

VER - Northmore Gordon

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VER

VER stands for Verified Emission Reduction. A Verified Emission Reduction is a reduction in greenhouse gas emissions from a project that is independently audited against a third-party certification standard. Each verified emission reduction represents one metric tonne of carbon dioxide equivalent emissions (mtCO₂e). VERs are verified through independent audit processes that confirm the legitimacy of claimed emissions reductions.

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What does VER stand for?

VER stands for Verified Emission Reduction. A Verified Emission Reduction is a reduction in greenhouse gas emissions from a project that is independently audited against a third-party certification standard. Each verified emission reduction represents one metric tonne of carbon dioxide equivalent emissions (mtCO₂e). VERs are verified through independent audit processes that confirm the legitimacy of claimed emissions reductions.

How do VERs differ from other environmental certificates like ACCUs?

VERs and ACCUs belong to different programmes with distinct eligibility, creation and use rules. An ACCU (Australian Carbon Credit Unit) is issued under Australia's domestic ACCU Scheme administered by the Clean Energy Regulator for projects meeting specific methods and registration requirements. VERs are verified against third-party international standards. The ACCU Scheme applies methods, registration and reporting requirements to particular projects and does not issue credits for every reduction shown in a company's emissions inventory. Both represent carbon-equivalent reductions but operate under different governance frameworks.

What is the practical significance of having emissions reductions independently verified?

Independent verification establishes credibility and accountability for claimed emissions reductions. Third-party certification against recognised standards provides objective evidence that a project has achieved its stated emissions outcomes. This verification is essential for supporting corporate carbon claims, meeting reporting obligations and enabling the sale or trading of certificates as financial instruments. Our carbon advisory services include environmental-attribute due diligence to verify the integrity and validity of purchased renewable attributes and carbon offsets before procurement and

retirement.

When assessing a project that might generate VERs, what key questions should be addressed first?

Start by identifying the reporting object being measured—whether an organisation, product, project or particular energy purchase. Establish the applicable reporting framework and boundary statement, including the entities or activities included, the reporting period, data sources and any exclusions. Determine which approved method and evidence will establish eligible abatement. Clarify the intended claim and whether VER retirement will support a particular environmental assertion. Our carbon advisory services can help establish carbon-accounting boundaries and connect emissions information with engineering, procurement and investment decisions.

Why is it important to keep VERs separate from other benefit categories in an investment case?

Certificate proceeds, energy savings and maintenance benefits serve different accounting and financial purposes and must be tracked distinctly. Treat VER quantity, eligibility, verification costs and sale price as separate variables rather than overlapping estimates. The commercial case should show base-case economics without unconfirmed certificate proceeds, then present an incentive scenario separately. This clarity prevents double-counting benefits and allows management to understand the project's merit independent of conditional support. We recommend comparing alternatives with the same operating requirements, price assumptions and benefit-line treatment.

What role does scheme-specific guidance play in understanding VER definitions?

Scheme-specific definitions in applicable rules take precedence over plain-language glossary definitions. The term 'VER' may have different technical meanings depending on the certification standard and programme under which the reduction is being assessed and verified. Before relying on a VER estimate or making a claim involving verified reductions, consult the exact requirements of the governing scheme, not a generic brochure or historical case study. Our knowledge library emphasises that the relevant instrument depends on the activity, jurisdiction, timing and intended claim.

How should forecast VER quantities be distinguished from actual issued or verified quantities?

Keep forecast quantities, submitted claims and verified results clearly separate in project documentation. An estimate or registration does not establish that units have actually been issued. Maintain versioned calculations showing how a projected abatement quantity translates into a possible VER claim, with identified assumptions about method eligibility, measured outcomes and administrative processes. Treat the quantity and market price of VERs as different uncertainties in commercial modelling. We recommend maintaining a claim file that retains exact wording, supporting calculations, source documents, period, assumptions and approver for each environmental claim.

What due diligence should be undertaken before purchasing or retiring VERs?

Before retiring VERs to support an organisational or product claim, verify their scheme, registry, project, issuance record, period and ownership. Confirm that the attributes represented by the VERs align with the intended claim and reporting boundary. Assess whether previous arrangements, commencement dates or contractual commitments affect eligibility. Environmental-attribute due diligence involves verifying the integrity and validity of purchased instruments before procurement and retirement. We provide environmental-attribute due diligence services as part of our carbon advisory offerings to help clients manage renewable electricity attributes and carbon offsets appropriately.

Can VER proceeds be assumed in an investment case without verification of eligibility?

No. Use a funding-status register to distinguish discovered, assessed, applied, conditionally approved and actually issued VERs. Present the project with and without conditional VER contributions to show the decision remains sound if support is delayed, reduced or unavailable. Identify the point at which

management would need to revisit the investment decision if VER revenue is not realised. Before combining VER support with other funding sources, explicitly check restrictions in each programme and the allocation of project outcomes and rights. Keep the operating merits of the project visible alongside financing options.