



# PROJECT DEVELOPER FORUM

Credible Climate Action.

Project Developer Forum Ltd.  
First Floor, Waterside House  
Waterside Drive, Wigan, England, WN3 5AZ  
Europe: +49 171 279 8223  
[office@pd-forum.net](mailto:office@pd-forum.net)  
[www.pd-forum.net](http://www.pd-forum.net)

To [standards@goldstandard.org](mailto:standards@goldstandard.org)  
From [sven.kolmetz@pd-forum.net](mailto:sven.kolmetz@pd-forum.net)  
Date 14 April 2021  
Page 1/2  
Subject **Public Comment on GS Consultation “Integrity for scale:  
Aligning Gold Standard projects with the Paris  
Agreement”**  
Classification: Not confidential – this letter will be distributed to interested  
parties and published online

CHAIRPERSON:  
Sven Kolmetz  
[sven.kolmetz@pd-forum.net](mailto:sven.kolmetz@pd-forum.net)

CO VICE CHAIRPERSONS:  
Philipp Hauser  
[Philipp.HAUSER@pd-forum.net](mailto:Philipp.HAUSER@pd-forum.net)  
Christiaan Vrolijk  
[christiaanvrolijk@gmail.com](mailto:christiaanvrolijk@gmail.com)

Director  
Rachel Child  
[Rachel.child@pd-forum.net](mailto:Rachel.child@pd-forum.net)

Dear Owen, GS team,

We would like to thank you for the opportunity to provide feedback on the two documents included in the consultation “Integrity for scale: Aligning Gold Standard projects with the Paris Agreement” and “Treatment of Double Counting and Corresponding Adjustments in Voluntary Carbon Markets”. This letter covers our response to both documents.

The Project Developer Forum (PD Forum) is a collaborative association and collective voice of companies and practitioners that are developing and financing greenhouse gas (GHG) mitigation activities worldwide. Our members work on a global scale and evaluate opportunities to deploy climate financing and carbon market instruments to accelerate investments for GHG mitigation, climate resilience and sustainable development. Our members have been major users and supporters of both voluntary and UNFCCC carbon standards for the last two decades. From the perspective of practitioners, the PD Forum offers workable, pragmatic and practical solutions developed by member companies and individuals who have the knowledge and experience to develop financially viable, replicable and transformative mitigation.

We would like to commend the Gold Standard on your efforts to consult and discuss the future of the carbon market, and continue to build momentum of increased ambition for the market. However, we are disappointed about the lack of any reflection of our point of view, or that of the wider market participants or other stakeholders, from previous consultation.<sup>1</sup>

We will comment on the two documents in turn below, addressing the specific questions posed as much as possible, and general issues that we believe are critical.

The PD Forum and its members are looking forward to seeing improvements in your proposals and the opportunity to discuss this further.

Yours sincerely,

Dr. Sven Kolmetz  
Chairman, Project Developer Forum  
On behalf of the members

---

<sup>1</sup> Our previous submission [https://pd-forum.net/sites/default/files/pdf\\_uploads/20200814\\_pd-forum\\_letter\\_gs\\_consultation-post2020.pdf](https://pd-forum.net/sites/default/files/pdf_uploads/20200814_pd-forum_letter_gs_consultation-post2020.pdf) and that of many other market participants <https://www.goldstandard.org/our-work/innovations-consultations/operationalising-and-scaling-post-2020-voluntary-carbon-market> should be re-read as important inputs into this consultation.



## Integrity for scale: Aligning Gold Standard-certified projects with the Paris Agreement

### Chapter 2 Transition and renewal of existing projects

We appreciate the desire of the GS to restrict transitioning and renewals, but feel that the suggested approach is ultimately unsuitable and too subjective, and its imposition will lead to perverse outcomes. Many project types are additional due to their high upfront investment cost rather than ongoing costs. Many project types may tick all the boxes of ongoing needs, but are fundamentally less attractive project types, while those that catalyse real economic change and development would be denied renewal. Even if this did not affect the current cohort of projects, it disincentivises development of new projects.

*Q1| Do you think that certain projects should be exempted from a vulnerability assessment? This could include projects from the CDM and other certification schemes hosted by LDCs/LLDCs/SIDS/conflict zones with a start date of first crediting period before 1 January 2016. Alternatively, it could include specific activity types that are deemed additional under Gold Standard's Activity Requirements.*

**PD Forum view:**

We do not believe that the proposed vulnerability assessment is a credible part of the GS.

*Q2| Do carbon credit buyers think it would be useful for carbon markets, including both compliance and voluntary programs, to adopt criteria to assess the ongoing financial need for projects every 5 years at the time of renewal of crediting period?*

**PD Forum view:**

The additionality of projects is assessed at the point of the investment decision, and can not be repeated every 5 years. Indeed, for many project types, once the project has started and investments made, continuation is the most attractive scenario. The baseline should be updated (regularly), and if the project technology has effectively become the new baseline then crediting ceases.

*Q3| Do project developers think the OFN requirement is reasonable and manageable, or are there adjusted or alternative approaches that could still achieve the same goal? Should flexibilities be put in place for certain projects, such as those in LDCs/ LLDCs / SIDS / Conflict zones?*

**PD Forum view:**

We do not believe OFN is a credible approach for many of the most impactful project types. Imposing the assessment increases risk for developers, particularly in distributed projects, where some interventions, such as stoves or solar lights, may be sold towards the end of the 5 year period and may only receive carbon finance for a very short time – if OFN is, for whatever reason, not considered to be proven by the standard.

### Chapter 3 Using voluntary carbon credits in the post-2020 period

While we applaud GS for trying to be pro-active, it is prejudicing the outcome of the Paris Agreement negotiations in a very narrow way, which we believe is neither the likely nor preferred outcome. We believe GS should prepare a mechanism that is credible whatever outcome (if any) of the Paris Agreement negotiations.

The argumentation used in the document relies on an interpretation of the PA as a rigorously-enforced compliance regime with hard / absolute targets, and fixed policies in place to meet NDC targets. As much as we support it, this is not our interpretation of the PA, either on paper or in practice in host countries.

While we appreciate the need, and have encouraged GS to be ready for applying Corresponding Adjustments for compliance trading under Art 6 and Corsia, we believe this is entirely inappropriate for the voluntary carbon market where reductions are not exported and only ever claimed against the user's global footprint: voluntary market claims are never double claimed as the net GHG benefit is counted on once, by the host country. Our argumentation is fully developed in our previous submissions, and we refer you back to that.



While we appreciate the GS's desire to ensure only credible claims are made, we disagree with the suggestions made in this chapter. There are some genuine differences of opinion on concepts and definitions that are not in the realms of GS to prescribe or police. The GS's role is to ensure the credibility of the emission reduction credit created, not how that is used. We would encourage GS to describe what a GS VER really means, in plain English, not using technical terminology, regardless of whatever fashionable, sector, country or language-specific wording that may be used by the end users.

*Q1| Do you agree with the proposed staggered approach to the implementation of corresponding adjustments rather than introducing a requirement for all countries at the same time?*

**PD Forum view:**

CA should not be mandated in the VCM at all. With some minor exceptions, our understanding from working globally in developing and developed countries, is that CA will not be available at all for much of this decade anywhere. We would also question the meaning of a CA before 2030, with no compliance periods or multi-year targets.

*Q2| Are there particular cases where you think exemptions should be made to the application of corresponding adjustments, for instance for micro-scale projects or those in areas of extreme poverty?*

**PD Forum view:**

We have previously argued that the VCM should be exempt from CA in its entirety, and have only strengthened that viewpoint. While a CA may come at a cost for compliance purposes, it may be value destruction in the VCM, particularly for the most impactful projects.

*Q3| Do you agree that domestic offsetting, as described above, should be treated in the same way as offsetting using international credits? If not, are there alternative safeguards that could be applied?*

**PD Forum view:**

The (voluntary) carbon market is global, and national boundaries are relevant in relation to national accounting. Therefore, in case of compliance use of the reductions, a domestic offset does not lead to a CA being needed, whereas for voluntary purposes the achieved reductions are never exported and CA are never required or desirable.

The critical aspects of all offset projects are the rigorous and conservative application of baseline and additionality, irrespective of the geographical location of the project.

*Q4| Do you agree that the requirement for a corresponding adjustment should be applied to projects outside the scope of the host country's NDC as well as inside? Are there alternative approaches that should be considered for mitigation outcomes outside the NDC?*

**PD Forum view:**

As stated above, a CA is an inappropriate accounting tool for use in the VCM, and should not be applied. CA is a disincentive to the development of impactful projects, regardless of the additionality and baseline, and to corporates taking responsibility for their own footprint.

We are deeply disappointed with the actions indicated in the summary of this chapter. CA is undesirable in the VCM. It is completely impossible to achieve CA even where GS VERs were used in the compliance market under the timelines suggested, based on our local expertise globally with just a few notable exceptions.

#### **Chapter 4 Aligning with the Paris Agreement – integrity of other provisions**

Baselines and additionality remain the most critical elements of the standard assessment. These will determine whether any credits are valuable or worthless, impactful or not. Because the PA may impact host country policies more actively, we agree that baselines will need to be updated regularly. While it creates additional work, cost and uncertainty for developers, we agree that 5 years seems reasonable at this stage. We also agree that the previous "E+/E-" guidelines of the CDM Executive Board in 2004 need to be revisited, and that E-



policies implemented under the PA should indeed be part of the baseline, for example. We believe the text should be clearer about the GS proposal. The baseline always needs to be developed following the applicable methodology, taking into consideration the national circumstances, and be conservative. However, a mandatory / arbitrary discount from BAU should not be part of the rational process of the development of the baseline.

#### *Issue 1 - Emission reductions/removals are real*

*Q1| Do you think there are other criteria we should consider to ensure crediting baselines used by Gold Standard projects have integrity and are aligned with principles within Article 6 of the Paris Agreement?*

**PD Forum view:**

Many criteria have been commented on already above. However, we would also like to highlight the need to look at real host country policies rather than vague or distant targets. A nicely worded paragraph in the NDC does not finance the implementation of a project.

*Q2| Do you think host countries will be willing to carry out corresponding adjustments for suppressed demand credits considering that they are avoided emissions? If not, should Gold Standard continue to issue such credits and why? Are there other means Gold Standard could adopt to channel carbon finance to such projects implemented in vulnerable communities?*

**PD Forum view:**

As stated above, we do not believe CA will be possible in the foreseeable future based on our experiences globally. Towards 2030, when some countries may be in a position to carry out CA, this will be available for some bigger projects first that are able to exert more influence. Suppressed demand projects are likely to be at the very back of the queue to receive CA. However, these are often the most impactful projects, the most suitable for the VCM, with the greatest developmental benefits in terms of helping the host onto a low-emissions pathway.

*Q3| Should Gold Standard require corresponding adjustment for suppressed demand credits, considering that they will potentially not be counted in host country's emission inventory and hence are unlikely to be double claimed?*

**PD Forum view:**

As stated above, CA is undesirable and should never be applied for the VCM, while it is a prerequisite of (UNFCCC-linked) compliance markets.

#### *Issue 2 – Contribution to Sustainable Development*

*Q| Do you agree that Gold Standard's existing rules on sustainable development are appropriate for the new context and rules under the Paris Agreement, or do you believe changes are required?*

**PD Forum view:**

SD is already a full part of the requirements of GS. No further changes are required.

#### *Issue 3 – Effective Contribution to 'Overall Mitigation in Global Emissions' (OMGE)*

*Q| Do you think OMGE is a principle that Gold Standard should adopt? If yes, how would you suggest that this is operationalised? For example, should it be done by partial discounting of a percentage of credits at issuance, by setting up conservative baselines, or by some other means?*

**PD Forum view:**

The issue of net mitigation, or overall mitigation, has been discussed for more than a decade.<sup>2</sup> We believe it is prudent to wait for the negotiations to make a decision on this specific issue. All projects and all standards

---

<sup>2</sup> For example, an interesting overview and suggestions was commissioned by the Swedish Energy Agency in 2013: <http://www.energimyndigheten.se/contentassets/2600659ecfa54ec995b835a4c99d75fb/net-mitigation-through-the-cdm.pdf>.





**PROJECT  
DEVELOPER  
FORUM**  
Credible Climate Action.

Project Developer Forum Ltd.  
First Floor, Waterside House  
Waterside Drive, Wigan, England, WN3 5AZ  
Europe: +49 171 279 8223  
office@pd-forum.net  
www.pd-forum.net

always already used and continue to use conservative baselines and calculations, which realistically lead to far more than 10% OMGE.



### Treatment of double counting and corresponding adjustments in voluntary carbon markets

We would like to refer you back to our original submission on the subject for a detailed discussion.<sup>3</sup> We agree that the GS registry will need to be able to report on CA in order to be usable for the various compliance markets, such as Corsia and Art 6. We believe this will have to include everything relating to that CA, including a choice for the user whether a possible CA is applied or not. However, we believe that the next round of negotiations may help clarify what is and what is not required, and what that may look like.

This document proposes to impose a significant additional burden on project developers in section 2.3, some of which we believe is not reasonable. It is not credible to ask PPs to interpret NDCs in regards their project, particularly as so many NDCs are high level only, vague in the detail, conditional to some degree, and subject to change at any moment. Additionally, while NDCs may present a desired direct of travel for the host country, it is not an enforced policy that can support project investment.

---

<sup>3</sup> [https://pd-forum.net/sites/default/files/pdf\\_uploads/20200814\\_pd-forum\\_letter\\_gs\\_consultation-post2020.pdf](https://pd-forum.net/sites/default/files/pdf_uploads/20200814_pd-forum_letter_gs_consultation-post2020.pdf).

