

# ***GHG Verification***

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# Outline

What is verification

Why is verification important

What are the roles and responsibilities

How is verification approached

What happens during verification

Top 10 hints in surviving a verification

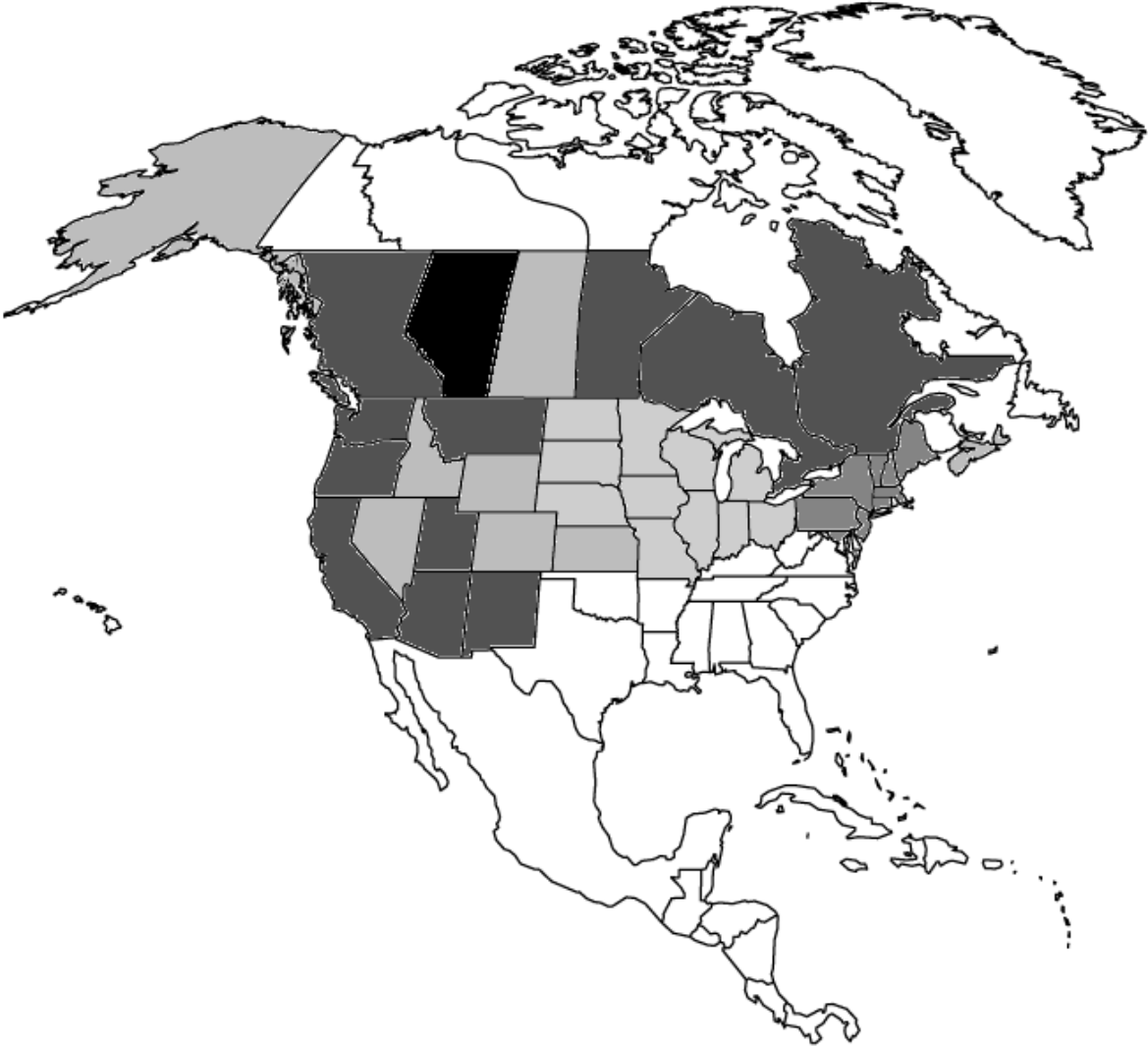
## Definition of Verification

Verification is an assurance process. Its purpose is to provide comfort that a GHG assertion is, for all intents and purposes, correct.

# Assurance Services

<b>Assurance Service</b>	<b>Description</b>
Validation	An assurance service that examines the potential of a project to result in the stated GHG emission reduction or removal enhancements. It is a forward looking analysis.
Pre-Verification Check	An assurance service that examines the readiness of a project for verification and does not result in an assurance statement.
Verification	An assurance service that determines whether the stated GHG emission reductions or removal enhancements are materially complete and accurate. It examines historic data.

# Introduction of Climate Change Regulations



## Preconditions for Markets to Work

- Homogeneous product;
- Large number of small firms;
- Firms optimize the economics;
- No barriers to entry and exit; and
- Firms and consumers have perfect information.

# Verification Approach

Similar to financial audits

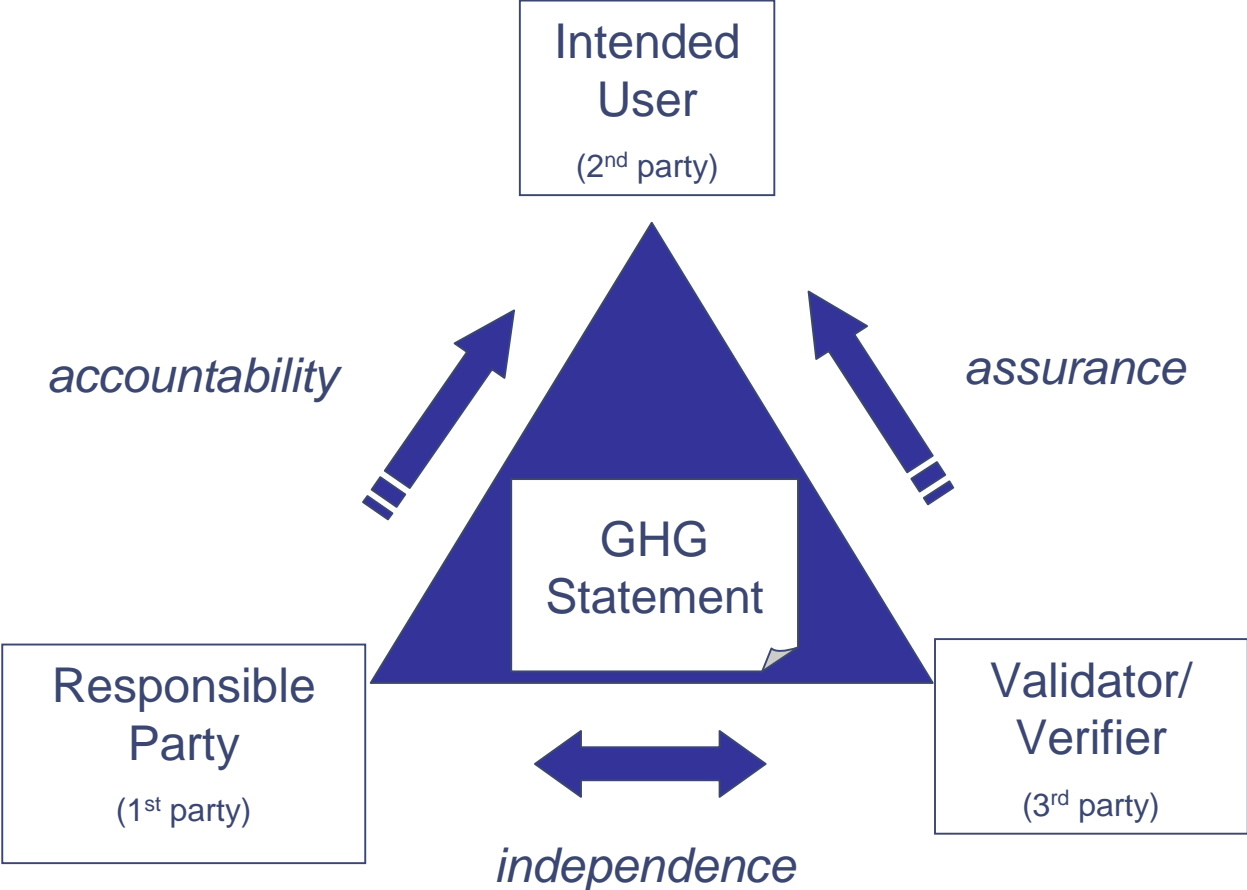
Verification standards

- ISO 14064 part 3
- CICA 5025
- ISAE 3000

Verification criteria

- Defined by GHG Scheme

# Third Party Verification





# Before

Select the verifier

- Organizational systems
- Team

Agree to contract

- Scope
- Criteria
- Objectives
- Level of assurance
- Materiality

Select the team

Agree to contract

## Before

## During

Select the verifier

- Organizational systems
- Team

Agree to contract

Draft GHG assertion  
Preliminary data  
Site visit

Follow-up  
Revisions to GHG assertion  
Disclosure

- Scope
- Criteria
- Objectives
- Level of assurance
- Materiality

- Assertion
- Data
- Procedures
- Processes
- Records

- Computation
- Observation
- Confirmation
- Enquiry
- Inspection
- Analysis

Select the team  
Agree to contract  
Risk assessment

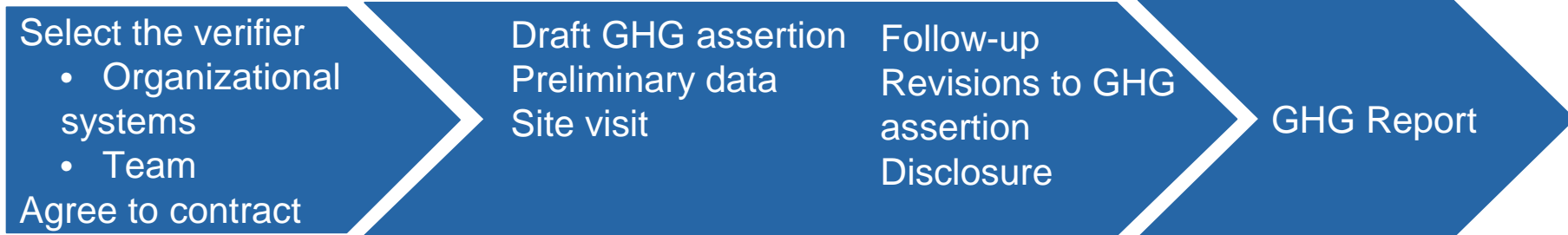
Preliminary analytical testing  
Gain an understanding

Collection of evidence  
Evaluation of assertion  
Discussions

## Before

## During

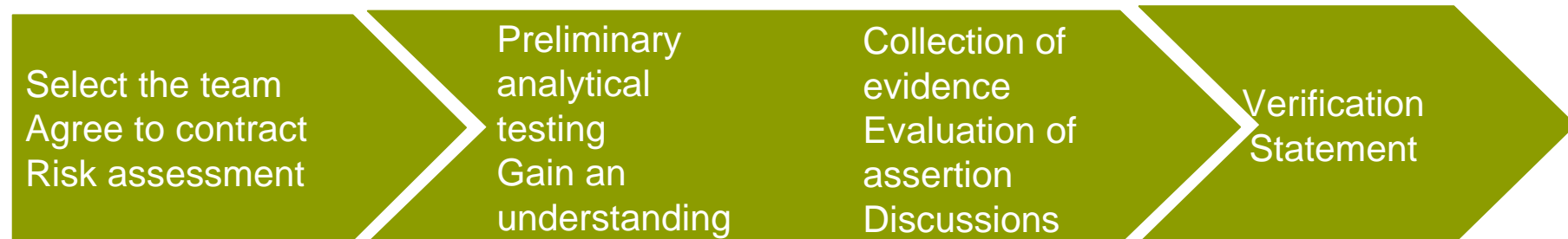
## After



- Scope
- Criteria
- Objectives
- Level of assurance
- Materiality

- Assertion
- Data
- Procedures
- Processes
- Records

- Computation
- Observation
- Confirmation
- Enquiry
- Inspection
- Analysis



# Costs of GHG Verification

- Scope
- Level of Assurance
- Complexity of the Regulations
- Complexity of the Process, Data Management Systems and Calculations
- Availability of Evidence
- Complexity of Reporting Requirements
- Data Controls

## Top 10 Hints

1. Same goals.
2. Improve the data management system and controls.
3. The better the data management system the more efficient (less cost) the verification.
4. Document data trail.
5. EMS documentation is generally not relevant.

## Top 10 Hints

6. There are no findings in a verification.
7. Verifiers do not expect the GHG assertion to be correct.
8. All issues do not have to be resolved when the verifiers leaves the site.
9. All documentation does not have to be ready at the site.
10. Use the verifiers working paper files.

## Concluding Remarks

- Climate change is occurring and we are the cause
- Climate change is a market failure that requires regulation to correct
- Strong preference for a carbon market based systems
- Good data integrity is a fundamental requirement for a functioning market or regulation
- Data integrity can be enhanced many ways; however, GHG verification is a commonly employed tool
- Use verification to enhance your systems

Thank you

They always say time changes things, but you actually have to change them yourself.

Andy Warhol (1928 - 1987), *The Philosophy of Andy Warhol*



## For further information:

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