier or key personnel,
- Conduct a performance review or oversight activities and send its staff, partners, or consultants to attend and oversee verification activities,
- Compel the project developer or the verification body to submit all project documents in relation to the GHG assertions made to the Reserve; and
- Amend these rules as it deems necessary.

2.3. ISO 14065 Accreditation

In an effort to streamline the accreditation process for GHG verification bodies in North America and to be consistent with international practice in relation to GHG emissions verification, the Reserve, along with several other GHG programs and registries, are partnering with the American National Standards Institute (ANSI) to accredit independent third party validation and verification bodies to ISO 14065:2007 and the International Accreditation Forum, Inc. (IAF) guidance, and their accompanying protocols. Only verification bodies currently approved by the

Reserve or those undergoing the ANSI accreditation process may provide verification services to Reserve project developers. The Reserve is no longer directly accrediting new verification bodies, but may partner with other IAF national standards organizations to provide accreditation services in the future.

The International Organization for Standardization (ISO) is a recognized institution that developed GHG standards as various schemes were emerging at international, national and voluntary sectors using different sets of guidance or rules for GHG accounting. It created a series of standards intended to incorporate best practices and provide consistency and confidence in GHG assertions or claims.

The objectives of the ISO 14064 series and ISO 14065 standards are to:

- develop flexible, regime-neutral tools for use in voluntary or regulatory GHG schemes;
- promote and harmonize best practice;
- support the environmental integrity of GHG assertions;
- assist organizations to manage GHG-related opportunities and risks, and
- support the development of GHG programs and markets[2].

ISO 14065 is the international standard that specifies processes and requirements for accreditation of verification bodies to assess eligibility for performing GHG validation and verification. Accreditation is the process whereby a designated accreditation body assesses the competence of the verification body to carry out its functions according to relevant standards/guidelines. This process provides criteria for assessing and recognizing the competence of verification bodies, allowing for a consistent and comparable scheme across GHG programs. Accreditation also reduces the risk to GHG programs like the Reserve by providing assurance that verification bodies are competent to carry out the work they undertake, and it helps to establish trust within the voluntary carbon market by ensuring impartiality in the companies that verify the credits being issued.

The accreditation process itself is very rigorous and verification bodies should undertake it only after understanding and implementing all procedures required under the ISO standards. Verification bodies approved under ANSI will, with regular monitoring and surveillance from ANSI, hold accreditations that can be recognized worldwide.

The following resources are available for reference in relation to the principles and standards governing GHG verification and accreditation[3]. Verification bodies should cross reference these documents to the rules detailed in each project protocol and accompanying verification protocol, to ensure the GHG project meets all applicable rules for a specific project type.

REFERENCE	APPLICABLE TO
ISO 14064-3:2007 –Greenhouse Gases – Part 3 : Specification with guidance for the validation and verification of greenhouse gas assertions	Verification body
ISO14065:2007 – Greenhouse Gases –Requirements for greenhouse gas validation and Verification Bodies for use in accreditation or other forms of recognition	Verification body

[2] ISO Press Release on 14065:2007 (4/17/2007) Ref 1054: New Tool for International Efforts to Address Greenhouse Gas
[3] Refer to ISO Standards 14064-3, 14064-3, 14065, 17011 and IAF MD for further details available through www.iso.org

REFERENCE	APPLICABLE TO
ISO 17011:2004 – Conformity Assessment – General requirements for Accreditation Bodies accrediting conformity assessment bodies	Accreditation body
IAF MD: 2008 (to be published) – IAF Mandatory Document on the Application of ISO14065:2007	Accreditation body
ISO14064-2:2007 - Greenhouse Gases – Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emissions reductions or removals	Project developer, verification body

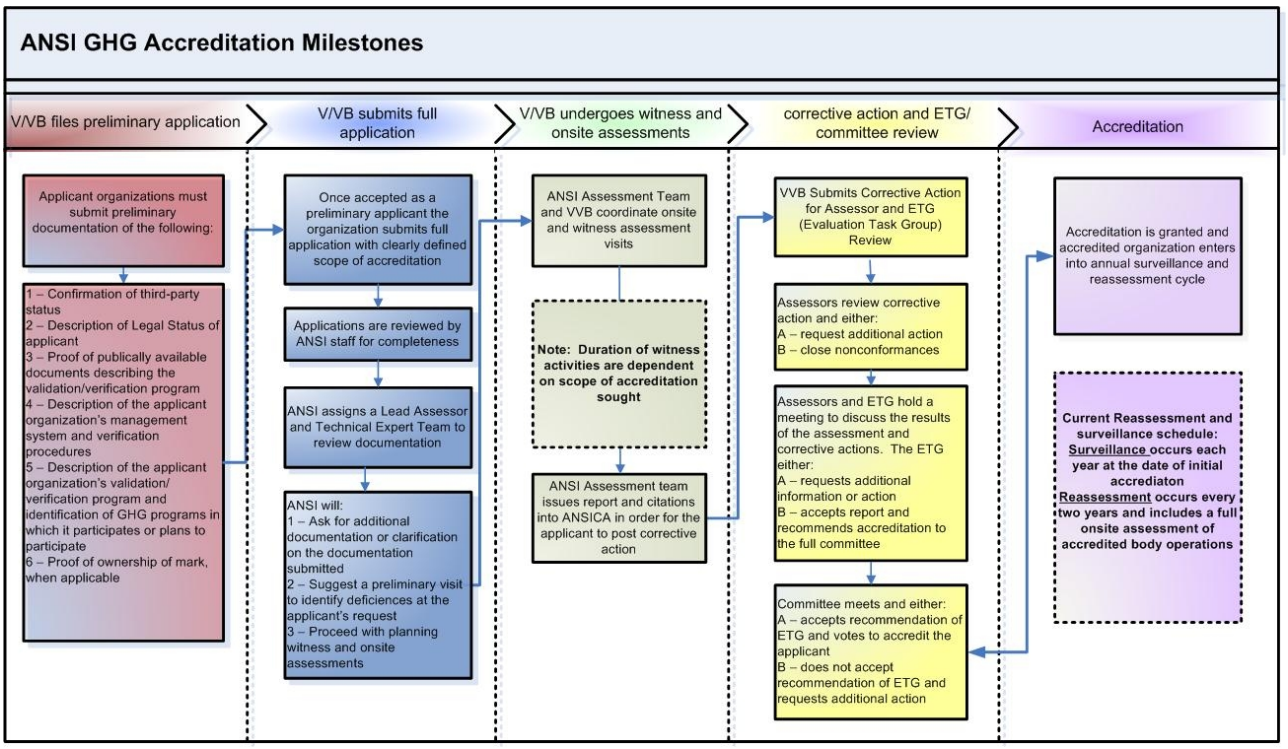
2.3.1. Obtaining Accreditation

Accreditation is a process that demonstrates to the designated accreditation body that the verification body has the necessary skills, competence, processes, quality controls, impartiality and independence to undertake GHG verification work.

The full accreditation process under ISO 14065 includes:

- Filing a preliminary letter of application with ANSI
- Submitting the full application
- Preparation for assessment
- Undergo initial onsite and witness assessments
- Corrective actions identified
- Evaluation Task Group (ETG) Committee review
- Accreditation issued
- 3 year cycle of surveillance and reassessment

The following is a diagram of GHG accreditation milestones courtesy of ANSI:



2.3.2. Costs of Accreditation

The costs of accreditation are determined by the accreditation body and are generally based upon an initial non-refundable application fee, an assessment fee for the surveillance performed by the assessors, and an annual accreditation fee, allowing the verification body to use the accreditation body's symbol of accreditation, known as the "mark". There is also an additional fee to extend the scope of accreditation, which is collected when verification bodies seek eligibility to perform verifications for new sectors.

More information on the ANSI ISO 14065:2007 accreditation program is available at **www.ansi.ghg.org**.

2.3.3. ISO Conformance

The Reserve project protocols are generally consistent with international standards and best practice within the GHG offset industry.

Due to ISO copyrights, the text of the relevant sections of ISO standards cannot be reproduced in this document, therefore the Reserve has summarized its interpretation of key elements that verification bodies must address to comply with ISO standards and adhere to Reserve protocols, processes and procedures throughout this manual. This manual should not be used as a substitute for any of the ISO standards in relation to accreditation or when planning for project verification activities.

There are some minor differences between the Reserve and ISO 14064 series that are program specific. Where other GHG program protocols or ISO standards differ from guidance given in this document or in the Reserve project protocols, the Reserve project protocols will always prevail.

In future versions of Reserve protocols, the Reserve intends to update its language to be ISO "conformant." Where the Reserve protocols presently use non-ISO terminology, the Reserve will attempt to identify and detail its meaning in relation to both Reserve and ISO standards. In the interim, it expects that verification bodies will comply with both ISO standards and Reserve requirements when undertaking verifications for the Reserve.

2.3.4. Validation

Under ISO 14065:2007 and IAF Mandatory Document guidance, validation is the process by which an independent validation body assesses a project plan for GHG reductions or removals and deals with the assessment of potential future outcomes. Validation is typically required for projects that do not follow established protocols and occurs prior to project implementation to establish the methodology, scope and eligibility to create GHG reductions or removals.

Unlike some other offset programs, the Reserve does not require that validation be conducted separately from verification. Instead, when a project is verified for the first time, verifiers are required to affirm the project's eligibility according to the rules defined in the relevant project protocol. Under the Reserve, the project's eligibility criteria are developed through a transparent, stakeholder-driven process that lay out the design and scope for each GHG reduction or removal project type prior to any project implementation with the application of performance based standards and other standardized eligibility criteria. The project protocols provide eligibility rules, methods to calculate reductions, performance-monitoring instructions, and set procedures for reporting project information to the Reserve. Further, a project submittal form is

completed by the project developer and reviewed by Reserve's staff prior to being publicly listed on the Reserve.

Thus, verification activities include two primary components. First, a verification body ensures that the project is eligible per the specific eligibility rules in the respective project protocol and has designed, measured and monitored baseline and project emissions per the protocol (this is similar to project validation under other programs). Unlike validation under other programs, Reserve protocols clearly define eligibility criteria, GHG assessment boundaries, calculation methodologies and monitoring criteria. The task of the verification body is to assess that the project complies with the reporting protocol. Secondly, the verification body reviews the data reported into the Reserve, the project monitoring plan, record keeping and quantification methodologies to assure that the reported GHG reductions are indeed accurate and calculated in line with the specific protocols for that project.

Project developers may choose to have a project verified early (e.g., prior to the end of its first year of operation) in order to establish its eligibility for registration. Because the Reserve's eligibility criteria are mostly standardized, determination of eligibility is usually straightforward and requires minimal interpretative judgment by verifiers.

2.4. Training Requirements and Qualifications for Lead Verifiers

It should be noted that verification bodies themselves are liable for the quality and scope of work performed under the Reserve. The Reserve only recognizes a company or organization (verification body), rather than an individual verifier. However, the Reserve does require that only qualified individuals with the proper training and skills conduct verifications activities.

The Reserve requires that each verification body have a minimum of two Lead Verifiers (or Team Leaders) qualified within its organization. This is to ensure that each verification team for every project includes at least two Lead Verifiers, one to serve as the Lead Verifier and one to serve as the Senior Internal Reviewer.

Qualification as a Lead Verifier begins internally with the verification body's own training procedures and programs teaching its staff how to conduct basic verifications and the progression to becoming an expert verifier that can lead verification activities. The Reserve also requires (in addition to internal training), that anyone acting as a Lead Verifier or a Senior Internal Reviewer complete project verification training specific to the Reserve's protocols on the appropriate project type to ensure that those performing verifications under our program have a high level of knowledge and training specific to the projects and sectors they are verifying.

A Lead Verifier (or Team Leader) is any verifier from the accredited verification body who directs, supervises and leads verification services and has the authorization from the verification body to sign all written reports or opinions. A Lead Verifier is someone who has completed the verification body's own internal training processes and procedures to achieve this designation, and passed a Reserve training course on the appropriate project type to be eligible to conduct lead verification activities for that project type under Reserve. To be eligible to take the Reserve's training, a verifier must already have a basic understanding of how to conduct verifications and have completed either internal training with its verification body and/or taken a recommended external course on how to conduct basic verifications.

A Senior Internal Reviewer is any Lead Verifier from the accredited verification body selected to perform a final quality assurance review on the data, the Verification Report, the List of Findings

and must sign the Verification Opinion attesting to the accuracy of reported data. The Senior Internal Reviewer must remain independent of all verification activities and must not participate in site visits, as this would compromise their objectivity and independence in the final review. The Senior Internal Reviewer must be designated as such on the COI Form and be designated as a Lead Verifier on the annually submitted the Designated Staff Form. They must also have successfully completed a Reserve verification training course on the appropriate project type.

After successfully completing Reserve training, the final step to demonstrate competency is to pass a Reserve administered exam, encompassing both multiple choice and short essay questions. To prepare for the test, an individual should study the protocols, the ISO 14064 series and successfully complete practical exercises provided within the Reserve verification training. After passing the project-specific exam, the individual becomes a Reserve-recognized project verifier. Following the training, the Reserve will provide recognized verifiers with a notification and certificate allowing them to act as a Lead Verifier under the Reserve.

An individual's recognition as a Lead Verifier under a specific protocol is valid for 3 years, at which point the Lead Verifier must retake and pass the exam to ensure they have sufficiently maintained knowledge of the protocol and any related updates made in that time period. A Lead Verifier does not have to retake the training course unless updates or significant changes to the relevant protocol dictate that this is necessary and required by the Reserve. Note that while the individual verifier is provided with the recognition of Lead Verifier, it is only applicable when employed or contracted to do work for an accredited verification body, but remains with the individual and will be recognized regardless of which accredited verification body they work for.

Verifiers that do not pass the exam, choose not to take the exam, or are unable to complete the exam on the date it is given will receive a certificate of training completion, but will not have met the Reserve's training requirements to become a Lead Verifier. These verifiers have one year from the original date of the course to retake the exam. If more than one year has passed, they must retake both the training and the exam. There is an administrative fee to retake the exam. For those verifiers who do not pass the exam on the first try, it is recommended that they assist on further verifications to gain practical experience before retaking the exam. Please note that for confidentiality purposes, the Reserve does not distribute copies of the verification exam after completion.

Once a verification body has received notification of Lead Verifier recognition for a minimum of two of its verifiers, and is enrolled in the accreditation process or already accredited, then a verification body may market their services and capabilities to, respond to solicitations for and be hired by current or prospective Reserve project developers.

2.5. Designated Staff, Roles and Responsibilities

Verification bodies must identify to the Reserve all staff members who will be designated verifiers and serve as key personnel for the Reserve using the Designated Staff, Roles and Responsibilities Form.[4] This form must be updated at least once each year and submitted to reserve@climateactionreserve.org. A verification body may add or delete staff to their roster at any time. To add or delete designated staff, the verification body must re-submit the form with the names and contact information for any personnel changing from the roster, and note if staff are to be deleted or added to the roster. For each individual identified on the form, the firm

[4] Form is available at http://www.climateactionreserve.org/how-it-works/verification/verification-documents/.

should describe each individual's job classifications, relevant experience, education, academic degrees, professional licenses for technical staff members and their respective roles.

The purpose of this required form is to ensure that personnel performing verification activities are notified to the Reserve and are aware of their roles and responsibilities under our program. The form outlines obligations in relation to confidentiality provisions, conflict of interest and also includes an authorization of potential oversight of verification activities. This must be signed by a duly authorized signatory on behalf of the verification body.

The form asserts that the verification body will follow proper processes and procedures laid out in the verification protocols and the Verification Program Manual and that its personnel conducting verification activities are trained and knowledgeable of these procedures. It also asserts that the verification body will follow the conflict of interest provisions to guarantee that it remains neutral and impartial. The verification body must also acknowledge that potentially market sensitive information may be encountered while conducting project verification activities and agrees to strict confidentiality in its findings prior to the release of the verification report. Further, the form asserts that the verification body will not engage in any business activities that would amount to a conflict of interest in relation to its Reserve clients (this includes the selling or trading of emissions reductions credits). Additionally, the purchasing, selling, trading or retiring of any emission reduction credits between a verification body and the project developer it wishes to provide an independent verification for amounts to a high conflict of interest and is strictly prohibited. Conflicting services of this type are addressed further in the next section.

The verification body must also acknowledge that its duty of care is first and foremost to the Reserve. Should any notable issues or instances of non-compliance arise during the course of verification activities, the verification body agrees to immediately report any material errors or misstatements that may impact the quantity or quality of CRTs being issued directly to the Reserve.

2.6. Conflict of Interest (COI)

While conducting verification activities for Reserve project developers, verifiers must work in a credible, independent, nondiscriminatory and transparent manner, complying with applicable legislation, and relevant ISO Standards. Conflict of interest is any situation that would compromise a verification body's ability to perform a wholly independent verification. In order to ensure the credibility of the emissions data reported to the Reserve, it is critical that the verification process is completely independent from the influence of the project developer. A verification body must act objectively and exercise professional skepticism while conducting verification activities. This is a difficult and dynamic issue and thus is assessed by the Reserve staff on a case by case basis.

This process gives verification bodies the ability to demonstrate that their organization is capable of identifying and mitigating situations that would impair their ability to render an impartial Verification Opinion. Any pre-existing relationship between the verification body and project developer must be disclosed to the Reserve, which will then evaluate the potential for a conflict of interest between the two organizations.

Verification bodies must provide information to the accreditation body (ANSI or another organization endorsed by the Reserve) about its organizational relationships and internal structures for identifying potential conflicts of interest (organizational COI). Then, on a case by

case basis, the Reserve will review any pre-existing relationship between a verifier and project developer and will assess the potential for conflict of interest in light of the individuals involved. This task is undertaken by the Reserve with a detailed review and evaluation of the form submitted by the verification body against the criteria laid out below (potentially conflicting services, timing, location, type and financial value of services) and is cross-checked against the Reserve's internal records.

If the Reserve finds that there is low risk of COI, a determination is made in writing and sent to the verification body allowing it to proceed. After that point, the project developer and verification body may finalize negotiations of their contract and verification activities may proceed. Following completion of the verification, the verification body must monitor for the next year if any new business relationship may increase the potential for COI (emerging COI).

If the Reserve finds that there is a medium risk of COI, then it may request further information or a mitigation plan before it makes its final determination. In some instances where it finds that there is a medium or high COI, it will convene a COI Committee of three or more staff members (with a minimum of two executive level staff) to make a final determination. In any instance where it believes a high COI exists, a COI Committee shall be convened to make a final determination. The determination will be notified to the verification body, the project developer, and any relevant body performing oversight. If the verification body disagrees with the determination, it may appeal (the appeals process is detailed in Section 2.6.3).

As an added protection, a verification body may provide verification services to a project for, at most, six consecutive years. If verification activities for more than 10 projects per year with the same project developer have been performed, it is likely that the Reserve may require further information to inform its determination, impose restrictions or require that another verification body is selected. After a six-year period, the Reserve project developer must engage a different verification body to verify a project. The original verification body may provide verification services to that project developer after a lapse of a minimum of three years. This three year period begins with any lapse in providing annual verification services to a Reserve project developer.

In the event that a verification body violates these COI procedures, the Reserve, in consultation with the accreditation body and at its discretion, may disqualify an approved verification body.

Note that this conflict of interest clause does not preclude a verification body from engaging in consulting services for other clients that participate in the Reserve for whom the verification body does not provide any verification activities.

2.6.1. Notification of Verification Activities and COI Form

To obtain an approval for verification activities to proceed, the verification body must submit a Notification of Verification Activities and Request for Evaluation of Potential for Conflict of Interest (NOVA/COI) Form[5] detailing the specifics of its situation and the scope and plan for verification activities. The Reserve will determine the risk for COI during that period and can seek further information from the verification body to satisfy itself that no conflict exists or will arise and that it is satisfied with the proposed services.

The verification body must submit the NOVA/COI form to the Reserve a minimum of 10 business days prior to the beginning of verification activities and finalizing their contract. This

[5] Form is available at http://www.climateactionreserve.org/how-it-works/verification/verification-documents/.

notification period is necessary to allow the Reserve ample time to assess the risk of COI, to resolve or mitigate issues prior to verification activities commencing and to allow for itself, its partners or its consultants the opportunity to accompany verification bodies on visits to project developers' sites to observe, evaluate, and report on the quality and consistency of verification activities. This process is known as verification oversight. More information on oversight can be found in Section 3.11.

A verification body that does not provide proper notification to the Reserve could be denied the right to conduct verification services for the proposed verification and may be disqualified as a recognized verification body. If a verification body has verified a previous vintage for the project, (and are within the allowed timeline of the verification cycle) they are able to use the Reserve online software at the project set up page, to answer a few simple questions for an abridged and streamlined COI-Renewal rather than having to submit the NOVA/COI Form.

2.6.2. Potentially Conflicting Services

A verification body will have a high risk of COI if one of its verifiers and the potential client share any management, or if any of the potential client's staff working on GHG-related activities were previously employed with or by verification body within the last three years, or vice versa. A verification body will have a high risk of COI if it or its related companies (e.g., parent company, subsidiaries of a parent company, affiliates) has provided any GHG management, consulting or advocacy services (as identified on the list below) to the potential client within the last three years. This would mean the verification body was: 1) verifying their own work, 2) performing management functions for the client, or 3) acting as an advocate for the client.

Additionally, verification bodies may NOT conduct both GHG consultancy services and verification services for the same project. Verification bodies offer both types of services in general, but for any particular project it must choose which of the two services they want to offer as they are prohibited from providing both on the same project. A verification body is strictly prohibited from consulting and can never verify a project that it has designed, developed, implemented or consulted on, regardless of when it provided that service.

Further, it should be noted that validation is considered an independent third party service in relation to the validation of a GHG assertion, and should not be confused with consulting. All instances of work in relation to validation and consulting should be disclosed separately on the NOVA/COI form.

Where a high risk of COI is determined to exist, the verification body will not be approved to conduct the verification.

The following list of services is considered potentially conflicting and could be incompatible with the provision of GHG verification activities and must be declared on the NOVA/COI form. Please note that this list is not exhaustive, and there are other services and conditions that could constitute a COI.

- Designing, developing, implementing, internal auditing, consulting or maintaining a GHG emissions reduction or removal project
- Designing or developing GHG information systems
- Owning, buying, selling, trading or retiring shares, stocks or emissions reduction credits from the Reserve project
- Brokering in, advising on, or assisting in carbon or GHG-related markets

- Developing GHG emissions factors or other related engineering analysis
- Appraisal services of carbon or GHG liabilities or assets
- Designing energy efficiency, renewable energy, or other projects which explicitly identify GHG reductions as a benefit
- Preparing or producing GHG-related manuals, handbooks, or procedures specifically for the Reserve project developer
- Legal and expert services unrelated to project verification
- Dealing in or being a promoter of credits on behalf of the project developer
- Providing other GHG related fee-paying services to the project developer during the course of project verification services
- Members of proposed verification team have a close personal or familial relationship with the project developer
- Other services as determined by the Reserve

Particularly the first four items on this list are considered to have a very high risk for conflict of interest; it is likely that verification services would not be allowed to proceed in these situations.

If the verification body identifies a potential or actual COI, the verification body must also submit a plan to avoid, neutralize, or mitigate the COI situation. The Reserve will review the information submitted to determine if enough information is provided to make a determination. If not, the Reserve may request additional information. Once the information is found to be complete, the Reserve will review and evaluate the case, and will issue a written determination within 10 business days.

Potentially conflicting services could be mitigated by the following circumstances, including, but not limited to:

- **Time of service.** Any service delivered between the project developer, the verification body (past employee/employer or other relationships) that occurred more than three years before the date of the COI determination are viewed as a lower risk. However, services rendered related to the design, development, implementation or maintenance of a GHG emissions project must be fully disclosed and are always considered conflicting, regardless of the time of delivery.
- **Location.** Services provided to a business unit, facility or office of the member located outside of North America will be considered a lower risk for a conflict of interest.
- **Type of services.** Services that do not appear on the list of potentially conflicting services will be considered a lower risk.
- **Financial value of services.** The Reserve will view as a lower risk the provision by the verification body of other services of which the monetary value is small relative to the value of verification. Cases where the total value of services provided to the project developer is very small as a percentage of the verification body's revenue over the same period may also be less cause of concern, and will be factored into the determination. The percentage of total annual revenue of verification services is a required portion of the NOVA/COI Form and will be treated confidentially by the Reserve.

Once the case-by-case evaluation is complete, a verification body may provide verification services on a project for at most, six consecutive years. After a six-year period, the Reserve project developer must engage a different verification body. The original verification body may

not again provide verification services for at least three years. This cycling of verification bodies will help to avoid potential COI situations due to lengthy and ongoing relationships. Also, this guarantees that another firm will review material previously reviewed by another verifier, thus providing another "check" on the consistency and appropriateness of professional judgments made.

In the instance that a difficult situation arises where the perception of impartiality and independence is not clear cut, the Reserve will convene a COI Committee of three or more staff to resolve the situation and provide a determination to the verification body.

If, for any reason, the Reserve determines that a new relationship constitutes a conflict of interest that cannot be mitigated, the Registry will require the member to choose a new verification body going forward. The Registry may also invalidate any verification results from the time at which such a conflict of interest arose and could not be mitigated.

2.6.3. Appeals Process

If a verification body or project developer disputes the Reserve COI Committee's determination, they can appeal the decision by submitting a detailed explanation and any supporting evidence to the Reserve. The Reserve will then convene a formal Appeals Committee to hear the presentation from the appellant and why they opposed the determination. The Appeals Committee will consist of an odd number of individuals, including at least one Reserve staff member, one Reserve Board member, a representative from the appropriate oversight agency, and government representatives, as relevant. The committee will likely be convened with a conference call. The Appeals Committee may consult a verifier, lawyer, or other experts for assistance, but any expert will not have a vote in the committee's final decision. All information heard and received will be kept confidential and should only be uploaded into the Reserve software as restricted, private documents by either the project developer or the verification body. The Appeals Committee will consider the original finding, the detailed explanation, and provide a final answer based on a majority vote. Their decision will be binding.

2.6.4. Rescission of Approval

If a verification body is found to have intentionally violated the conflict of interest policies, the Reserve reserves the right to rescind its recognition of the verification body for any appropriate period of time as determined by the COI Committee.

2.7. Technical Consultants

Technical consultants that might provide technical assistance in any capacity, including helping the project developer to compile data or to manage a project, are not required to complete training or become accredited under ISO 14065. However, a technical consultant that participated in any way to set up a project can never provide verification services for that same project. This includes designing, developing, implementing, or maintaining a GHG emissions project or setting up GHG management or information systems for a project. In some instances, a verification body may not have the expertise on staff for specific industry sector or type and in these cases they are allowed to use subcontractors. Any subcontractor or technical consultant performing verification activities must be disclosed to the Reserve on the NOVA/COI Form and follow Reserve procedures.

2.8. Confidentiality

Verification bodies must keep sensitive information encountered while conducting verification activities confidential to uphold the integrity of data reported within the Reserve. Verification bodies must not make use of, or take advantage of, any confidential information and must take reasonable steps to ensure that information is protected from any unauthorized access. This is to ensure that no information is leaked to the public that could have an economic impact on the market. Due to the fact that potentially sensitive market information may be encountered while conducting project verification activities, the verification body must agree to maintain strict confidentiality in its findings prior to the release of the verification report. Confidentiality arrangements and requirements should be addressed in the contract between the project developer and the verification body.

The Reserve will enter into confidentiality agreements with verification bodies and project developers as necessary. It will, on occasion, request supporting information to supplement data reported into the Reserve and will follow its standardized security and confidentiality procedures to do its utmost to protect all confidential business information. Any organization that must provide confidential information to support the Notification of Verification Activities and Conflict of Interest (NOVA/COI) assessment should clearly mark which information is confidential and it will be treated as such.

After a verification body has been selected by a Reserve project developer, the two parties should negotiate contract terms. This contract is exclusively between the project developer and the verification body, and the particulars of any given contract are at the discretion of the two parties. The commercial arrangements surrounding the timing of the verification and the payment of fees are negotiated between the two parties, but should be disclosed in the NOVA/COI form submitted to the Reserve.[6] This form will not be made public.

[6] This process may change if the Reserve requires that it select and retain verification bodies on behalf of project developers, as mentioned in Section 2.1

3. Project Verification Activities

3.1. Overview

The objective of verification is to ensure that GHG reductions or removals are real, additional, verifiable, permanent, and that they are owned unambiguously. To do this, verification bodies must develop a verification plan based on the size and complexity of the GHG project, the verification team's knowledge of the project, and the sector, technology and processes used. It must identify areas of key reporting risks to support to a reasonable level of assurance that the GHG reductions or removals are materially correct.

Verification bodies must verify a projects' GHG reductions or removals by:

- implementing a risk based approach to verification
- ensuring verifications are conducted in a systematic and comparable way, and
- ensuring Verification Reports, List of Findings and Opinions are independent and robust

Verification activities differ based on the complexity of project developers' GHG emissions reductions or removals and the underlying data supporting them. However, the verification process will include, at a minimum, the following steps:

- Notification of verification activities and case-by-case evaluation of conflict of interest
- Scoping and planning project verification activities
- Desk review and annual site visit to conduct project verification activities:
    1. Confirmation of relevant eligibility criteria
    2. Identifying emissions sources, sinks and reservoirs and assess risk of material misstatements
    3. Reviewing methodologies and management systems
    4. Verifying emission reduction calculations
- Preparing a project developers Verification Report, List of Findings and Verification Opinion and submitting them through the Reserve

Upon completion of the above steps, Reserve staff will perform an internal review of the relevant documents and data reported before accepting and issuing CRTs. The Reserve relies upon the Verification Report to attest to the accuracy and legitimacy of the CRTs issued and the verification body is held accountable to the Reserve for the quality and independence of the report and opinion submitted to the Reserve.

3.2. Scoping and Planning Project Verification Activities

After contract terms have been finalized and the Reserve has been notified of planned verification activities, the verification body must develop a verification plan outlining the specific activities to be conducted as part of a verification effort. In developing this plan it should consider its timeline, verifier capabilities and sector competencies, documentation required and its final objective. It should also conduct a kick-off meeting with the project developer. For some verifications, this may consist of a telephone call. The agenda for that meeting should include:

1. Introduction of the verification team;
2. Review of verification activities and scope;

3. Transfer of background information and underlying activity data; and
4. Review and confirmation of the verification process schedule.

Based on the information provided in agenda items 2 and 3, the verification body should determine the most effective, efficient, and credible detailed verification approach tailored to the particular characteristics of the project.

3.3. Verifying Eligibility Criteria

As discussed in Section 2, verifiers are required to affirm the project's eligibility according to the rules defined in the relevant project protocol.
This can be confirmed by reviewing the start date, the location, the applicable performance standard, the regulatory test and confirming there are no applicable exclusions within the GHG assessment boundary.

The following table provides the eligibility criteria as of the Project Verification Program Manual publish date, and are to be assessed for current Reserve protocols. Always reference latest project and verification protocols for the most current and detailed version of eligibility criteria.

Please refer to the relevant verification protocols and accompanying activities checklists for a complete set of questions to determine eligibility, the table below is not the sole criteria for determining eligibility.

Table 3.1 Comparison of Project Protocols Eligibility Criteria

ELIGIBILITY CRITERIA	LANDFILL	LIVESTOCK	FORESTS	URBAN FORESTS
Project Start Date	January 1, 2001 until December 2009; after 12/09 start date must be within six months of project becoming operational	January 1, 2001	Current year start date	January 1, 2001
Location	United States; Mexico expected late 2009	United States; Mexico expected late 2009	California only; United States expected summer 2009	United States
Performance Standard	Installation of a qualifying landfill gas (LFG) methane capture and destruction system	Installation of a qualifying biogas methane capture and destruction system (bio-digester)	See protocol for specifics by project type (reforestation, improved forest management, avoided forest conversion).	For municipalities and campuses - Net Tree Gain (NTG) of at least 0 and additional if NTG > 0. For utilities – all trees additional

ELIGIBILITY CRITERIA	LANDFILL	LIVESTOCK	FORESTS	URBAN FORESTS
Regulatory Test	Landfills not required by code, regulation, or other legally-enforceable mandate to collect and destroy LFG	Livestock operations not required by regulation or other mandate to collect and destroy biogas	Forest practice not required by law, regulation, ordinance, or other legal mechanism	Tree planting activity not required by regulation, ordinance, condition of approval or other legal mechanism
Project Compliance Test	Must be in material compliance with all applicable environmental regulations	Must be in material compliance with all applicable environmental regulations	Must be in material compliance with all applicable environmental regulations	Must be in material compliance with all applicable environmental regulations
Frequency of Compliance and Regulatory Tests	Annual for compliance and regulatory test	Annual for compliance; once at project outset for regulatory test	Once every 6 years for compliance and regulatory test	Annual for compliance; once at project outset for regulatory test
Exclusions	Bioreactors, NMOC above 620 lbs, fossil fuel displacement	Some "greenfields", N_2O, fossil fuel displacement	Refer to protocol for list of forest exclusions	Projects undertaken by non-eligible entities

3.3.1. Regulatory Attestation

As a part of determining the eligibility criteria, the verification body must also review the Regulatory Attestation. This form asserts that the project was implemented and established voluntarily and continues to operate as such. The document enforces that at no time was the project required to be enacted by any law, statute, rule, regulation or other legally binding mandate by any federal, state, local or foreign governmental or regulatory agency having jurisdiction over the project.

In addition to reviewing this form, the verification body must conduct a cursory review of site documentation, permits, and any regulatory inspection notifications (violations, notices, etc.) to guarantee that all non-compliance events were immaterial and that the project meets all the relevant eligibility criteria.

Once verification bodies have confirmed that a project meets all applicable eligibility requirements, they are ready to begin the core verification activities.

Verification bodies that have previously conducted verification activities for entity level emissions inventories will note that the fundamentals of verification have not changed, and consist of the same core verification activities, the key difference being that with projects, verification bodies are confirming emission reductions, removals or sequestration rather than annual emissions.

3.3.2. Attestation of Title

The verification body must also confirm that the project developer who has signed the Attestation of Title form is the owner of full, legal and beneficial title to CRTs registered in its name and is the person or organization that is putting forward the project. There may be several parties involved with projects, but the party that signs the Attestation of Title is the party that the verification body should hold its contract with and has beneficial ownership rights in relation to the CRTs registered in the Reserve.

3.3.3. Variances

The Climate Action Reserve will allow variances in the way specific projects monitor or calculate greenhouse gas emission reductions or removals only where Reserve staff determine that such variances are acceptable. No variance request will be considered until the project in question has been formally submitted to the Reserve.

Only with explicit, written acceptance of the variance may a project developer apply monitoring or calculation methods not contained in the Reserve's applicable protocol for their project. In some cases, a variance request may be granted only for a specified time period. Decisions on variances are to be considered *sui generis*, and are not precedent-setting. Variances will not be granted for exceptions to project eligibility criteria or to the Reserve's methodological approaches to determining GHG emission reductions.

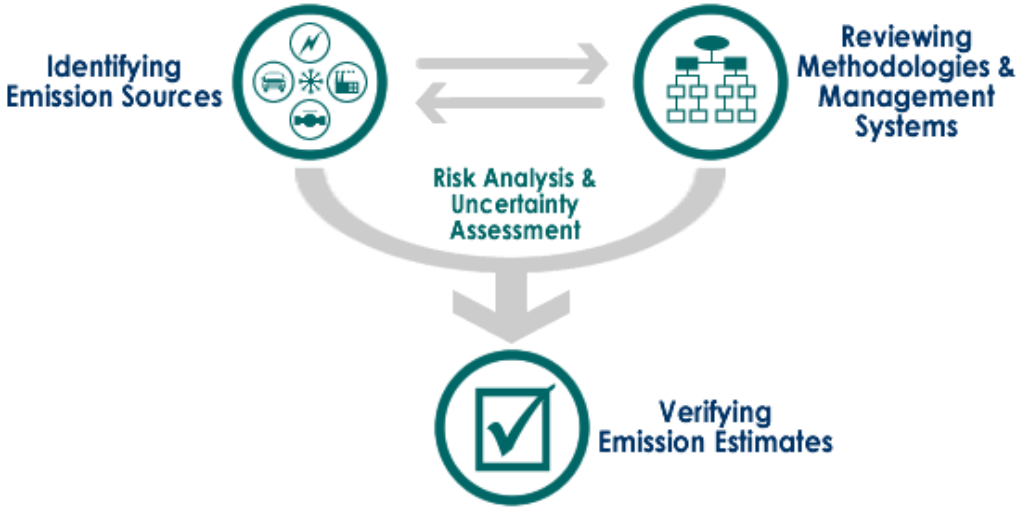
The Reserve retains the right to reject outright any Request for Project Variance, request further documentation, or impose additional constraints and/or discount factors on the proposed monitoring or calculation methods. If a variance has been granted for a specific project, the verification body must verify to the determination that the Reserve has made. A verification body cannot make specific recommendations to the project developer in relation to what should and should not be granted a variance by the Reserve.

3.4. Core Verification Activities

1. Identifying emissions sources, sinks and reservoirs
2. Understanding management systems and estimation methods used; and
3. Verifying emission reduction or removal estimates.

The core verification activities are a risk assessment and data sampling effort aimed at ensuring that no material sources, sinks or reservoirs are excluded and that the risk of error is assessed and addressed through appropriate sampling, testing and review. The complete core verification process is illustrated in the figure below.

Figure 3.1. The Verification Process



3.4.1. Identifying Emission Sources, Sinks and Reservoirs

Verification bodies should review a project's reported sources, sinks and reservoirs to ensure that all are identified properly and confirm their completeness. Verification bodies must review the project monitoring plan containing information on all project activities and how they are measured, modeled or calculated and the frequency of measurements. They must also review the project's GHG assertions, data collection and storage methods and its quality assurance/quality control (QA/QC) measures. The verification body must assess conformance with the appropriate project protocol and document answers to the questions laid out in each protocol to assess if the GHG emissions report reflects all sources, sinks and reservoirs within the project boundary.

For example, under the Landfill Project Protocol, a verification body must ensure that applicable baseline sources are included for all assumed vented GHGs and only adjusted for pre-project combustion and oxidation. The verifier would have to confirm that eligible GHGs (CO_2 and CH_4) are included as well. The largest reductions would likely take place at project destruction devices (e.g. flares) and these would need to be confirmed.

Once all emission sources have been identified and these types of issues have been addressed, the verification body may proceed to Step 2 to review the calculation methods used and the management systems employed.

3.4.2. Reviewing Methodologies and Management Systems

After the scope and comprehensiveness of the project developer's emission sources has been confirmed, verification bodies should review the methodologies and management systems that the project developer used to calculate their emissions reductions or removals. This is principally a risk assessment exercise, in which the verifier must weigh the relative complexity of the scope of the project developer's emissions operations and activities, the project developer's methodologies and management systems used to prepare the GHG emissions report, and the risk of calculation error as a result of reporting uncertainty or misstatement. The verification body must determine the presence and level of inherent and management type risks and focus its verification effort on the highest risk areas.

Through these steps, the verification body should determine the appropriateness of the management systems, IT systems, staff competency, internal audits, documentation and data reconciliation processes to understand the risk of calculation or systemic errors as a result of reporting uncertainty or misstatement.

For example, the absence of a comprehensive GHG management system for a project with just one project site may not add significant risk of material misstatement. In that case, the verification body should concentrate its verification activities on the area that has the greatest risk of material misstatement, which is likely the emissions data calculations itself.

A verification body's general review of a projects GHG management systems should document if calculation methodologies/procedures are appropriate given the uncertainty/risk associated, whether the data is correctly aggregated, monitored, measured and that a qualified individual is responsible for managing and reporting GHG reductions or removals. The verification body must also check that the correct metering equipment is used and calibrated properly.

3.4.3. Verifying Emission Estimates

Based on a projects identified emission sources, sinks and reservoirs, their management systems, and corresponding risk profile, verification bodies must ensure that the calculations of GHG reductions or removals are accurate within the 5% materiality threshold by recalculating all emission estimates based on underlying activity data. Crosschecking this data in line with the methodologies outlined in the applicable protocol is vital. Verification bodies should check data from spreadsheets or monitoring data back to their original sources, perform re-computing and reviewing all relevant physical and documentary evidence to check that inspections and calibrations were completed.

It is important to identify errors during the verification process. Common errors include:

- Incompleteness: incorrectly defining project boundaries, excluding significant sources, leakage effects
- Inaccuracy: manual data transferring and transcription errors, double counting, using incorrect emission factors

Any of these could result in the project developer potentially over crediting GHG reductions or removals; a conservative approach to crediting CRTs must be taken. For example, under the Livestock Protocol, the verification body must verify the accuracy of calculations and the site specific factors used and that they were executed properly. They also must check the calibration frequency and ensure that it was performed on a bi-annual basis.

3.4.4. Determining Appropriate Verification Activities and Site Visits

Most project verification activities will consist of a desk review and a site visit. A good portion of the verification activities are conducted during a desk review to check calculations and emissions data. However, a site visit is also necessary to assess operations, functionality, data control systems, confirm the project boundaries, review measurement and monitoring techniques, and on-site record keeping practices.

With the exception of forests, a minimum of one site visit is required annually and it is recommended that the Lead Verifier is present to direct verification activities. If sub-annual verifications occur and the same verification body is conducting the verification, site visits are

only required if significant changes or fluctuations are observed within the year; this is left to the professional judgment of the verification body. Otherwise, only one site visit annually is required.

Desk review:

- Review of the data calculations and information presented to verify their completeness;
- Review of the monitoring plan and monitoring methodology, (the frequency of measurements, quality of metering equipment, calibration requirements); and
- Evaluation of data management and the quality assurance and quality control system and procedures in the context of their influence on the generation and reporting of reductions or removals;

Site Visit:

- Assessment of the implementation and operation of the project activity
- Review of information flows for generating, aggregating and reporting the monitoring parameters;
- Interviews with relevant personnel to confirm that the operational and data collection procedures are implemented in accordance with the monitoring plan;
- A cross-check between information provided in the monitoring report and data from other sources such as plant log books, inventories, purchase records or similar data sources;
- A check of the monitoring equipment including calibration performance and observations of monitoring practices against the applicable protocol requirements;
- Review of calculations and assumptions made in determining the GHG data and assertions; and
- Identification of quality control and quality assurance procedures in place to prevent or identify the possibility of misstatements.

A verification body can use its professional judgment in determining if the information presented during these activities is adequate to inform its opinion. The verification body should only provide a reasonable assurance opinion to a project that is based upon verifiable evidence.

To verify information is accurately reported, the verifier will want to review, at a minimum, the documents and questions contained within the applicable project verification protocol and will differ based on project type.

3.5. Professional Judgment

The Reserve recognizes that the verification protocols are not entirely prescriptive and relies on verification bodies to use their best professional judgment while executing the verification activities. Verification bodies must demonstrate, through their staff's professional qualifications and relevant GHG experience, their ability to render sound professional judgments in relation to GHG emissions reductions or removals.

Application of professional judgment is expected particularly in the following areas:

- Implementation of verification activities with appropriate rigor for the size and complexity of the project and with regard to the uncertainty of calculations associated with the project developer emissions sources;
- Review of the appropriateness of a project developer's GHG emissions tracking, monitoring, and management systems for providing information to the Reserve;

- How much data constitutes a representative sample,
- Assessment of methods used for calculations where the protocol does not provide specific guidance,
- Appraisal of assumptions, and estimation methods and emission factors that are selected as alternatives to protocol guidance where allowed.

Where the Reserve project protocols are prescriptive, as with monitoring or calibration frequency, verification bodies are not allowed to use professional judgment to assess the reasonableness of the project activities. Projects must follow the prescriptive requirements of the protocols, where available.

The Reserve reserves the right to question any and all decisions made by the verification body. However, in areas where the project protocols explicitly state that professional judgment can be used, it expects that the verification body has the competency and knowledge to make these decisions and is erring on the side of conservativeness and looking to industry best practice.

3.6. Identifying Material or Immaterial Misstatements

In order for verifiers to verify the reductions or removals entered into the Reserve, a sample of data must be free of material misstatement. It is possible that during the verification process differences will arise between the emissions estimated by the project developer and those estimated by the verification body. Differences of this nature may be classified as either material or immaterial. A discrepancy is considered to be material if the overall reported emissions differ from the overall emissions estimated by the verifier by 5% or more. A difference is immaterial if this difference is less than 5% (except in relation to forest projects).

If the reported data is not free of material misstatement, the verifier should include this information in its List of Findings and should complete its sampling effort of other sources. Once verification bodies have confirmed that a sample of data is free of material misstatements, they are ready to complete verification.

Tips for a Successful Verification:

1. The more robust the data management system and controls, the less time the verification body will need to review data, reducing costs. All reviews must examine data, but it will take substantially less time when the information management systems are transparent and presented clearly.
2. A full data trail must be clearly established and transparent. This means that the data flow, from monitoring to measurement to reporting CRTs to the Reserve, should be documented adequately.

3.7. Verification Report and Opinion

Once a verification body has completed reviewing a project developer's reductions or removals entered into the Reserve they must do the following to complete the verification process:

1. Complete a detailed Verification Report, and deliver it to the project developer (public document);

2. Complete a detailed List of Findings containing both immaterial and material findings (if any), and deliver it to the project developer (private document)
3. Prepare a concise Verification Opinion detailing the vintage and the number of reductions or removals verified, and deliver it to the project developer (public document);
4. Conduct an exit meeting with the project developer to discuss the Verification Report, List of Findings and Verification Opinion and determine if material misstatements (if any) can be corrected. If so, the verification body and project developer should schedule a second set of verification activities after the project developer has revised the project submission.
5. If a reasonable level of assurance opinion is successfully obtained, upload electronic copies of the Verification Report, List of Findings, Verification Opinion and Verification Activity Log into the Reserve;
6. Return important records and documents to the project developer for retention.

The Verification Report is a detailed summary and scope of verification activities undertaken and should contain a list of sources identified within the project boundary, a description of the sampling techniques and risk assessment processes undertaken, the standard used to form the basis of the verification opinion. This is submitted at the end of verification activities and is a public document. It should be noted that what the Reserve refers to as the Verification Report, List of Findings and Opinion are actually all referred to as one document within ISO - the verification statement. No standardized format for this document is currently required, but the recommended content is outlined below.

3.8. Quality Assurance Check

As a Quality Assurance/Quality Control requirement, the Verification Report and the List of Findings must be forwarded to an independent Senior Internal Reviewer within the verification body (who is also qualified as a Lead Verifier on the appropriate project type) for a quality assurance check. No Verification Report should be forwarded to a project developer until it has had an independent internal review. The Senior Internal Reviewer also must sign the Verification Opinion.

3.8.1. Verification Report Content

The Verification Report is a transparent overarching document that is shared between a verification body, a project developer, and is available to the Reserve and the public. This document is made public to uphold the integrity of the GHG program and to promote the transparency of the CRTs issued.

The Verification Report should at a minimum include the following elements:

- A detailed scope of the verification process and procedures undertaken;
- The standard used to verify GHG emissions reductions or removals;
- A description of the eligibility assessment, regulatory test, and criteria reviewed;
- A description of the verification activities, based on the size and complexity of the project developer's operations;
- A list of relevant emission sources identified and ranked by magnitude;

- A description of the sampling techniques, plan and risk assessment methodologies employed for each source;
- An evaluation of whether the project is in compliance with the applicable project protocol;
- A comparison of the project's overall GHG removals or reductions with the verifier's calculation of GHG removals or reductions; and
- A general conclusion that forms the basis of the Verification Opinion.

3.8.2. List of Findings

This document should accompany the Verification Report and should have all material and immaterial findings throughout the verification activities identified. It should detail any issues found, recommended corrective actions and resolutions made (if any). The findings should detail the issues identified, but should not provide any solutions or remedies for resolution, as this would constitute consulting advice, and thus create a conflict of interest. This private document is shared only with the project developer and the Reserve. No standardized format for this document is currently required. These findings could be included in the report itself, but as that document is made public, it is recommended to provide these in a stand-alone document for confidentiality reasons.

3.8.3. Preparing a Verification Opinion

The Verification Opinion is the official confirmation and final statement of findings, detailing the number of CRTs issued, the vintages (if more than one) and the standard used to verify those CRTs. The Verification Opinion confirms the verification activities and outcomes for all stakeholders (project developers, verifiers, the Reserve, and the public). The Verification Opinion must be signed by the designated Lead Verifier and Senior Internal Reviewer. An electronic version of this template is available at http://www.climateactionreserve.org/how-it-works/verification/verification-documents/.

3.8.4. Negative Verification Opinion

If a project is not verifiable due to material misstatements or if it does not meet the eligibility criteria, the verification body must issue a negative verification opinion. The verification body may issue corrective actions prior to issuing a negative opinion, giving the project developer an opportunity to provide additional information or remedy the issue. However, the verification body must not provide guidance on how to remediate the identified misstatements or how to meet the eligibility criteria. Such guidance would be considered a consulting activity and therefore, a conflict of interest.

However, the verification body may provide the List of Findings including any corrective actions to be addressed and it also can provide reference to existing documentation that may be useful in preparing remediation plans. It can identify the problems, but cannot advise on how to fix those problems. A verification body should also enumerate any shortcomings in a project developer's GHG tracking and management systems. It should always refer the project developer to Reserve staff for assistance when material problems are identified or if the project developer does not meet the eligibility criteria.

If the material discrepancies cannot be resolved to substantiate the listed project, then the verification body should submit a negative Verification Opinion and Report to the Reserve stating that it cannot meet the required level of reasonable assurance and detail the issues resulting in the negative opinion in the List of Findings.

3.8.5. Project Verification Activity Log

In order to assist verification bodies to prioritize and undertake tasks relevant to each project type, verifiers may also complete a Project Verification Activity Log specific to the project type and upload a completed copy to the Reserve. This document is private and only available for the Reserve and the project developer to view. This step is currently optional -it was instituted at the request of verification bodies to help them better understand the minimum level of tasks that must be undertaken during verification activities. There are currently two different forms: one for methane-based projects (Livestock and Landfill) and one for forest projects. These are available on our website at **www.climateactionreserve.org** and can be uploaded into the Reserve when verification activities have been completed.

3.9. Project Developer Review of Verification Report

Once a project developer receives a Verification Report from their verification body, they should have at least 30 days to review and comment on the Verification Report. At the end of that review, the Lead Verifier and the appropriate official at the project developer's organization should hold an exit meeting to discuss the nature of any material or immaterial misstatements and review any corrective action taken place.

Verifiers should prepare a brief summary presentation of their verification findings for the project developer's key personnel. At the exit meeting, verifiers and project developers might exchange lessons learned about the verification process and share thoughts for improving the verification process in the future. Verifiers and project developers may wish to consider joint feedback to the Reserve.

The goals of this meeting should be:

- Acceptance of the Verification Report, List of Findings, and Opinion (unless material misstatements exist and can be remediated, in which case the verification contract may need to be revised and a second verification process scheduled). If the project developer does not wish to retain the verifier for the re-verification process, the verification body must turn over the project developer's relevant documentation to the project developer within 30 days.
- Authorization for the verification body to complete the verification and upload necessary documents to the Reserve.

If the verification body is under contract for verification activities in future years, the verification body and project developer may wish to establish a schedule for the next year's verification activities.

3.10. Submitting the Verification Opinion, List of Findings & Verification Report to the Reserve

Once the Verification Opinion, the List of Findings and the Verification Report are complete, the verification body must electronically submit all verification documents into the Reserve software (use of the project verification activity checklist is optional). When all of the associated documents have been successfully uploaded, the Reserve staff will receive electronic notification and this will trigger a review of the underlying documents supporting the data within the Reserve.

Reserve staff will then perform a high level internal review of the data contained within the Reserve and compare it to the Verification Report, the Verification Opinion and the List of Findings to ensure that all proper procedures were undertaken by both the project developer and the verification body. It is the role of the Reserve to monitor the performance of the verification bodies and project developers on an ongoing basis.

In this review, Reserve staff is looking to ensure consistency between projects, between verification bodies and to ensure compliance with is protocols, processes and procedures. It does this to maintain and uphold the integrity of the data contained within the Reserve. More often than not, Reserve staff may request corrections or clarifications from either the verification body or the project developer. It will first give the verification body the opportunity to explain any inconsistencies or issues it finds, but also may go directly to the project developer if minor issues are found (i.e. incorrect form uploaded, no signature on Verification Opinion, etc.).

Once any outstanding issues have been resolved successfully, CRTs will be issued to the project developer and the Verification Report and Verification Opinion will be made public.

3.11. Verification Oversight

Oversight is a review for quality assurance purposes to oversee verification activities undertaken by accredited verification bodies under the Reserve and evaluates the reasonableness of the emissions information being reported. The objective is to uphold the integrity and quality of verification services and to provide feedback to the Reserve on both the project and the manner in which project verification activities are being undertaken. This is an important element of the Reserve program and provides an extra level of assurance and transparency in the validity of the credits being issued under the Reserve.

The Reserve reserves the right to require oversight at anytime, to be conducted by a Reserve staff member, partner or Reserve consultant. An entity or partner that may perform oversight on behalf of the Reserve is a regulatory agency, the accrediting body (e.g. ANSI), or a contractor hired by the Reserve to perform that function. Additionally, where projects may be used for regulatory compliance, the relevant regulatory authority may request the ability to provide oversight as well. The Reserve staff or representative will make every effort to not impede the verification process.

Most instances of oversight will occur on a randomly selected basis. However, a verification body can expect oversight to occur in the following instances:

- A first verification within a specific sector for that verification body
- The first verification managed by a newly-approved Lead Verifier for that verification body
- When issues, warnings or complaints regarding the verification body or project developer arise

The oversight staff may require access to detailed business information and records, activity data, invoices or any other related project materials. This may involve requesting access to on-site locations that may have GHG emission sources or related activities and project developer information, data, records, or copies of records; observing verifiers during any exchange of project developer data or data analyses; and/or asking the verifier to provide specific information related to their on-site and off-site data analyses.

Information that is proprietary will be handled confidentially. The Reserve or its partners or consultants performing oversight are willing to enter into a Non-Disclosure Agreement (NDA) should the verification body or project developer require it. A standard NDA form can be found on the Reserve website.

Travel costs and expenses for staff time incurred to perform oversight will be at the expense of the Reserve. To minimize costs associated with reproduction or shipping, records should be shared electronically where possible. If this is not possible, the project developer may incur costs associated with providing relevant documentation.

A staff member, partner or consultant performing oversight for the Reserve will observe and evaluate:

- the performance of the verification body, reviewing its processes and procedures while conducting verification activities
- whether the project activities are consistent with the applicable protocol
- if quality assurance procedures inform the reasonableness of data reported to the Reserve

The Reserve representative performing oversight will discuss preliminary observations and evaluations with the verification body and project developer and any findings before reporting this to the Reserve.

If for any reason the Reserve finds that a verification body has failed to meet the standards of Reserve, it may take corrective actions such as issuing warnings, notices to correct, or may disqualify them for a period of up to five years.

Complaints or inappropriate action noted during oversight activities should be documented and reported to the Reserve. The Reserve welcomes all feedback regarding the oversight process and will make an effort to clearly coordinate and communicate these activities to verification bodies and project developers, but reserves the right to adjust verification activities start dates to accommodate all relevant parties' schedules. It is vital that verification bodies provide the required 10 business days notice to the Reserve of all planned verification activities.

3.12. Dispute Resolution Process

There may be instances where verification bodies and project developers cannot agree on the verification findings. In such instances, the project developer and verification body should attempt to reach a resolution, relying first on the verification body's internal dispute resolution process (as required by ISO 14065). Either party can contact the Reserve for assistance in resolving any minor issues that require guidance on the project protocols.

If a resolution cannot be reached, verification bodies should then request a resolution from the accreditation body by submitting a request as instructed by the accreditation body when they received their accreditation.

The accreditation body (currently ANSI, but this could expand to other programs) will review the area of dispute. To do so, it may interview the project developer and the verification body and/or request documentation related to the dispute. The accreditation body will reach a unanimous, binding decision concerning verifiability and will notify the verification body and the project developer of its decision.

3.13. Record Keeping and Retention

The verification body should remind the project developer to retain sufficient records to enable an ex-post verification of the project developer's emissions. The Reserve recommends that the following records be retained for a minimum of seven years as specified by contract with the project developer and after the end of the crediting period.

Verification bodies should retain physical and electronic copies for a minimum of seven years, as applicable, of:

- The project developer's GHG emissions report entered into the Reserve software
- The Verification Report;
- The List of Findings, and
- The Verification Opinion.

The project developer must also maintain the following documentation for a minimum of seven years:

- Contact information for the lead verifier and a responsible corporate officer at the project developer's organization;
- A general description of the project developer's organization;
- The geographic boundaries;
- The number of facilities and operations assessed in the verification activities;
- The sources of emissions identified;
- The GHGs evaluated; baseline calculations, meter calibrations, easement
- Assessment of emission factors, demonstrating greater accuracy if not default emission factors;
- Copies of fuel usage, monitoring and metering records, or other activity data used in sample recalculations;
- Verification methodology used based on the size and complexity of the project developer;
- Sampling procedures for selecting site visits;
- Dates of site visits;
- The verifier's evaluation of the project developer's management systems; and
- The verifier's estimates of the project developer's GHG reductions or removals.

Copies of the original activity data records are necessary to perform an ex-post verification.

3.14. Timeline of Verification Process

All projects must go through verification within 30 months of being submitted to the Reserve. Following initial verification and registration, all non-forest projects must be verified at least annually. Forest projects may submit annual monitoring reports in lieu of annual verification, but may not go longer than six years between verifications. The verification deadline for a specific project is established by the project's first verification and registration of the actual tonnes issued. For those projects that require annual verification, the verification report and opinion must be submitted within 6 months of the end of the time period for which project activities were verified.

Regardless of the timing of verification, projects that require annual verification only allow for 12 months of reductions/removals to be verified and credited by an annual verification. The only exception is for pre-existing projects undergoing their first verification; the first Verification Opinion and Report for these projects may cover multiple years, back to the project's start date. Therefore, the project developer does not gain the ability to verify more reduction tonnes by delaying verification.

Most projects must be verified at least annually, but the Reserve will also accept verified emission reports on a sub-annual basis. Some project developers may choose to verify at more frequent intervals, for instance, they may wish to confirm their project's performance by proceeding with verification as soon as their project is eligible for CRTs to be registered.

The verification process itself can take a substantial amount of time depending on various factors. The better organized the documentation and management systems, the less time verification will take. Incorporating all of the steps and procedures involved in reporting, reviewing and verifying credible emissions data ensures the creditability of the Reserve. The following table provides an overview of the consecutive steps and necessary lapses of time between steps in the verification process.

Table 3.14-1: Verification Process Timeline

Activity	Elapsed Time
Preparing for Verification	
Contacted by project developer to submit proposal for services	Where no consulting or verification activities for 3 years prior to contract
Selected by project developer	Varies
Submit notification of planned verification activities and request for case-by-case determination of COI to Reserve (NOVA/COI)	Prior to contract negotiation
Reserve evaluates and issues approval to proceed	10 business days
Negotiate contract with project developer	Varies
Project Verification Activities	
Project developer enters project data into the Reserve	Maximum 2 years after listing
Begin verification activities	Varies
Completing the Verification Process	
Verification body issues list of findings and corrective actions to project developer	Varies
Submit Verification Report and Opinion to project developer	Varies
Project developer reviews Verification Report and Opinion and returns to verification body	One month
Verification body discusses findings with project developer	Varies
Project developer authorizes submission of electronic Verification Form to the Reserve	Varies
Verification body cannot provide consulting services to project developer	One year
Project developer chooses a new verification body	Maximum of six years

4. Glossary

Accreditation body	Under ISO 14065, this is the authoritative body that assesses a verification body's competence to perform GHG verification activities. This role is currently performed by ANSI, but could in the future be performed by other organizations as well.
California Climate Action Registry	Formerly a private nonprofit organization committed to solving climate change through emissions accounting and reduction. Now the subsidiary program of its parent organization, the Climate Action Reserve.
Climate Action Reserve	A private nonprofit organization to ensure the integrity, transparency and financial value within the North American market. This national offsets program that establishes standards for quantifying and verifying GHG emission reduction projects, issues carbon credits generated from such projects, and tracks the transfer and retirement of credits in a publicly-accessible online system.
Climate Reserve Tonne or CRT	Pronounced "carrot" the measure of the offsetting activity resulting from project activity under the Reserve. One Climate Reserve Tonne is equal to one metric ton of GHG reduced/sequestered
Conflict of Interest	A situation in which, because of other activities or relationships with other persons or organizations, a person or firm is unable or potentially unable to render an impartial Verification Opinion of a potential client's GHG emissions, or the person or firm's objectivity in performing verification activities is or might be otherwise compromised.
Inherent Uncertainty	The scientific uncertainty associated with measuring GHG emissions due to limitations on monitoring equipment, or measurement methodologies.
Lead Verifier	A Lead Verifier is primarily responsible for directing, supervising and the quality of verification activities undertaken on behalf of the Reserve. Each Lead Verifier must be designated as such on the COI Form, the Designated Staff Form and successfully complete sector specific project verifier training. Each Verification Body must have a minimum of two Lead Verifiers on staff or subcontracted.
Listed	A project that has been accepted for verification by the Reserve and appears in the public interface of the Reserve system. To be listed a project developer must provide all project submission forms and have them satisfactorily reviewed by Reserve staff.
Material Misstatement	An error (for example from an oversight, omission or miscalculation) that results in the reported quantity being significantly different from the true value to an extent that will influence performance or decisions.

On-site assessment	The accreditation body will conduct a two to three day assessment at the site of the verification body's main office(s). The purpose of this assessment is to confirm whether the operational capability of the verification body conforms to ISO 14065, ISO 14064-3, and the specific sector. This assessment is to provide assurance that the verification body has the capacity to perform the activities related to the scopes of accreditation for which it has applied.
Project developer	An organization or individual that develops projects for the purpose of generating emission reductions or removals and holds the legal title and all beneficial ownership rights with respect to the account and the CRTs in the account, or with respect to the CRTs that will be retired in a Group Retirement Subaccount. In the Reserve software system, project developers may be issued CRTs for the verified emission reductions/removals that their projects achieve. They can also transfer and manage CRTs.
Project protocol	A Reserve-developed document that contains the eligibility rules, GHG assessment boundary, quantification methodologies, monitoring and reporting parameters, etc. for a specific project type. Project protocols are akin to “methodologies” in other offset programs.
Reduction	A verified decrease in GHG emissions caused by a project, as measured against an appropriate forward-looking estimate of baseline emissions for the project.
Reporting Uncertainty	The errors made in identifying emission sources and managing and calculating GHG emissions. This differs from inherent uncertainty due to incomplete understanding of climate science or a lack of ability to measure greenhouse gas emissions.
Registered	A project is considered “registered” when the project has been verified by an approved third-party verifier, submitted by the project developer to the Reserve for final approval, and approved by the Reserve.
Removal	A verified increase in carbon stocks caused by a forest project, as measured against an appropriate forward-looking estimate of baseline carbon stocks for the project.
Retired	CRTs transferred to a retirement account in the Reserve System are considered retired. Retirement accounts are permanent and locked, so that a retired CRT cannot be transferred again. CRTs are retired when they have been used to offset an equivalent tonne of emissions or have been removed from further transactions on behalf of the environment.

Senior Internal Reviewer	The Senior Internal Reviewer must be an active Lead Verifier as designated on the COI Form, the Designated Staff Form and has successfully completed sector specific project verifier training. The Senior Internal Reviewer must remain independent of all verification activities and must perform a final quality assurance review on the data, the Verification Report, the List of Findings and must sign the Verification Opinion attesting to the accuracy of reported data. The Senior Internal Reviewer must not participate in site visits as this would compromise their objectivity and independence in the final review.
Submitted	A project is considered "submitted" when all of the appropriate forms have been uploaded and submitted to Reserve software, and the project developer has paid the project listing fee.
Trader/Broker/Retailer	An organization or individual that transfers and manages CRTs in the Reserve system, but does not develop its own projects. Holds legal title and all beneficial ownership rights with respect to the account and the CRTs in the account or with respect to CRTs that will be retired in a Group Retirement Subaccount, the account holder has been authorized to act on behalf of the holder of the legal title and/or beneficial ownership rights in those CRTs.
Validation	The process by which an independent validation body assesses a project plan for GHG reductions or removals and deals with the assessment of potential future outcomes. Validation is typically required for projects that do not follow established protocols and occurs prior to project implementation to establish the methodology, scope and eligibility to create GHG reductions or removals.
Verification	The process used to ensure that a given project developer's GHG emissions reductions or removals (either the baseline or annual result) has met a minimum quality standard and complied with the Reserve's procedures and protocols.
Verification body	An organization or company that has been accredited by ANSI to ISO 14065:2007 standards or approved by the Reserve to perform GHG verification activities for specific project protocols.
Verified	A project is considered "verified" when the project verifier has submitted the project's Verification Opinion and the Verification Report in the Reserve system.
Verifier	An individual that is employed by or subcontracted to an ANSI accredited or CCAR approved verification body and is qualified to provide verification services for specific project protocols.

Witness assessment	The accrediting body will observe the verification body in the performance of tasks related to the verification process for the scope (or group of sectoral scopes) of accreditation for which it has applied. The purpose of the witness assessment is to assess whether verification activities are in line with its documented quality procedures and to assess the capability to conform to the applicable sectoral scope(s) applied for.