

myclimate's feedback to the questions of the consultation

Transitioning to the Paris era

1| 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.

Yes, we think that micro-scale projects, community projects, as well as projects in LDCs, SIDS, LLDS should be excluded. Clear guidance on the assessment of vulnerability should be provided.

2| 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?

Demonstrating OFN at CP renewal could be useful if clear guidelines exist for conducting the assessment. However, who decides if the contribution from carbon finance is essential to keep the project alive? What is a reasonable threshold (2%, 5%, 20% of OPEX) for OFN?

3| 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?

OFN could be a tool to ensure continuous additionality of a project over time. However, we recommend to exclude certain project types from OFN assessment, such as e.g. community projects, micro scale projects and projects in LDCs/ LLDCs / SIDS / Conflict zones. Clear guidance for demonstrating OFN needs to be developed.

Corresponding Adjustments (CA)

Before providing a response to GS' questions, we would like to express out concerns regarding Cas on a more general note:

- The capacity of countries to implement the progress of their path towards achievement of the NDCs is far from being ready for implementation and the Intention of applying CAs could have a potentially negative impact on the promise of offsetting. It is not yet clear who will hold the countries accountable. Not knowing which body will hold the countries accountable jeopardizes any principle of environmental integrity. Further, it is not clear what will happen to the purchasers of adjusted VERs 5 years later we learn that a DNA decides to not do the adjustments. Retiring credits for offsetting/climate neutral claims based on a LOAA does not provide certainty for CA and thus provides a false promise to clients.
- Until rulebook, mechanisms and processes are clear for making CA and until countries will have the necessary capacities to implement CA, uncertainty persists regarding if CA will be made or not. Thus, distinguishing between VERs for finance claim and (to be) adjusted VERs with LOAA for offsetting/climate neutral claim suggests that the problem of double claiming is solved for one type of VER, which is far from true. Thus, in case there is no established standard procedure for getting a LOAA from a DNA, we see the danger for selective issuance of LOAAs by DNAs in this way discriminating projects in the market. The impression will appear that

adjusted credits are better than non-adjusted ones and this only because of the LoAA not because of differences regarding environmental integrity.

- There are still so many uncertainties that it is still too early to distinguish between VERs with and without CA.
- The LOAA does not provide the necessary certainty to avoid double claiming and thus provides a false promise to clients, whereby potentially discriminating other projects (which were not able to obtain a LOAA) in the market.

1| 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?

Yes, a staggered approach for introducing CAs makes sense. The approval of DNAs to obligatory LoAAs will be a significant bottleneck according to our point of view. We doubt that it will be feasible to obtain the signed LoAAs from the DNAs with the Paris Agreement not yet being fully determined. And even if the mechanism between the parties is fully determined on multilateral level, we think that many processes of implementation won't be clear, established and accessible in the host countries for many years to come. Similarly as we have seen with the NDC partnerships. To date, one year after the first update of NDCs was due, only 48 parties have submitted their updated version, according to the latest synthesis report of the secretariat.

There will be a huge demand for technical and financial cooperation by the host countries that cannot be done by the project developers but must be achieved by multilateral organizations, similarly to the efforts undergone for CDM. As long as these capacities have not been built, CA is a theoretical construct or in worst cases an intention resulting from personal relations to host countries. Making this intention a pre-requisit for using VERs to compensate is totally in conflict with GS ambition of keeping the "promise of offsetting". As long as, CAs cannot be made and no institution can hold countries accountable for actually implementing these, the issuance of VERs eligible for offsetting is only postponing the risk of jeopardizing the promise of compensation. Climate action is needed urgently and limiting the voluntary activities in belief that at some point in future Cas will strike out the risk of double claiming, comes at a too high cost in our point of view.

For many projects, but also host countries we see a discrepancy between the risk of endangering the environmental integrity of voluntary climate action and the risk of endangering the support of well-established and much needed projects, for example in the field of (small scale) community activities. Here the risk of no CA to a LDC's NDC for mitigation outcomes by a cookstove project is very high, thus endangering the project massively. On the other hand, the risk that the impact to the atmosphere is not real because the LDC government will count the mitigation outcomes in their favor and therefore not take other measures to achieve the NDC is extremely low.

Similarly as it was mentioned in the GS webinar for this consultation, we would like to bring attention to the increased risk for corruption, if VCM projects need a LoAA in order to be able to implement activities. This is ultimately going to lead to reputational risks for the VCM, as a whole.

Does the GS have any indication regarding willingness of host countries to commit to CAs for VCM projects that usually have a minor scale when compared to the ERs that need to be achieved as part of their NDCs.? A template LoAA would be welcome.

2| 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?

Micro-scale projects should be excluded. Criteria for CA should be excluded for countries not having the capacity to implement CA and a functioning GHG accounting in place. CA shall only be requested by the GS if there is a transparent and accessible process to get CA for all projects and not only for those, that are given preference by the host country. We expect that the GS is working on a mechanism that safeguards against “untransparent deals” with host countries DNAs in order to obtain LoAAs.

3| 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?

We agree that domestic offsetting should be treated equally.

4| 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?

The question is if host countries are able (or willing) to make CA for ER outside NDC? Host countries excluded certain sectors on purpose from their NDC (lack of data or other reasons). We think, CA should only be required once the host country has include the specific sector in the NDC, since the host country is not claiming ER outside its NDC.

Issue of real emissions reductions/removals

1| 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?

Updating baselines every 5 years is reasonable. Taking host country policies into account might be difficult. Tools and clear guidance are needed to do so.

2| 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?

We think host countries will not be able/willing to make CA for suppressed demand credits. ER from suppressed demand are not accounted for by the host country and thus the double claiming issue does not exist. The Gold Standard should definitely continue to support the suppressed demand approach and issue credits (without CA for the portion of suppressed demand credits). Suppressed demand is an indication for very vulnerable and underserved communities, which should not be left behind.

3| *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?*

No, since they are not double claimed.

Contribution to sustainable development

1|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?

Standardization of this process with an SDG impact tool is most welcome.

Effective Contribution to 'Overall Mitigation in Global Emissions

1|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?

Yes, e.g. 2% discount sounds like a reasonable approach for offsetting claim. Baseline may change over time. By just defining conservative baselines there is no way of quantifying the contribution to overall mitigation in global emissions.

Questions:

Will there be a template for LoAA provided by GS?

What kind of capacity building will GS do with DNA/host countries for CA and LoAA?

Will this feedback be published? If yes, and in case personal information is disclosed, we would like to be informed beforehand.