



## Non-Koyoto Compliant Reductions

Outside of [Kyoto compliant mechanisms](#), other actions taken to reduce greenhouse gas emissions are being verified and traded in the global over-the-counter market for greenhouse gas emissions. These are categorized as Non-Kyoto Compliant Reductions and broadly called Verified Emission Reductions (VERs).

While these certified credits meet stringent and, in some cases, very similar criteria to Kyoto Compliance, they do not comply with all regulations. Non-compliance might include “additionality” or “leakage” criteria, organizations that lack host country approval and projects that are just too small to meet the criteria that traditionally apply for CERs.

In the absence of standardized approval procedures for these types of emission reductions, VERs is now being standardized by several companies and organizations for use in the voluntary market. Generally, the value of these VERs is lower than CERs.

The voluntary market has expanded rapidly in recent years. As the name implies, there is no element of compulsion in the voluntary market. Its evolution has been shaped largely by increasing demand from companies, organizations, and individuals seeking to mitigate the negative consequences of their own greenhouse gas emissions.

Voluntary Carbon Standard (VCS) projects are voluntary initiatives to reduce emissions both in developed and developing countries. These projects generate Voluntary Carbon Units (VCUs). VCS procedures are similar to Clean Development Mechanisms (CDMs) but are less lengthy and costly and therefore appropriate for smaller offset projects. Many projects which are already operational, but have yet to obtain CDM registration, can claim VCUs.

The VCS standard also represents an effective way to promote emission reductions from technologies not yet formally certified under emission trading schemes. The VCU is the most traded carbon credit type in the world.

The Chicago Climate Exchange (CCX) has a voluntary cap and trade system that gives emitting organizations a strict set of allowances which at the end of each year they must return. If they have not used these allowances, they can trade these to other organizations who need the extra allowances. 13% of emissions reductions are sold on the voluntary market.