Gold Standard for the Global Goals

GHG Emissions Reduction & Sequestration Product Requirements

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1.0 INTRODUCTION

1.1 This document represents the Product Requirements for the issuance of Gold Standard Verified Emissions Reductions:

- Gold Standard Verified Emission Reductions (GS-VERs)
- Gold Standard labels for Certified Emission Reductions (GS-CERs)
- Gold Standard Planned Emissions Reductions (PERs) for Land-use & Forests

1.2 Certain Requirements noted in this document are not applicable to Projects applying the Gold Standard Land-use & Forests Activity Requirements, these are noted in brackets as **(LU&F – N/A)** for ease.

1.3 Claims made regarding Gold Standard VERs, CERs or PERs shall be in line with the Gold Standard Claims Guideline.

1.4 Unless otherwise indicated, all projects applying these Requirements shall be consistent with applicable UNFCCC rules for Clean Development Mechanism (CDM) or Joint Implementation (JI) projects, as periodically updated.

2.0 ELIGIBILITY CRITERIA

2.1 General Eligibility Criteria

2.1.1. Projects involving both eligible and ineligible Project types: Unless otherwise stated elsewhere in Gold Standard for the Global Goals Principles & Requirements, Projects consisting of a mix of eligible and ineligible components shall be eligible to claim credits for those Emission Reductions and/or sequestration that are associated with the share of the eligible component only.

2.1.2. Bundled Projects: Where Projects are submitted together for Gold Standard certification within a bundle of Projects, each Project shall individually be in conformity with the Gold Standard Requirements. Eligibility criteria with regards to the scale of the Project shall apply to the bundle as a whole and not to the individual Projects.

2.1.3. Programme of Projects: (LU&F – N/A) Where a group of Projects is submitted together for Gold Standard Design Certification within a Programme of Projects, each of these Projects shall be in conformity with the Gold Standard eligibility criteria. Programmes considering micro-scale Projects only can apply under the Micro-PoA.

2.2 Eligible Project Location

2.2.1 Gold Standard CDM host country: (LU&F – N/A) Gold Standard CDM Projects shall be located in a non-Annex I country[1], as defined by the UNFCCC.

2.2.2 Gold Standard JI host country: (LU&F – N/A) Gold Standard JI Projects shall be located in an Annex I country[2] with a commitment inscribed in Annex B, as defined by the UNFCCC (see section T.1.2.b for references).

2.2.3 Gold Standard VER host country or state: Gold Standard VER Projects may be located in any host country or state. However, where host countries or states have mandatory operational schemes to reduce GHG emissions in any form (cap & trade, carbon tax etc.), Projects shall only be eligible if the Project Developer has either provided Gold Standard with satisfactory justification that no double counting of emission reductions occur or has committed to retiring eligible units to back-up the Gold Standard VERs. Please refer the Gold Standard Emissions Reductions & Removals Double Counting Requirements, Annex A of this document.

2.3 Eligible Greenhouse Gases

2.3.1. Eligible gases: Only Carbon Dioxide (CO_2), Methane (CH_4) and/or Nitrous Oxide (N_2O) are eligible for Gold Standard crediting, provided Projects comply with Gold Standard Requirements and eligibility criteria.

2.3.2. Projects involving both eligible and ineligible gases: Projects involving the reduction of both eligible and non-eligible greenhouse gases shall be eligible under Gold Standard for the crediting of emission reductions associated with eligible gases only.

2.4 Eligible Project Types

2.4.1 Following Project types are eligible for issuance of Gold Standard VERs under the Gold Standard:

(a) Renewable Energy Supply: This category of Projects is as defined in the Renewable Energy Activity Requirements. Note that specific requirements apply with regards to the issuance of Gold Standard Labelled Renewable Energy Products and Gold Standard VERs

Simultaneous issuance of Renewable Energy Certificates RECs), or other Green or White Certificates and VERs from a given Project for same MWh of electricity generated is not permitted under any circumstance. It is, however, possible for a Project to choose between the issuance of Gold Standard VERs and GS Labelled Renewable Energy Products at the time of issuance – see the Gold Standard Renewable Energy Product Label Product Requirements for further details.

Furthermore, and unless the Project also applies the Gold Standard Renewable Energy Labelling Product Requirements then the Gold Standard VVB shall check for double counting at both validation and verification stages by reviewing all relevant registries that could hold Renewable Energy Products from the considered project activity. The list of registries examined by the Gold Standard VVB shall be reported in the Validation Report and Verification Report. The Gold Standard VVB shall also request from the Project Developer a declaration in writing that states no Renewable Energy Products are being issued for the project under consideration for Gold Standard VERs. This declaration shall be provided as an annex in the Monitoring Report. (An example is provided, below.)

Example Declaration:

The Project Developer warrants it has, and continues to have, (or if acting in the capacity as an Agent, the person or entity it represents has and continues to have) full legal and beneficial title to any Units listed by User in accordance with the Gold Standard Registry Terms of Use and the underlying Environmental Benefits corresponding to such Units and *it has not sold, transferred, assigned, licensed, disposed of, granted or otherwise created any interest or encumbrance in or agreed to sell, assign, license, dispose of, grant or otherwise create any interest or encumbrance in the Units or the underlying Environmental Benefits corresponding to such Units other than as contemplated under the Gold Standard Registry Terms of Use.*

(b) End-Use Energy Efficiency Improvement: Project activities that reduce energy requirements as compared to baseline scenario without affecting the level and quality of services or products, where the end user of the products and services are clearly identified and when the physical intervention is required at the user end. For example, efficient cooking, heating, lighting, etc.

(c) Waste Handling & Disposal: The waste handling and disposal category refers to all waste handling Projects that deliver an energy service (e.g. LFG with some of the recovered methane used for electricity generation) or a usable product with sustainable development benefits (e.g. composting).

(d) Land-use Activity Requirements: including Afforestation/Reforestation and Agriculture Projects (note – not eligible for CDM Labelling)

2.5 Official Development Assistance Funding

2.5.1. ODA Support: Official Development Assistance (ODA) support for any Project located in a country named by the OECD Development Assistance Committee's ODA recipient list will render that Project ineligible for carbon crediting under The Gold Standard where the ODA is provided under the condition that the credits generated by the Project will be transferred, either directly or indirectly, to the donor country providing ODA support. The OECD defines Official Development Assistance (ODA) as financial flows:

- To developing countries and multilateral institutions;
- Provided by government agencies (e.g. USAID);
- Whose main objective is the economic development and welfare of developing countries; and
- That are concessional in character, conveying a grant element of at least 25%.

2.5.2 ODA Declaration Form: Project Developer applying for Project located in a country named by the OECD Development Assistance Committee's ODA recipient list shall sign and submit the ODA Declaration Template.

2.5.3. Amended ODA Declaration Form: Where there is a material change in the role of ODA for the development or implementation of the Project, the Project Developer shall immediately submit the Amended ODA Declaration.

3.0 FINANCIAL ADDITIONALITY & ONGOING FINANCIAL NEED

3.1 All Gold Standard Projects seeking the issuance of GS-VERs or GS-CERs shall be demonstrated to be additional, meaning that they shall reduce anthropogenic emissions of greenhouse gases below those that would have occurred in the absence of the registered Gold Standard Project. They shall also demonstrate Ongoing Financial Need at Certification Renewal.

3.2 Gold Standard CDM and JI Projects. Gold Standard CDM and JI Projects are not required to carry out additional assessment for demonstration of additionality over and above what has been done for Design Certification / determination with the CDM EB / JISC unless the Project falls into a category that is deemed non-Additional in any given Gold Standard Activity Requirement. In such cases the relevant Activity Requirement shall take precedence.

Gold Standard VER Projects

3.3 Additionality tools: The Requirements for the demonstration of Financial Additionality and Ongoing Financial Need are included in the GS4GG Principles & Requirements and relevant Activity Requirements.

3.4 If the stakeholder consultation for the Project as per Gold Standard procedures was conducted after the start date of the Project (planting start for A/R Projects), the Gold Standard reserves the right to require that the Project Developer shall demonstrate that:

- the revenues from carbon credits were seriously considered in the decision to implement the Project, AND
- there was continuous interest in carbon credits for the Project in parallel with its implementation.

Evidence to support this may include: contracts, draft versions of Project information, correspondence with financial institutions or other stakeholders, minutes and notes of Board/Management meetings, agreements or negotiations with auditors, publications in newspapers.

4.0 ELIGIBLE METHODOLOGIES

4.1 Projects shall conform to the Requirements set out in relevant Activity Requirements and GS-Approved Methodologies.

4.2 CDM and JI Projects (LU&F – N/A) CDM and JI Projects shall use an approved UNFCCC CDM methodology to be eligible for Gold Standard Design Certification. All Gold Standard Project documentation shall apply the most recent version of this methodology and applicable tools available at the time of first submission of the Project for Gold Standard Design Certification.

4.3 VER Projects VER Projects shall use either an approved UNFCCC CDM methodology or a GS-Approved VER methodology to be eligible for Gold Standard Design Certification. All project documentation submitted to The Gold Standard shall apply the most recent version of the selected methodology and applicable tools available at the time of first submission of the Project for Gold Standard Design Certification. This methodology and tool version may be used by the Project until it achieves Design Certification under Gold Standard for the Global Goals, as long as the Project is submitted for validation[3] within 6 months after the time of first submission for Preliminary Review. If this condition is not met, the latest available version of the methodology and of the tool(s) shall be applied at the time of submission for validation.

4.4 Bundle (LU&F – N/A) A bundle of micro-scale Projects making use of different methodologies may be submitted within the same PDD. CDM rules apply for small-scale Projects.

4.5 Voluntary Programme of Projects (LU&F – N/A) VER Projects may use different methodologies under the same VER PoA. See POA Requirements for details.

4.6 Data vintage When no specific guidance is provided on the valid reference point in time for data that shall be used, then the data available at the time of first submission of Project to Gold Standard are the ones to use.

4.7 (LU&F – N/A) Data vintage for calculation of grid emission factor All Projects (CDM / JI / VER) submitted for Gold Standard Design Certification shall apply the most recent available data vintage, available at the time of submission of the Project for Gold Standard validation, for the calculation of the Grid Emission Factor (where required).

5.0 CREDITING CYCLE & ISSUANCE

5.1 Duration of Gold Standard Crediting Period Gold Standard Projects that generate GHG emission reductions are eligible to claim credits for no more than:

(a) The maximum Certification Renewals/Cycles as stipulated in the relevant Activity Requirements OR

(b) In the absence of the Activity Requirements then for a maximum of one Certification Renewal Cycles (i.e. 10 years)

NOTE- Transition projects renewing their crediting period under Gold Standard for the Global Goals shall maintain their existing crediting cycle and maximum crediting periods following Gold Standard for the Global Goals Transition Requirements.

5.2 (LU&F – N/A) For Energy Supply, End-Use Energy Efficiency Improvement and Waste Handling & Disposal Projects, in order to be eligible under Gold Standard, a retroactive Project shall submit the required documents to Gold Standard (time of first submission) within one year of its start date.

5.3 VER Regular Cycle For VER Projects proceeding under the regular Project cycle, the start date of the Gold Standard Crediting Period shall be the date of start of operation (planting start for A/R Projects) or a maximum of two years prior to Gold Standard Design Certification, whichever occurs later. In case of A/R and Agriculture Projects it is maximum three years prior to Gold Standard Project Design Certification.

5.4 Retroactive

5.4.1 Projects proceeding under the retroactive Project cycle, may be eligible for retroactive crediting for realised emission reductions prior to Gold Standard Design Certification of a maximum period of two years. In case of A/R and Agriculture Projects it is maximum three years prior to Gold Standard Design Certification.

5.4.2 Retroactive crediting of 10 years for A/R Projects and 5 years for agriculture Projects is allowed as an exception if initial documentation to the Gold Standard secretariat was submitted before January 1, 2016 for A/R Projects and January 1, 2017 for agriculture Projects.

5.5 Postponement (LU&F – N/A) In case the start date of the Gold Standard Crediting Period is after date of project design certification then it may be postponed for one year without justification, or for up to two years if convincing justification is provided. The start date of crediting period as mentioned in the registered PDD cannot be postponed by more than 2 years.

5.6 Aggregation of crediting periods (LU&F – N/A) Where a Gold Standard Project has been or is registered under one or more other voluntary carbon standards or certification schemes, the total crediting period under all schemes combined shall not exceed the Gold Standard crediting period when all carbon credits sought by Project Developer under The Gold Standard and under other standards or schemes are aggregated. Gold Standard status shall immediately be withdrawn from any activties that are found to have violated this requirement and The Gold Standard Foundation reserves its right to pursue remedies in accordance with and pursuant to The Gold Standard Terms & Conditions.

5.7 Issuance: Upon completion and approval of the Performance Review the Gold Standard shall certify the entire amount of emission reductions specified in the report and achieved by the Project. Certification of only part of total volume of emission reductions specified in the report approved by Gold Standard Foundation is not allowed.

5.8 Once issued, Gold Standard credits remain valid until the time when they are permanently retired in The Gold Standard Registry (GS VERs) or until the time they are used for compliance or retired in an authorised registry (GS CERs). Once issued, GS CERs, or VERs cannot be retroactively cancelled.

5.9 Project design change Permanent changes in project design that occur before or after Design Certification of the Project shall be assessed as per The Gold Standard Procedures for Approval of Design Changes. These procedures also apply to PoAs.

5.10 CDM Project Cycle (LU&F – N/A)

5.10.1 CDM Project Crediting Cycle (LU&F – N/A) the Project cycle shall mirror the CDM Cycle in terms of any Certification Renewals (e.g. 7 years). The projects shall provide a qualitative narrative to demonstrate Ongoing Financial Need (OFN) at renewal of crediting cycle following Gold Standard for the Global Goals Principles & Requirements.

~~except for Ongoing Financial Need which shall be Verified at year 5 (and subsequent 5 year intervals) in order to continue to issue GS Labels. The Verification of Ongoing Financial Need shall be undertaken by a GS-VVB and may be combined with a concurrent, full Verification or independently. The GS-VVB is responsible for deciding whether a site visit is required to verify Ongoing Financial Need if conducted independent of a full Verification. In this case the Gold Standard shall conduct a 3 week review of the independent Verification of Ongoing Financial Need prior to approval.~~

~~Regardless of length of CDM Crediting Period the maximum period under which GS-Labels shall be issued shall be as per 5.1(a) and 1(b) above. This may result in the ceasing of issuance of GS-Label part way through a CDM Crediting Period.~~

5.10.2 CDM or JI Regular Cycle (LU&F – N/A) Projects proceeding under the regular Project cycle, the start date of The Gold Standard Crediting Period shall be the start date of the crediting period under CDM or JI or a maximum of two years prior to Gold Standard Project Design Certification, whichever occurs later.

5.10.3 Gold Standard VERs for CDM or JI activties (LU&F – N/A) ('Pre-CDM VERs' or 'Pre-JI VERs)). Project Developers can claim Gold Standard pre-CDM VERs for a maximum of two years prior to the start of the CDM or JI crediting period (date of Design Certification/determination under UNFCCC) provided they enter into an agreement with The Gold Standard Foundation according to which they commit to surrender to The Gold Standard Foundation, for immediate retirement, CERs or ERUs that will be issued in respect of GHG Reductions generated by the Project during the CDM or JI crediting period in an amount equal to the Pre-CDM VERs or Pre-JI VERs. The agreement shall make use of the 'Gold Standard CDM Emission Reduction Acquisition Agreement' (available on request to GS) template and no delivery is required for a grace period of the initial two years of issuance after CDM Design Certification/JI determination.

5.10.4 Parallel submissions to The Gold Standard CDM/JI and VER (LU&F – N/A) Renewable Energy Supply, End-Use Energy Efficiency Improvement and Waste Handling & Disposal Projects may be submitted for Design Certification to both The Gold Standard CDM/JI stream and The Gold Standard VER stream in parallel.

- If the proposed CDM/JI Project is successfully registered under the UNFCCC, Project Developer shall immediately inform The Gold Standard Foundation and The Gold Standard VER Project shall be cancelled.
- If the proposed CDM/JI Project is rejected by the UNFCCC, Project Developer shall immediately inform The Gold Standard Foundation. Only if the Project was rejected due to inapplicability of the methodology, it can continue Design Certification under the GS VER stream by applying for a Preliminary Review

6.0 SCALE OF PROJECTS

6.1. Gold Standard CDM and JI Projects (LU&F – N/A) Gold Standard CDM or JI Projects may be 'large-scale' or 'small-scale' Projects for the applicability of methodologies, as defined in accordance with UNFCCC rules. Small scale Projects are defined as follows in UNFCCC rules:

- Renewable energy Project, capacity < = 15 MW
- End-use Energy efficiency Project improvement < = 60 GWhel per annum or 180 GWhth
- Waste handling & disposal < = 60,000 tCO2 per annum
    - Every Project exceeding the small scale limits is large scale.

6.2 Gold Standard VER Projects (LU&F – N/A) Standard VER Projects may be 'large-scale', 'small-scale' (for the applicability of methodologies and tools only) or 'micro-scale' Projects. Scale is defined in the relevant Gold Standard Project Requirements or where these do not exist then as follows:

(a) 'Large-scale' and 'small-scale' Projects are defined in accordance with UNFCCC rules, as explained above.

(b) 'Micro-scale' Projects are those Projects associated with annual emission reductions of less than or equal to 10,000 tCO_{2-eq} in each year covered by The Gold Standard crediting period. In case of A/R Projects with an Project area of maximum 500ha are classified under micro-scale.

6.3 Annual emission reductions in excess of selected Project scale

6.3.1 Projects with expected emission reductions exceeding the micro-scale eligibility threshold in any of the years covered by the crediting period shall not be eligible under any Gold Standard micro-scale schemes.

6.3.2 Where the maximum level of allowable annual emission reductions for a small-scale or micro-scale Project has been exceeded during project operation, that Project shall only be eligible for Gold Standard CERs, ERUs or VERs up to the maximum number of allowable credits under that Project scale per annum. No GS VERs can be claimed for emission reductions generated over and above what is credited under a small-scale CDM or JI Project.

6.4 Annual emission reductions for elements not covered by a CDM Project (LU&F – N/A) GS VERs may be claimed for separate Project elements not covered by a CDM Project as long as they are validated separately as a VER Project.

7.0 LAND-USE & FORESTS SPECIFIC REQUIREMENTS

7.1 Annex C contains a guideline that provides an overview of the issuance, transfer and retirement of Planned Emissions Reductions and VERs issued from Projects following the Gold Standard Land-use & Forests Activity Requirements.

7.2 **Buffer:** For projects applying the Land-use & Forests Activity Requirements (only) 20% of the issued PERs and GS-VERs~~*validated* and *verified* carbon credits~~ shall be transferred into The *Gold Standard Buffer*. The transfer is distributed pro rata according to the vintage years. Upon written notice to the Gold Standard at or prior to issuance, the Project Developer may transfer credits from other Gold Standard certified Projects to the *Gold Standard Conformity Buffer* in lieu of the carbon credits from the Project.

7.3 **Planned Emissions Reductions:** PERs may be issued by Projects following the Land-use & Forest Activity Requirements. They are subject to the following requirements:

- Planned Emissions Reductions shall be issued only from project areas that have scientifically robust carbon modelling as required by the relevant GS-Approved Methodology.
- Planned Emissions Reductions shall be issued only from project areas where the auditor confirms, by certification, that trees have been planted or activity has taken place.
- Planned Emissions Reductions shall be issued only after a successful Design Certification or subsequent Performance Certification.
- 80% of the Planned Emissions Reductions shall be issued into the projects registry account according to their expected vintage years (years of delivery). The remaining 20% shall be issued into The Gold Standard Compliance Buffer.

- All transfers and assignments of Planned Emissions Reductions shall be recorded in The Gold Standard Registry.
- After Performance Certification, where the effective emission reductions are verified, the Planned Emissions Reductions are converted into ~~Planned~~ Verified Emissions Reductions, which are issued into The Gold Standard Registry.
- Project Developers shall transparently communicate the differences between ~~validated and~~ Planned Emissions Reductions and Verified Emissions Reductions as described by the definitions of the Gold Standard Clais Guidelines.

7.4~~3~~ **Issuance of PERs:** A/R Projects may issue PERs for maximum 5 years ~~ahead of~~after a successful Project Design Certification~~Initial Certification~~ or subsequent Performance Certification. Agriculture Projects may issue *validated* carbon credits up to 3 years in the future.

7.5~~4~~ **Carbon Performance:** The Project Developer must ensure that the project carbon stocks are aligned with the number of issued PERs and GS-VERs over time. This section also defines the activities that shall be implemented if the project carbon stocks decline below the levels of issued PERs and GS-VERs. For the Performance Certification the project owner shall provide documentation using the template 'Carbon Performance'. The most recent version of the template shall be used.

a) At any time during a crediting period, the Project Developer shall ensure that the quantity of the PERs and GS-VERs with respect to the project is less than or equal to the project's expected carbon stocks (PERs and actual carbon stocks (GS-VERs).

b) Incidents, or events, that a~~e~~ffect compliance with requirement (a) shall be reported to The Gold Standard. If they occur outside a certification process, the incidents or events shall be reported to The Gold Standard Secretariat no more than 30 days after their discovery. The template 'Carbon Performance' shall be used for this reporting.

c) If compliance with requirement (a) is not maintained, the project will be in a performance shortfall scenario. The Project Developer shall follow the requirements in the Shortfall Scenario Guidelines and shall demonstrate to The Gold Standard Secretariat how the project will realistically address the performance shortfall and recover appropriate levels of carbon stocks to comply with requirement (a).

d) The Project Developer shall use one or more of the following approaches according to the requirements in the Shortfall Scenarios Guidelines:
    - retiring/locking of Planned Emissions Reductions or GS-VERs from the project which are not yet transferred or retired/locked
    - purchasing of GS-VERs or GS-CERs from any other Gold Standard certified projects (these can also be from other project types such as renewable energy)
    - replanting of an appropriate planting area and recovery of the project carbon stocks over time
    - planting of new areas to generate further GS-VERs

7.6~~5~~ During the period where the project owner is not in compliance with requirement (a), an equal number of PERs or GS-VERs from The Gold Standard Compliance Buffer will be put 'on-hold'. Further PERs or GS-VERs shall only be issued for the project after the project owner has complied with requirement (a).

If the Project Developer after 5 years cannot demonstrate that compliance with requirement (a) will occur, the project owner shall follow the Non-Conformity process as per Gold Standard for the Global Goals Principles & Requirements.

7.7~~6~~ Bundled Planned Emissions Reductions – Gold Standard allows for the 'bundling' of Planned Emissions Reductions with other GS-VERs and GS-CERs. The applicability, eligibility and Requirements can be found in the Gold Standard Bundled PER Guidelines & Requirements.

8.0 GS-VVB REQUIREMENTS

8.1 Gold Standard Project Developers may use a GS-VVB as stated in the GS4GG VVB Requirements document.

8.2 **Site visit**. GS-VVB is required to conduct a site-visit as part of all Validation and Verification.

8.3 Gold Standard requirements for validation and verification site visits shall supersede the CDM requirements for GS CDM projects, GS VER projects and any PoA. In other words, a CDM project or CDM PoA may be exempted from undertaking an audit site visit for CDM validation or CDM verification process but it shall comply with the Gold Standard requirements in order to pursue Gold standard registration or issuance/labelling of credits.

8.4 Gold Standard Project administration is managed through The Gold Standard Registry. All Project Developers seeking to apply for Gold Standard Design Certification under the CDM, JI or VER streams shall open an account in The Gold Standard Registry. The appointed GS-VVB shall have an approved account before they can audit a Gold Standard Project.

9.0 UPGRADING FROM OTHER VOLUNTARY SCHEMES

9.1 Upgrading VERs to GS VERs

9.1.1 VER Projects registered, or to be registered, under another voluntary carbon crediting scheme may seek to upgrade a VER Project to a GS VER Project at any time during the crediting period with respect to future emission reductions, provided proof of the following is available:

- The Project opts out from the other voluntary carbon crediting scheme and the emission reductions of a given vintage are claimed only once, under one single scheme; and
- The total duration of the crediting period does not exceed the Gold Standard Certification Renewals as stated in the GS4GG Principles & Requirements or relevant Project Requirements.

9.1.2 For Renewable Energy Supply, End-use Energy Efficiency Improvement, Waste Handling & Disposal and Agriculture Projects, the Project Developer opts in for Gold Standard by delivering the full set of GS specific Project documentation, or the Project documentation provided under the other voluntary scheme together with a report highlighting and discussing the gaps between the requirements of the other voluntary scheme and The Gold Standard requirements ("Gap Analysis Report"). This report shall be audited by an GS-VVB.

9.1.3 For transitions of Land-use & Forest Projects from other standards please contact the Gold Standard Secretariat for procedural advice. It is possible to transition from both CDM/JI & VCS/CCBA.

9.2 Converting GS VER Project to GS CDM/JI Project during a crediting period (LU&F – N/A) Project Developers may seek to convert a Gold Standard VER Project to a Gold Standard CDM/JI Project at any time during the crediting period with respect to future emission reductions, provided the Project Developer either applies under The Gold Standard CDM/JI stream before any GS VERs have been issued, or enters into an agreement with The Gold Standard Foundation according to which they commit to surrender to The Gold Standard Foundation, for immediate retirement, CERs or ERUs that will be issued in respect of GHG Reductions generated by the Project in an amount equal to VERs already issued. The agreement shall make use of The 'Gold Standard CDM Emission Reduction Acquisition Agreement' template.

9.3 Converting GSCERs to GSVERs (LU&F – N/A) For Renewable Energy Supply, End-Use Energy Efficiency Improvement and Waste Handling & Disposal Projects Project Developer may choose to convert their issued GS CERs into GS VERs by following the applicable Conversion Guidelines, Annex B.

9.4 Converting GS CDM Project to GS VER Project during a crediting period For Renewable Energy Supply, End-Use Energy Efficiency Improvement and Waste Handling & Disposal Projects Project Developer may seek to convert a Gold Standard CDM Project to a Gold Standard VER Project by following the guidelines given in the applicable Conversion Guidelines in Annex B.

ANNEX A – DOUBLE COUNTING REQUIREMENTS

EXECUTIVE SUMMARY

Prior to 2013 the Kyoto Protocol provided for the management, accounting and reporting of greenhouse gases across the international community. While the EU and other countries continue to base accounting on Kyoto generally the international approach and the markets that serve them have become increasingly fragmented and unregulated. It appears very likely that for the period until 2020 and potentially beyond, this state of uncertainty will remain.

In the absence of a robust global architecture the possibility for double counting of emissions reductions exists. It is therefore critical to the authority and reputation of the Gold Standard that a rule/process is provided to guard against this. In line with the principles and spirit of the Gold Standard the new approach must be of the highest rigour and transparency and remove any doubt as to the possibility of double counting where Gold Standard VERs/CO2-certificates are involved.

It remains uncertain how this situation will evolve over time but wherever VERs are issued by a project within an affected host country or region this will remain an issue. This guideline does not affect other Gold Standard products such as labelling of CERs or Water Benefit Certificates.

CONTENTS

1 – INTRODUCTION

These Requirements are intended to apply where the potential exists for Double Counting of emissions reductions due to issuance of Gold Standard VERs/CO2-certificates. It is intended to protect the transparency, credibility and robustness of all Gold Standard VERs. At the same time there are increasing market demands for Gold Standard VERs generated within countries that have cap on GHG emissions.

Typically the potential for Double Counting arises where there is a government-regulated system/programme for the constraint and monetisation of GHG emissions (such as international emissions trading, cap and trade or carbon tax mechanisms). Examples may include national/international schemes such as the Kyoto Protocol, the EU ETS or subnational, various regional schemes such as the Chinese, Canadian and American provincial/state-based schemes.

Under these systems/programmes the potential exists for the Gold Standard VERs/CO2-certificates to be inadvertently or intentionally captured and monetised outside of the Gold Standard issuance-transfer-retirement practice.

The above scenario is typified (though not exclusively) by a cap and trade system whose accounting is managed via Assigned Amount Units (AAUs) or scheme-based compliance credits. Such accounting mechanisms vary widely in quality, rigour and content with differing examples of sector and scope inclusion. The scenario may also occur where a carbon tax exists, for example in South Africa.

This guideline provides a robust response to resolve this issue across the relevant Gold Standard activities.

NOTE that in light of the Paris Agreement the Requirements contained in this Annex are subject to continuous review as new policy is agreed. The Requirements will be updated as the new international agreements and mechanisms are developed.

2 – DEFINITION OF DOUBLE COUNTING OF VERS

Double Counting – The scenario wherein the benefit of a single GHG Emission Reduction (ER) unit is used on more than one occasion to:

- Sell to third parties for the purpose of financial gain, VER offsetting or to achieve regulated targets AND/OR
- Include in an account or inventory to avoid the requirement to purchase ER units under a regulated system

Double Counting of ERs is therefore defined as the benefit or value of one ER unit being inadvertently (or indeed intentionally) used twice or more.

This is best illustrated through the following examples:

Example 1 – Gold Standard VER issued in a Kyoto Annex B Country[4] that has achieved its targets: In this example both a VER is issued by Gold Standard and an AAU surplus could be created by the host country. The amount of this surplus includes for the ER created by the Gold Standard VER project. This results in two potential purchasers (one for the VER and one for the AAU, typically a second Annex B country) both using the unit to offset their respective emissions.

Therefore for two tons emitted only one ton (inadvertently issued twice) is used to offset them. We are therefore left with net one ton emitted where there should be none. In this example while the 'extra' AAU is not directly linked to the activity itself it only exists because of the presence of the Gold Standard VER project.

Example 2 – Gold Standard VER issued in a Kyoto Annex B Country that has failed to achieve its target: In this example the reverse is true. This time the host country has failed to achieve its target and reports the excess emission reductions, which are misleadingly higher due to the presence of the Gold Standard VER project. This means that the host country is able to purchase fewer AAUs to balance its account than it otherwise would have done.

Therefore for two tons emitted (one by the purchaser of VER and the other from the host country) only one is offset. This is because the Gold Standard VER offsets one ton and the host country has not purchased an AAU to offset theirs. This results in a net one ton being emitted where there should be none.

Example 3 – Gold Standard VER issued in a country with a domestic ETS: In this example there is the potential for both the Gold Standard VER and a domestic unit to be issued, both representing the same ER. This results in the same scenario as example one wherein for two tons emitted only one is genuinely offset.

Example 4 – Carbon Tax: In this example a Gold Standard VER is issued in a domestic carbon taxation scheme. This results in the issuing project receiving the financial benefit of the VER as well as a reduced tax burden. It also means that two parties – the issuing facility and the purchaser of the VER in effect using the same emissions reduction.

Therefore for two tons emitted one is offset (via Gold Standard VER) and the other is not reported within the domestic taxation scheme (as it has been claimed by a third party elsewhere). This results in a net one ton where there should be none.

NOTE – there are a number of incentive schemes available to certain activities (for example subsidies for solar installations domestically). These matters are a consideration for additionality assessment unless an offset unit is issued. Where they occur in Annex B countries they are already accounted for by the Kyoto Protocol mechanism and don't represent a 'third' count.

The following table provides further definition as to the types of Double Counting that potentially exist:

Type of Double Counting	Dealt with in proposed rule	Definition	Example	Mitigation
Double Claiming[5]	NOT REQUIRED	Wherein the GHG benefits are claimed by multiple parties	Where a Gold Standard VER is issued and used to demonstrate carbon neutrality of a manufacturer and also its product. The carbon neutrality of the product may also be claimed by the product purchaser.	Not considered 'double counting' as both claims can be considered true. This is because the offset is used against a single emission only.
Double Selling	CONSIDERED DOUBLE COUNTING BUT MEASURES ALREADY EXIST	Wherein the GHG benefit is sold multiple times by the same entity.	Where the owner of a Gold Standard VER trades the same asset multiple times. Alternatively where a Gold Standard VER is	While this is considered double counting (because a single offset unit would be applied to

	(REGISTRY, ETC)		also sold separately as a REC.	multiple emissions) the existing Gold Standard Registry procedures and rules to track ownership and retirement provide for transparency in this respect. Gold Standard does not currently police the activity of retailers beyond the Gold Standard Registry. No change proposed within this guideline.
Double Accounting against a target (no financial/offset measure in place)	UNDER REVIEW	Wherein the GHG benefits are accounted for on multiple occasions.	Where a Gold Standard VER is issued in a country or region where an accounting/reporting procedure exists for GHG emissions (for example a carbon tax, national account or in the future INDCs). The GHG benefit is accounted under Gold Standard and within the country or regional accounting system.	UNDER REVIEW AS INDC MECHANISMS DEVELOP
Double	REQUIRED	Wherein the GHG ER benefit is unitised and made available	Where a Gold Standard VER is issued in a policy, country or region that operates	Considered Double Counting – two units from a single

Counting of Unit		for accounting or trade under multiple mechanisms/products.	within an international or domestic GHG Cap and Emissions Trading Scheme or carbon tax that thereby realises the same ER unit on multiple occasions.	emissions reduction may be used on more than one occasion. Therefore proposed rule change for Double Counting outlined in this document.

3 – APPLICABILITY / SCOPE

This guideline replaces earlier rules and requirements within the Gold Standard documents on double counting.

Type of Double Counting

This guideline addresses the specific Double Counting issues caused by 'Double Counting of Unit' and their subsequent action as defined in Section 1 of this document.

The aim of mitigation of Double Counting is to protect the environmental and financial integrity of the Gold Standard VER/claimant as well as (so far as possible) the integrity of the regulator/inventory from which the issue arises. It is noted that in many countries it is not necessarily feasible to 'balance' the host inventory by cancelling units originated there. It is therefore noted that:

Cancelled units are to be valid for the regulatory regime wherein double counting arises as this protects both the Gold Standard VER and the inventory.

Cancelled units should balance the international inventory (i.e. units do not have to originate from host country).

Scopes

This guideline addresses the topic of Double Counting within all activities of the Gold Standard that are associated with issuance of carbon emission reductions. Here, it affects the issuance of all Gold Standard VERs/CO2-certificates (validated and verified).

When the Gold Standard issues labels for CDM credits (CERs) it does not create a separate asset or replicate the UN's accounting and registry systems. Therefore, as there is no possibility that application of Gold Standard can result in one ER unit benefit being realised twice. This guideline does not therefore apply to Gold Standard labelled CERs.

The guideline does not affect the Gold Standard Water projects. As this sector develops, individual cases will be reviewed and further guidelines provided in due course.

Finally this guideline does not address stacking of assets e.g. the issuance of VERs and Water Benefit Certificates for example. This topic is dealt with in the Gold Standard for the Global Goals Principles & Requirements and associated Acvtivity Requirements.

Time

Applicability of these guidelines shall be determined at the point of project 'Listing' as per Gold Standard Requirements. Accordingly an assessment of Double Counting risk will be undertaken at eligibility check / Pre-Feasibility Analysis. At that time the position is fixed for that project as follows:

- For 'Energy & Waste' projects – fixed until conclusion of first crediting period (at which point applicability shall be assessed again)
- For 'Land Use & Forest' projects – for entirety of crediting period

Gold Standard justifies this process on the basis that should a GHG Emissions Trading Scheme (for example) commence in a given country during the crediting period then the Gold Standard project would have notified the Designated National Authority already during stakeholder consultation process. It would be for the new regulatory scheme at that point to take account of any Gold Standard projects currently in operation.

4 – REQUIREMENTS

Assessment by Gold Standard

Either at preliminary review, application for Listing or application for Renewal Gold Standard shall conduct a desk-review to establish if there is a risk of Double Counting as defined in this document. This results in two possible scenarios:

1 – Gold Standard does not consider project to represent risk of Double Counting – proceed as per standard requirements.

2 – Gold Standard considers there to be a risk of Double Counting:

Scenario 1 – Project developer may proceed to investigate and demonstrate to Gold Standard that the risk of Double Counting does not exist or is mitigated external to this guideline. Approval of such cases shall be at the discretion of Gold Standard Technical Advisory Committee (TAC).

Scenario 2 – Project developer may commit to cancel Eligible Cancellation Units alongside/back to back with issuance of Gold Standard VERs.

Gold Standard desk appraisal will consider only whether the potential conditions exist for Double Counting and will not review in detail a Scenario 1. This option may be investigated by project owner and shall ultimately be determined by Gold Standard Technical Advisory Committee at project design certification stage. Due to the complexity of such evidences it is likely that this will involve further rounds of query and would likely extend the typical timelines for certification.

While Gold Standard will review each project on case by case basis, the following provides guidance as to those countries that would be considered to fall under Double Counting definitions. This list is not exhaustive and may evolve/change over time:

- Any Kyoto Protocol Annex B country
- Any country with an international commitment that includes the potential for trade of emissions with other countries.
- Any country, region or locality that includes for a regulated, domestic level emissions trading scheme or carbon tax that accounts for the Scope of the Gold Standard Activity[6]. A useful source for tracking such countries can be found at https://icapcarbonaction.com

Gold Standard shall confirm the position and findings of the desk appraisal to project owner to assess and confirm how they wish to proceed as per the options above.

Scenario 1

Should Gold Standard confirm that a risk of Double Counting exists for a given project then project owner may proceed as per Option 2a above and investigate further scenarios that could demonstrate that no such risk exists. Such evidence shall be considered by Gold Standard Technical Advisory Committee on a case by case basis.

Such proof shall be provided to Gold Standard as a requirement for the 'Design Certification' of the project. Beyond Listing no such evidence shall be considered by Gold Standard unless a significant change in the regulatory scheme occurs (for example where a scheme is dissolved, removed or replaced). The project owner shall demonstrate with documentary evidence that no Double Counting can occur by fulfilling one of the following options under scenario 1:

- The project owner shall demonstrate that:
- The GHG emissions reductions/removals scope (e.g. sector or activity) are not accounted within the relevant system of the host country/regional regulator, OR
- Participation in the regulatory scheme is voluntary (e.g. there is not mandated or automatic capture of emissions reduction within the regulators inventory), OR
- The host country/regional regulator does not account for voluntary GHG emissions reduction/removal contributions. This must be demonstrated credibly either through a policy instrument or by the regulator cancelling AAUS/Scheme units in lieu of Gold Standard VERs. Such removal must be demonstrated as permanent.

Scenario 2

If none of the above options under scenario 1 can be demonstrated then the project owner shall demonstrate that Eligible Cancellation Units (see list below) are cancelled by or on behalf of the project.

Eligible Cancellation Units include:

Units eligible within the respective GHG Emissions Trading Scheme that are valid at the time of issuance (for example valid for a given commitment period).

For Kyoto Protocol participants this is limited to:

- AAUs
- CERs with further eligibility as follows:
  - Must be from scopes/sectors eligible for Gold Standard labelling
  - Must have completed the UNFCCC SD Tool [7]
  - Units may not be temporary/validated (tCER and lCERs from CDM A/R are not eligible).

The eligible units may come from any vintage and country of origin so long as they have been issued and can be demonstrated via attestation from the relevant registry to have been cancelled for the purposes of the respective Gold Standard project to address the topic of Double Counting.

An equivalent number of Eligible Cancellation Units shall be cancelled prior to each issuance of an affected project. The Gold Standard VER/CO2-certificates issuance process will occur in line with the timescales as appropriate under the Gold Standard Rules and Requirements, but Gold Standard VER/CO2-certificates issuance will not be completed until the cancellation of an equivalent number of Eligible Cancellation Units has been confirmed/attested. Gold Standard justifies the selection of Eligible Cancellation Units as follows:

- To avoid any built-in discrepant accounting, the units must be from an accounting mechanism that is either:
- Equivalent to the one implemented by host regulatory bodies (e.g. AAUs) to mitigate any risk of discrepant accounting
- Equivalent to the Gold Standard VER issued (e.g. another Gold Standard VER)
- One that Gold Standard has assessed and accepts as robust (e.g. CDM)
- Must be issued in a transparent registry that allows for clear serial numbering and unequivocal attestation as to purpose. For example at the point of a cancellation some registries (for example UNFCCC Voluntary Cancellation Platform) allow for the attestation of purpose to be stated in the receipting. This attestation is required to demonstrate to Gold Standard that the purpose of cancellation was voluntary and explicitly for the mitigation of double counting risks. The attestation should therefore include the Gold Standard Project number (if known) and clear reference to the topic of Double Counting (e.g. Retired on behalf Gold Standard Project 1234 to resolve Double Counting).

5 – PROCEDURES

At first submission to Gold Standard a desk appraisal shall be conducted to establish the presence of a Double Counting risk. This appraisal shall be completed by Gold Standard and provided to the project owner for consideration. Project owner may pursue further options as per Section 4 of this document. To enable Registration (and Issuance) to occur then such evidence requires approval from the Gold Standard Technical Advisory Committee.

The Project Owner shall notify the DNA and any relevant regulatory bodies concerning the voluntary activity/issuance of voluntary emissions reductions no less than two months prior to Design Certification. Any comments raised by such bodies in response to notifications shall be fully and satisfactorily addressed prior to Design Certification. Gold Standard reserves the right to reject project Listing or Design Certification should the host/DNA/Regulatory body object to project on the basis of potential Double Counting risks.

Should a regulatory scheme be proposed/commence development during the project crediting period the project owner shall notify the host/DNA or any newly formed regulatory body of the presence of their voluntary project in the jurisdiction and that steps should be taken to avoid Double Counting on the regulatory side.

Note, that in case the project owner has to follow Scenario 2, the Gold Standard does NOT require the project owner to cancel the respective amount of Eligible Cancellation Units at the beginning of Gold Standard application process. It is recommended to wait until the final amount of Gold Standard VER/CO2-certificates has been confirmed by the audit report. Before issuance of Gold Standard VER/CO2-certificates takes place evidence on the cancellation shall be provided.

6 – IMPLICATIONS

Implications for Project Owners

The implication for project owners is, if they are at all affected by the topic of 'Double Counting', there could be additional cost to purchase and retire Eligible Cancellation Units as part of the Gold Standard VERs/CO2-certificates issuance process (Scenario 2). Conversely this mechanism protects the credibility of Gold Standard VERs/CO2-certificates to the benefit of all project owners.

Implications for Auditors

Increased Gold Standard project activities in countries and regions with GHG Emissions Trading Scheme will increase commercial opportunities for Gold Standard auditors outside of the traditional Gold Standard domain.

Implications for Stakeholders

It is vitally important that Gold Standard maintains and defends its reputation for rigour, transparency and integrity. While there is no direct impact on stakeholders it is clear that the absence of this rule would adversely affect the standing and market position of the Gold Standard Foundation.

Implications for the Gold Standard

The current international position and subsequent potential for 'Double Counting' of Gold Standard VERs/CO2-certificates requires that Gold Standard implement this guideline. Without the guideline Gold Standard VERs/CO2-certificates within the market would be subject to increased scrutiny and doubts as to the veracity of the claims made. Accordingly it is considered that the guideline will be of benefit to the reputation and integrity of the Gold Standard.

ANNEX B – REQUIREMENTS & GUIDELINES TO TRANSITION CDM PROJECT TO GSVER OR TO CONVERT CERs TO GSVERs

1 – HOW TO CONVERT GOLD STANDARD CERs TO GOLD STANDARD VERs

The Gold Standard Secretariat developed this guidance document in response to requests received by the developers of Gold Standard-labelled Clean Development Mechanism (CDM) projects about how they may issue Gold Standard VERs rather than Gold Standard labels for their CERs.

Background

The Gold Standard Foundation's (GSF's) goal in carbon markets is to drive the adoption of best practice among compliance and voluntary projects. If best practice projects fail due to the complex dynamics of intergovernmental negotiations, then whether this issue is temporary or permanent, GSF's mission is not well served. Therefore, if a solution can be found that maintains the optionality of projects under the CDM but offers access to a stronger market for those that meet GSF's requirements, it should, in principle, be adopted.

The Gold Standard has not historically chosen to interfere with the commercial decisions of project developers, other than to encourage the adoption of its best practice approach. Further, in the absence of a meaningful secondary market price, CER projects may fail if they do not have access to alternative markets. Where projects meet Gold Standard requirements, we are confident that they are not only additional (i.e. they truly require carbon income to be viable) but also that they deliver wider sustainable development goals. In this context, CDM projects meeting Gold Standard requirements are precisely those that most deserve to continue operating.

Instructions

- CDM projects that want to issue GS VERs should first be registered as GS CDM projects by fulfilling The Gold Standard's requirements.
- These projects should then have CERs issued to the project by the CDM Executive Board after which they should apply for CER labelling by GSF.
- The project must then transfer the newly issued CERs to the Gold Standard 's Swiss CDM Registry Account. GSF will then retire the CERs and the associated labels.
- On retirement of the CERs and payment of the relevant fee, GSF will issue an equivalent number of GS VERs to the project.

2 – GUIDANCE FOR TRANSITIONING A DE-REGISTERED CDM/GS CDM PROJECT TO A GOLD STANDARD VER PROJECT

The objective of this guidance is to clarify how project developers can transition registered projects from the Clean Development Mechanism (CDM) to Gold Standard in order to issue Gold Standard Verified Emission Reductions (VERs). These guidelines have been produced after the CDM Executive Board (EB) formally published guidelines that allow de-registration of CDM projects[8]. Please note that these guidelines are different from Gold Standard guidelines that allow conversion of GS CERs into GS VERs without requiring projects to transition from CDM to GS VER. Further, these guidelines are only applicable to projects that are eligible under Gold Standard for the Global Goals

~~**Background**~~

~~The Gold Standard Foundation's objective is to drive the adoption of best practice among compliance and voluntary carbon markets. If best practice projects fail due to the complex dynamics of intergovernmental negotiations, then whether this issue is temporary or permanent, GSF's mission is not well served. Therefore, if a solution can be found that provides the option for projects under the CDM to access stronger markets, it should, in principle, be adopted.~~

~~The Gold Standard has historically chosen not to interfere with the commercial decisions of project developers, other than to encourage the adoption of its best practice approach. However, in the absence of a meaningful secondary market price, CDM projects may fail if they do not have access to alternative markets. Hence, Gold Standard believes that the option to transition a CDM project to GS VER project (voluntary project) should be available to those project developers that wish to do so. Where projects meet Gold Standard requirements, we are confident that they are not only additional (i.e. they truly require carbon revenue to be viable) but also that they deliver wider sustainable development benefits. In this context, CDM projects meeting Gold Standard requirements are precisely those that most deserve to continue operating.~~

Eligibility criteria:

- The activity should have been formally de-registered by CDM EB and evidence of it shall be provided.
- The CDM de-registered activity is deemed eligible for GS VER registration if:
  - It is defined in the positive list of technology and project activity types as listed in the latest version of the CDM methodological tool "Demonstration of additionality of small-scale project activities"[9]or;
  - It meets the requirements specified in the latest version of CDM methodological tool

"Demonstrating additionality of microscale project activities"[10]

The small scale activity that is not included in the positive list as defined in CDM small scale additionality tool or does not meet the CDM microscale additionality criteria but has carbon revenues as the only source of revenue (e.g. free distribution of improved cookstoves to households), will be evaluated for its eligibility on a case-by-case basis. Currently this guidance document is only applicable to small-scale activities. However, large-scale projects may also express their intention to be considered for GS VER registration and based on responses received Gold Standard will evaluate if this guidance should be extended to large-scale project activities.

Process to transition de-registered CDM project to GS VER

Sustainable Development Goal Contributions shall be demonstrated out for the representative baseline situations of the project activity. If the project specific baseline information does not exist anymore, the assessment shall be carried out, if justified, using representative example cases or based on documentary evidences. For example for an improved cookstove activity the assessment shall be carried out based on households that are still representative of project baseline situation i.e., using unimproved cookstoves and are of same socio-economic circumstances of the project technology users; for a renewable energy activity the assessment shall be based on documentary evidences related to the project activity, which can provide sufficient information to justify the selected SDG ~~Contriutions~~Contributions. In all situations, the sustainable development assessment shall be based on auditable, verifiable documentation and convincing arguments based on representative circumstances.

- De-registered CDM projects would follow the complete GS project registration cycle. E.g. enter in the project cycle with the submission under regular or retroactive project category, and proceed to listing, validation and then design certification processes.
- CDM projects that are already undergoing GS CDM application process can also switch completely to GS VER after they are de-registered from CDM. For such cases, the application process will continue from the stage at which the GS CDM project was at, while applying the switch.
- As part of the application process, the latest version of applied methodology and most recent available data vintage for calculation of grid emission factors (available at the time of Gold Standard submission) must be applied in the PDD. Auditors are required to validate the updated PDD for the gaps between the latest version of the methodology and the version with which the project was registered under the CDM.
- The auditor will validate the updated Gold Standard project documentation.
- Once registered under Gold Standard, the project will follow the regular Gold Standard certification procedures.

Rules on crediting period

- The project activity can claim the balance of the remaining crediting period as approved under CDM. For e.g. if project was registered with 7 year renewable crediting period and 3 years have been issued under CDM, then only 2 years can be claimed under Gold Standard and project will need to undergo renewal of crediting period after 2 years.

OR

- If projects wants to claim a full 5 year crediting period under Gold Standard for the Global Goals and if they have been issued CERs under CDM for a certain period of time, then projects must retire the equivalent number of CERs/GSVERs from same project activity over the Gold Standard crediting period.

In both the above cases, the de-registered CDM project will be eligible for retroactive Gold Standard crediting for the period between the date of de-registration under the UNFCCC and the date of registration under Gold Standard up to a maximum period of two years prior to the date of Gold Standard registration. However, the total crediting period of the project shall not exceed the standard crediting period~~ under GS4GG~~.

Switching back to CDM at a later stage

De-registered CDM project that makes a transition to GS VER will be allowed to switch back to CDM at a later stage provided the project developer signs an emission reduction acquisition agreement (ERAA Template) with Gold Standard to ensure that the project activity under consideration will not claim more than standard crediting periods allowed.

Registered GS CDM projects can also make a transition to GS VER by following the rules on ‘crediting period’ and ‘fees’ as stated above.

ANNEX C – LAND-USE & FORESTS ISSUANCE GUIDELINES

1. Projects may choose to issue Planned Emissions Reduction (PER) Certificates for the period of the next 5 year certification cycle or up to 5 years following any Verification (3 years for Agriculture Projects). Projects may choose not to issue PERs if preferred.

2. Process for Validation, Verification, Performance Certification and Issuance:

Step 1 – the Project Developer shall appoint an eligible GS-VVB to conduct a Validation or Verification of the Project. The Project Developer shall provide the PDD for Validation or Monitoring Report for the Monitoring Period to be Verified, to the GS-VVB. This shall include the Carbon Performance and all other relevant templates.

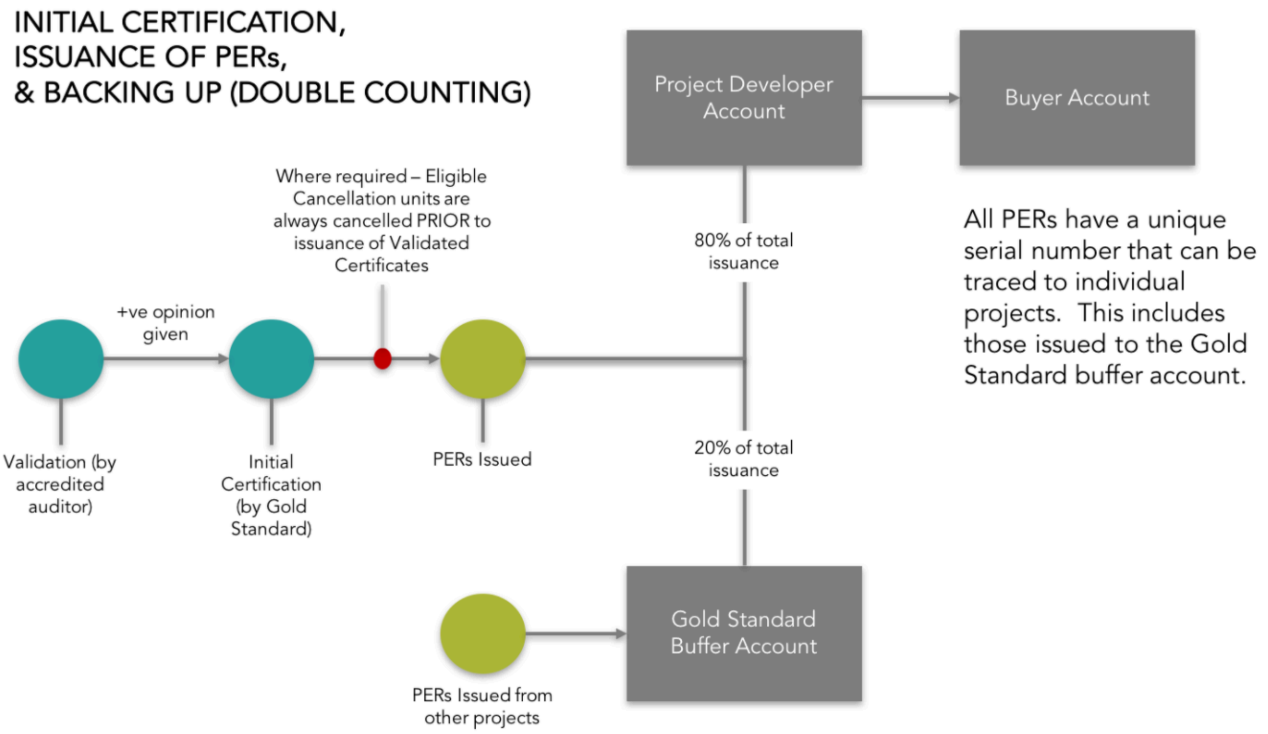
Step 2 – The GS-VVB conducts Validation or Verification and submits opinion to Gold Standard. If the GS-VVB considers that the Project should be certified/issued then Gold Standard commences a Performance Review, based on the documentation. The review completes when all CARs and comments are closed. Note that PERs may be issued at Design Certification (maximum of 5 years forward issuance period). GS-VERs may only be issued following successful Verification and Performance Certification.

Step 3 – At the closure of Review all documents are updated by the Project Developer/GS-VVB in accordance with any changes required. Based on the Carbon Performance Template submitted the Project Developer shall confirm what issuance is being requested.

Sub-step 3a: Issuance of PERs (optional):

PERs are issued pro-rata for each year for the forward period requested (up to a maximum of 5 years). 20% of the PERs are issued to the GS Buffer, the remaining 80% are issued to the Project Developers requested accounts.

Fig 1: Issuance of PERs



Sub-step 3b: Conversion of PERs into GS-VERs

PERs represent expected sequestration of emissions. During a Monitoring Period the PERs issue can be converted into GS-VERs in the Gold Standard Registry. This replaces the PER (which is permanently removed) with the GS-VER. 20% of the conversions shall take place in the Gold Standard Buffer with the Project Developer free to convert any of the remaining, associated PER (i.e. the remaining 80%).

Step 4

In the event of a shortfall between Verified as compared to PERs the Carbon Performance requirements shall apply (see Section 11.0)

Fig 2: Conversion of PERs

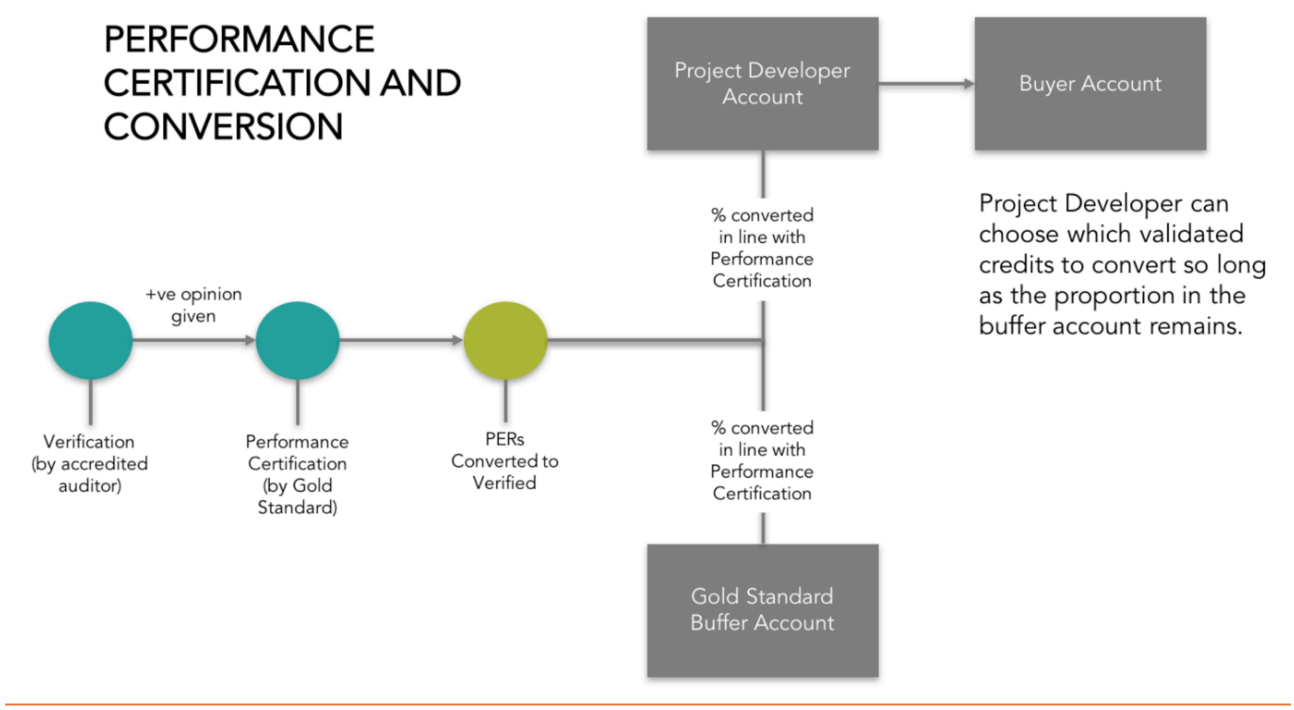


Figure 3: Carbon Performance – Conversion of PER to GS-VER in the event of over or underestimation scenarios

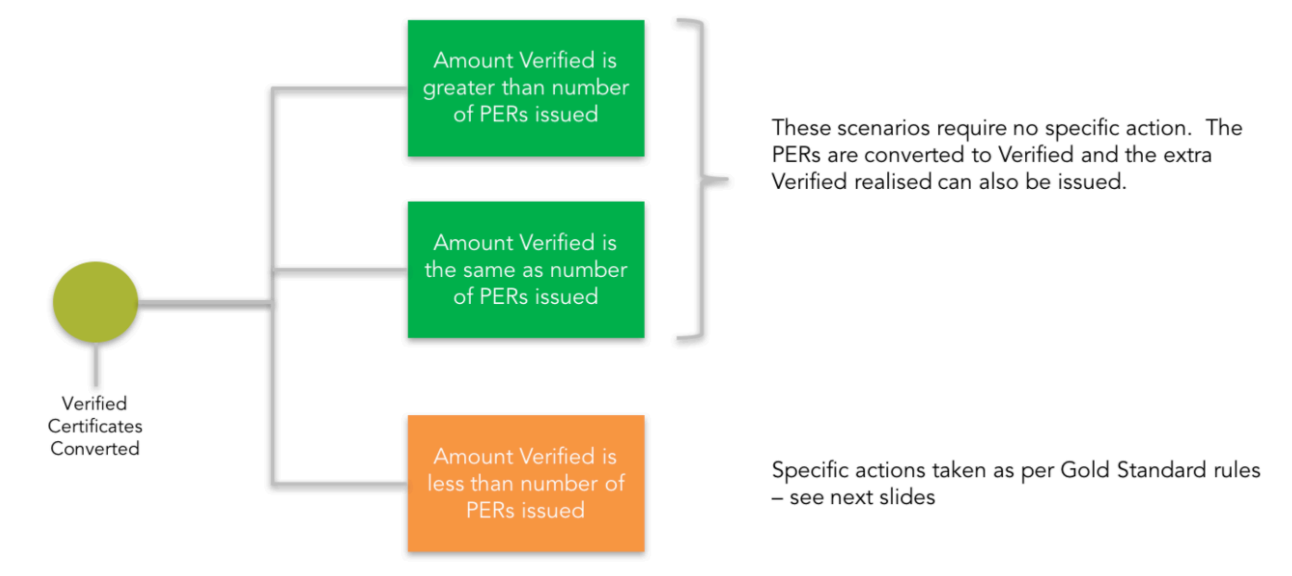
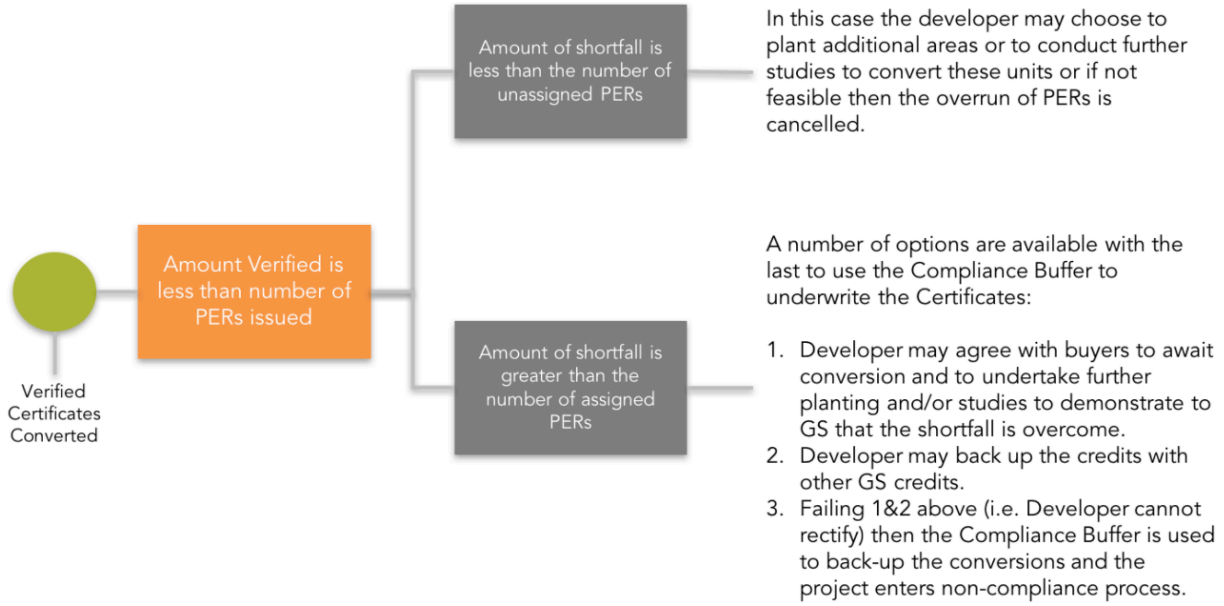


Figure 4: Carbon Performance Requirements int the event of shortfall



3. Process for Assignment and Retirement

PERs can be transferred to a buyers account; they can be assigned but they cannot be retired. They remain in the buyers account until converted at which point they are replaced as per 3c above.

GS-VERs can be transferred to a buyers account (and further transferred from there to other accounts) until they are permanently assigned or retired by the final user/owner. The retirement takes place in the Gold Standard Registry

4. Process for substitution of Compliance Buffer

Certificates from other Gold Standard certified projects may be transferred to the to the Gold Standard Compliance Buffer in lieu of the PERs or GS-VERs from the project. This can only be done at the same time as any Issuance event, and not at any time thereafter. Written notification of the intention to transfer along with specific amounts, along with the fee for issuance of GS-VERs from the buffer, shall be provided to registry@goldstandard.org

[1] http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php

[2] http://ji.unfccc.int/JI_Parties/index.html

[3] The time of submission for validation is the date when the GS-VVB is contracted for the Validation of the Project, as formally confirmed by the GS-VVB in the audit report.

[4] http://unfccc.int/kyoto_protocol/items/3145.php

[5] Note – this guideline is not intended to address issues of 'stacking' of assets – either as multiple assets from the same project activity or multiple activities within the same project.

[7] The CERs are cancelled for the sole purpose of backing-up the Emissions Reduction. To provide some safeguard as to the quality of the credits cancelled these additional criteria are provided however the Gold Standard does not endorse any Sustainable Development contribution beyond that assured by a GS label. .

[8] Refer to CDM-EB meeting report 82, paragraph 45 for details, available at following link https://cdm.unfccc.int/EB/archives/meetings_15.html#82

[9] https://cdm.unfccc.int/Reference/tools/index.html

[10] https://cdm.unfccc.int/Reference/tools/index.html