

OBSERVATIONS IN RELATION TO CATEGORY ASSESSMENT

RENEWABLE ENERGY

APRIL 2026

1. Purpose of these observations

The Governing Board (the Board) of the Integrity Council for the Voluntary Carbon Market (ICVCM), when considering the assessment of methodologies related to Renewable Energy identified that it would be beneficial to make available their observations for the purpose of supporting the future development of methodologies in this Category.

These observations are non-binding and do not impact or form any part of the Assessment Framework, Assessment Procedure, or any Decision (as defined under the Assessment Framework) and are published by the ICVCM for the purpose of information only.

The ICVCM may, from time to time, publish other observations for other Categories where it considers this may be useful for CCP-Eligible Programs and other stakeholders, and may update and revise its observations from time to time based on further assessment processes or information. Observations are not an exhaustive set of views of the Governing Board, and not all aspects addressed in assessment processes are included. No reliance may be placed on observations, as they are for the purpose of information only, and observations published are without prejudice to other ongoing assessments.

The Governing Board would like to express its gratitude to the experts and other stakeholders engaged in the assessment process who provided input to the ICVCM regarding this Category.

2. Observations relating to renewable energy methodologies

The Governing Board's observations regarding the assessment of Renewable Energy methodologies against the ICVCM Assessment Framework and its Core Carbon Principles generally relate to robust quantification and additionality.

The methodology within this Category considered by the Governing Board and to which these observations relate is VMR0017 Grid-connected electricity generation from renewable sources (ACM0002 revision) version 1.0 applied under the Verified Carbon Standard (VCS). Observations that were published in July 2024¹ relate to other methodologies, including the original ACM0002, within this Category.

3. General category information

¹ https://icvcm.org/wp-content/uploads/2024/08/ICVCM_Board-Observations-for-RE.pdf

The Renewable Energy (Grid-Connected) Category covers emission reductions achieved through the displacement of grid-supplied electricity that would otherwise be generated using more greenhouse-gas-intensive sources.

Eligible technologies may include wind, solar and geothermal in projects that may involve construction and operation of new power plants; or retrofit, rehabilitation, refurbishment, replacement, or capacity expansion of existing power plants. Under certain conditions, projects may also integrate battery energy storage systems or pumped-storage facilities operating in coordination with a renewable energy plant.

4. Observations relating to Robust Quantification

Grid Emission Factors

The Governing Board decision taken on 30 July 2024 on the Renewable Energy category identified that some grid-connected methodologies from this category, including ACM0002 under Verra², did not meet the relevant robust quantification requirements of the Assessment Framework when quantifying the grid emission factor of a project. Verra's revised methodology VMR0017 addresses these concerns through the mandatory use of a new VCS tool VT0011 – Electricity System Emission Factors. This tool includes several improvements, including an increased conservativeness of the combined margin weighting, as well as the inclusion of all projects in the VCS and other Programs within the operating and build margin dataset.

Due to delays in release of grid emissions data, VT0011 does not always require alignment between the emission factor data year and the carbon credit issuance year. The Governing Board notes that the Paris Agreement Crediting Mechanism (PACM) (Article 6.4), methodological tool Emissions from Electricity Generation and Consumption (v1.0)³, incorporates an adjustment factor to account for an expected decline in grid emission factors over time. The Governing Board invites CCP-Eligible Programs to consider these and other ongoing developments in approaches to grid emission factors and, where appropriate, review and/or revise this element in future methodology updates submitted for ICVCM assessment.

5. Observations relating to Additionality

Benchmark analysis

The Governing Board decision taken on 30 July 2024 on the Renewable Energy category identified that some methodologies from this category, including ACM0002 under Verra, did not always have evidential requirements that meant conformity with the requirements of the ICVCM Assessment Framework could be determined with confidence⁴.

The Governing Board invited CCP-Eligible programs to consider reviewing and/or updating their methodologies/tools to be in line with Assessment Framework requirements on Additionality and, in the context of renewable energy mitigation activities, to consider introducing specific guidance on the validation of technology penetration rates. At the time, the Governing Board also

² https://icvcm.org/wp-content/uploads/2024/08/GS_ACM0002_v1-21_2024.pdf

³ <https://unfccc.int/sites/default/files/resource/A6.4-AMT-007-v01.0.pdf>

⁴ Note that the Assessment Framework recognizes several ways to demonstrate additionality and includes requirements that ensure transparent and robust demonstration of that additionality. Please refer to ICVCM [Assessment Framework](#) Criterion 8.1: Additionality Demonstration, as well as to Paragraph 3.3 and footnote 6 of the ICVCM [Assessment Procedure](#)

noted that methodological experts consider that there can be activity-to-activity variance for renewable energy technologies (so that even within a given group of potential activities that are largely competitive without carbon revenue, some activities might be additional).

In October 2024, Verra published new additionality tools⁵⁶, which are referenced in in Verra's revised methodology VMR0017. These updated additionality tools improve the reliability of testing for additionality at the activity level; for example, additionality is demonstrated via a test comprised of all of the following: regulatory surplus, investment analysis and common practice. The barrier analysis is no longer permitted as an option in this methodology. However, the Governing Board decided that VMR0017 when applying the tool VT0008 – Additionality Assessment only meets the Assessment Framework where a benchmark analysis shows that the economic performance of the mitigation activity increases decisively through carbon credit revenues and carbon credit revenues raise the relevant financial indicator to or above the required financial benchmark.

The Governing Board is aware of similar, qualitative approaches under the PACM that are designed to show that carbon revenues are decisive in overcoming financial barriers⁷. The Assessment Framework recognizes several ways to demonstrate additionality, provided they ensure a transparent and robust demonstration of that additionality.

Common practice

VMR0017 relies on a tool based common practice analysis, which include penetration thresholds and the identification of comparable activities. The Governing Board decided that VMR0017 meets the requirements of the assessment framework provided the common practice test appropriately defines the comparable activities in terms of recent uptake and can distinguish between 'similar' and 'different' activities - which is the case for the technologies that are applicable under this methodology.

⁵ <https://verra.org/methodologies/vt0008-additionality-assessment/>

⁶ <https://verra.org/methodologies/vt0009-combined-baseline-and-additionality-assessment/>

⁷ <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-002>