

# Prepare for Verification

## Conducting Verification to Meet the Requirements of the Massachusetts Mandatory Greenhouse Gas Reporting Program

September 13, 2011

~Please enter your audio pin~

**Dial in:** (805) 309-0021, **Access code:** 470-650-219

*MassDEP is committed to achieving meaningful accessibility to our online environments for all users, including users with disabilities. If you encounter any difficulties with accessibility with our site or applications, please contact Kellie Ingram at 617-292-5744 or [kellie.ingram@state.ma.us](mailto:kellie.ingram@state.ma.us). For special accommodations for events or hearing information in an alternate format, please contact Donald Gomes, ADA Coordinator at 617-556-1057 or TDD# 1-866-539-7622.*



MassDEP



The Climate Registry

# On The Call

- Jackie Zorovich
  - Verification Director
    - The Climate Registry (The Registry)
- Will Space & Loreen Kelley
  - Environmental Analysts
    - Massachusetts Department of Environmental Protection (MassDEP)



# Role of The Climate Registry

- MassDEP partnered with The Registry to provide support services for the MA Greenhouse Gas (GHG) Reporting Program
  - Helpline & trainings for Facility reporters
  - MA GHG Registry online reporting tool
    - Module in the Climate Registry Information System (CRIS)
  - Verification program support



# Training Objectives

- Overview of MA GHG Reporting Regulation requirements for verification
- Understand the steps of verification
  - Identify MassDEP-recognized Verification Body (VB)
  - Understand verification activities
  - Review verification timeline and deadlines
- Where to find more information



# MA GHG Reporting Regulation Requirements for Verification

- Facilities are required to employ a MassDEP-recognized Verification Body to verify their GHG emissions Facility Report for that Facility once every three years: 310 CMR 7.71(7)
- Triennial Verification Deadlines
- MassDEP-recognized Verification Bodies
- General Verification Protocol
- Verification Exemptions
- Additional Guidance
  - Frequently Asked Questions (FAQ) document
  - Verification Process Checklist
  - [www.mass.gov/dep/air/climate/reporting.htm](http://www.mass.gov/dep/air/climate/reporting.htm)



# Facility Reporting & Verification Deadlines (310 CMR 7.71)

- Staggered verification schedule
- Verification is triennial

Criteria	Reporting Deadline for First GHG Report	Reporting Deadline for First Verified GHG Report	Verification Deadline
Reported >25,000 short tons CO <sub>2</sub> in 2009	June 15, 2010* (2009 emissions)	<b>April 15, 2011</b> <b>(2010 emissions)</b>	<b>December 31, 2011</b>
Reported >10,000 short tons CO <sub>2</sub> -e in 2010 (and < 25,000 short tons CO <sub>2</sub> in 2009)	June 15, 2010* (2009 emissions)	April 15, 2012 (2011 emissions)	December 31, 2012
All other Facilities	June 15, 2010* (2009 emissions)	April 15, 2013 (2012 emissions)	December 31, 2013

\* June 15, 2010 was an extension from the original April 15, 2010 deadline.



MassDEP



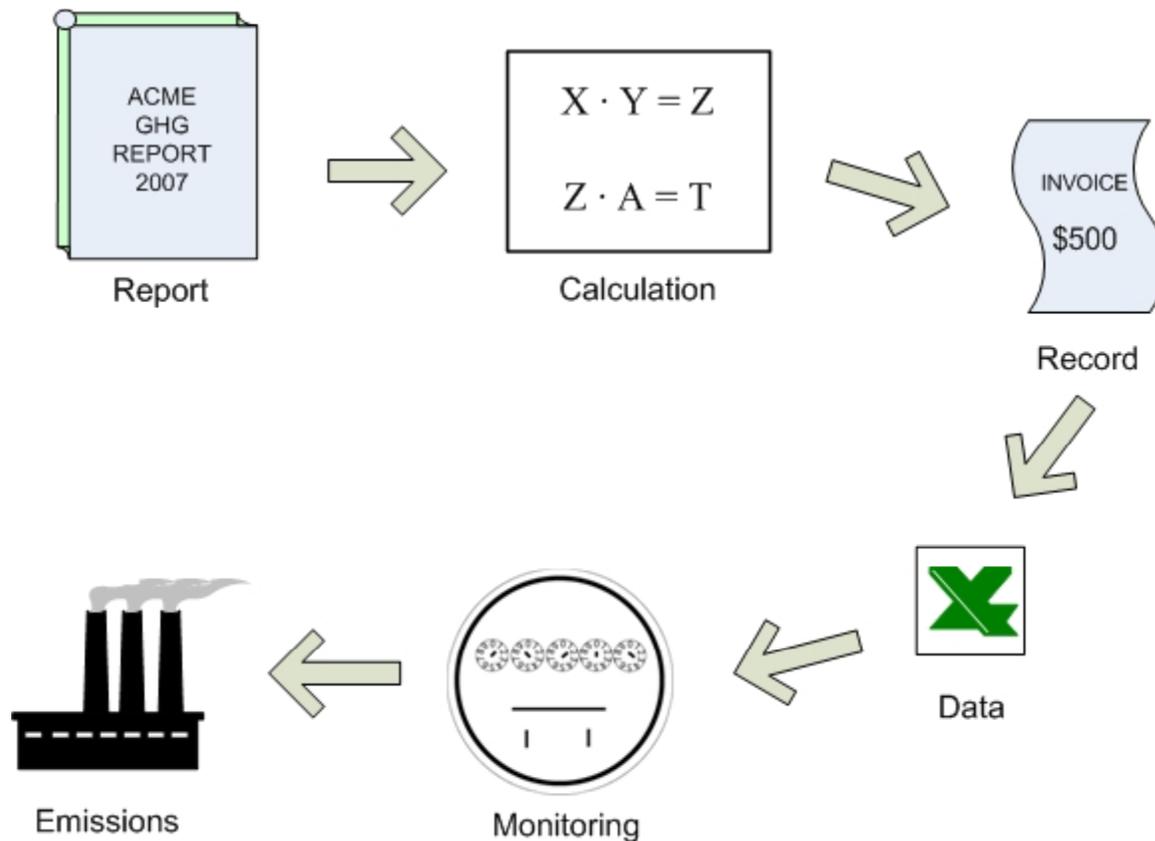
The Climate Registry

# Overview of Verification

- What is verification?
  - Independent review that evaluates whether your reported emissions meet a minimum quality standard
- What is a Verification Body (VB)?
  - Organization retained to conduct independent review
- Who is a Verifier?
  - An individual working for a VB



# Good data management establishes a clear trail for compliance and verification



Graphic courtesy of:  
First Environment



MassDEP



The Climate Registry

# Key Players in Verification

1. MassDEP
2. Accreditation Body
  - American National Standards Institute
  - Accredits to ISO 14065
3. Verification Body
  - Lead Verifier – Leads the verification and assigns the team
  - Verifier – Individual member
  - Technical Expert – Provides specific industry knowledge
  - Independent Peer Reviewer – A Lead Verifier not involved in the verification activities, conducts an independent QA review
4. MA Facility
5. The Registry



# MassDEP-Recognized VBs

Directory of VBs available at

<http://www.mass.gov/dep/air/climate/Verifiers.htm>

These companies are:

1. Accredited by ANSI to ISO 14065
2. Recognized by The Climate Registry, and
3. Aware of the MA GHG Reporting Regulation



# Basic Principles of Verification

- Independence
  - No bias nor conflicts of interest
- Ethical Conduct
  - VBs must demonstrate trustworthiness, integrity, confidentiality, and discretion throughout the process
- Fair Presentation
  - VBs will reflect verification results truthfully and accurately
- Due Professional Care
  - VBs will exercise judgment and maintain the necessary skills and competences for verification



# Verification Requirements

- **Verification Criteria:**
  - The Registry’s General Verification Protocol
    - Facility visit required
    - 5% Materiality Threshold
    - 1,000 short ton threshold for simplified estimation methodologies per 310 CMR 7.71(5)
- **Scope:**
  - Facility-level verification
  - Sources required to be reported by MassDEP regulation
  - Note exemptions
- **MassDEP Submittals**
  - Conflict of Interest (COI) Assessment Form, Notification of Facility Visit, and Verification Statement



# Verification Process Checklist

Full checklist available on MassDEP's website

- Facility selects VB
- VB submits COI Assessment Form
  - 15 business days for COI determination
- Finalize contract for verification services
- VB develops verification plan
- VB notifies MassDEP of Facility visit
  - 15 business days in advance
- VB conducts verification activities
- VB provides report of findings
- Facility corrects material misstatements
- VB prepares final Verification Report Verification Statement

**This Year's Verification Deadline: December 31**



MassDEP



The Climate Registry

# Contacting a Verification Body

- Directory of MassDEP-recognized VBs
- Solicitation options:
  - Request for Proposal (RFP)
    - Keep the submission requirements as simple as possible to keep costs low
  - Request for Information (RFI)
  - Telephone interviews
- Begin contracting process



# Information to Include in an RFP

- Description of your organization
- Emissions Report
  - Reporting scope
  - GHGs reported (categories, sources, and gases)
  - If you have more than one Facility requiring verification under regulation:
    - Number and location of Facilities
- Description of your data management system
- Who prepared your inventory (consultant, compliance staff, other)



Sample RFP (for The Registry's Voluntary Program)

[www.theclimateregistry.org](http://www.theclimateregistry.org) > Member Resources > Verification  
> Verification Tips and Resources



# Considerations in Selecting a Verification Body

- Things to Consider
  - Previous relationships (Conflict of Interest)
  - Expertise in your sector
  - Location
  - Availability
  - Approach to work
  - Size / resources
  - Cost
- Upon selection, your VB must submit a Conflict of Interest form
- Allow 15 business days for COI determination
- Potential COI must be **LOW** to sign contract.



# What is a Conflict of Interest?

- Situation where a Verifier may be unable to provide an *objective review* of a participant's data
  - Pre-existing or ongoing financial or other organizational or personal relationships
- COI review promotes integrity and credibility
- Verification Bodies will submit a COI form to The Registry *prior* to beginning any verification activities



# Examples of High Potential for COI:

- The VB and Facility share any management
- The Verification Body:
  - Has provided GHG consultancy services to the Facility
  - Has provided non-GHG consultancy services that may influence the Verification Body's impartiality
- A member of the Verification team:
  - Was an employee of the Facility within the last three years
  - Provided any of the prohibited GHG consultancy services (See GVP pg. 31)
  - Has a direct financial interest in the Facility's company > \$5,000.



# Other Considerations when Planning for Verification

1. Complexity of operations
2. One or more Facilities under contract
3. Emission source types
4. Data exempt from verification (e.g., under 40 CFR Part 75)
5. Timing – proximity to verification deadline
6. Data monitoring systems
7. Data management
8. Proximity to simplified estimation threshold
9. Quality assurance



# Tip: After signing a contract

## Kick-off Call/Meeting

- Verification Body will provide:
  - An introduction to the Verification Team
  - Review scope of verification activities, including a proposed timeline
  - A request for background information
- Facility (you) will provide:
  - Background information and documentation
    - This may include any number of documents
    - See Table 4.1 in the GVP for more information on what you may be asked to provide



## Additionally,

- Who needs to be there?
- Is any Non-Disclosure agreement required?
- <http://www.theclimateregistry.org/resources/verification/verification-tips-and-resources/>



# Five Core Verification Activities



After the kick-off meeting your Verification Body will:

1. Assess conformance with the regulation requirements
2. Assess the completeness of your emission report
3. Perform a risk assessment
4. Develop a sampling plan for your Facility
5. Evaluate your GHG information systems and controls and emission estimates against verification criteria



# 1. Assess your conformance with the regulation

Your Verification Body will determine whether your report adheres to regulatory requirements:

- Use of approved calculation methodologies
- 1,000 short ton threshold for simplified estimation methodologies



## 2. Assess the Completeness of your Facility Report

Your Verification Body will check to see if you have included all sources and GHG emissions within your Facility



### 3. Perform a risk assessment



Verification Bodies will focus their attention on your:

- Data systems
- Processes
- Emissions sources
- Calculations

that pose the greatest risk of generating a material discrepancy (error greater than 5% at the Facility level)



## 4. Develop a Sampling Plan

- Risk-based approach focuses on sources with the greatest risk for material discrepancies
- Your VB will tailor a sampling plan to your Facility, considering:
  - The scale, complexity, and nature of your activities
  - Key reporting and control risks – Inaccuracies, inconsistencies, incompleteness, data management weaknesses, lack of internal audits
  - Exemptions, as defined by the regulation
- Sampling procedures entail statistical and non-statistical methods
- A Facility visit is required
  - VB must notify MassDEP at least 15 days before scheduled visit



# Exemptions from Verification

- **MassDEP regulation exempts following emissions from verification:**
  - GHG data verified & made available to the public through The Registry
  - 40 CFR Part 75
  - GHG emissions verified in accordance with offset provisions (310 CMR 7.70(10)) of CO<sub>2</sub> Budget Trading Program
- **What does this mean?**
  - Verification Statement separate fields to record emissions totals exempt from verification;
  - Must confirm that:
    - Facility's inventory is complete;
    - Quantity of emissions reported to EPA under Part 75 are consistent with report to MassDEP (*do not need to verify accuracy of these exempt emissions*)
    - Non-exempt emissions reported do not result in error > 5% of total Facility emissions (total including exempt emissions).



# Facility Visits



Your Verifier may need:

- Transportation/logistics
- Site access and “walk-about” privileges
  - Review with Verifier
- Health and safety information, including proper dress and personal protective equipment
- Maps
- Interview schedule



# 5. Evaluate your GHG information systems, controls and emission estimates against verification criteria

## Your Verification Body will:

- Collect evidence
  - Physical – Observation of equipment
  - Documentary
    - First-hand: invoices, log books, procedural manuals, etc.
    - Second-hand: summary spreadsheets
    - DO be able to locate key documents and explain who/how these are managed
  - Testimonial – interviews with personnel
- Review GHG data
- Crosscheck GHG calculations
- Evaluate material discrepancy
- Assess reported emissions and document findings



# Completing Verification Activities

- **Conduct Corrective Action**
  - Coordinate timing with your Verifier
  - MA GHG Program Helpline
  - **The Facility is responsible for making the appropriate corrections to GHG Facility Report.**
- **Hold Exit Meeting with VB**
  - VB provides:
    - Final Verification Report
    - Verification Statement
  - Review the verification activities and discuss any questions
- **Submit Verification Statement**
  - **The Facility is responsible for submitting the Verification Statement to MassDEP.**
  - Refer to Verification Process Checklist
  - Further instructions on MA GHG Registry forthcoming



# Climate Registry Voluntary Program Verification Resources

- General Verification Protocol
- Templates:
  - RFP
  - Contract
  - NDA

<http://www.theclimateregistry.org/resources/verification/verification-tips-and-resources/>

Home Page > Member Resources > Verification > Verification Tips and Resources



# For More Information

- Visit MassDEP's website:

[www.mass.gov/dep/air/climate/reporting.htm](http://www.mass.gov/dep/air/climate/reporting.htm)

- Link to additional Reporting Rule and training information
- Directory of MassDEP-recognized VBs
- MA User Getting Started Guide
- FAQs document
- Verification Program Checklist

- Contact Us

MassDEP Helpline: [MassDEP@theclimateregistry.org](mailto:MassDEP@theclimateregistry.org)

or 213-213-1240 (M-F 12:00 PM – 5:00 PM ET)

Jackie Zorovich at [jackie@theclimateregistry.org](mailto:jackie@theclimateregistry.org) or 201-238-2572

Loreen Kelley at [loreen.kelley@state.ma.us](mailto:loreen.kelley@state.ma.us) or 617-574-6815

