

GOLD STANDARD PROCEDURES FOR APPROVAL OF DESIGN CHANGES.

I. Applicability of procedures on design changes

These procedures relate to permanent design changes. Design changes are considered permanent if at least one of the following aspects is impacted: additionality, scale of the project activity¹, validity/applicability of the applied methodology, stakeholder consultation, and sustainable development criteria. Changes must be reflected in the project documentation.

These procedures do not apply to requests for deviation from or revisions of the monitoring plan of a registered PDD. On the other hand, it does apply to changes in the monitoring plan induced by design changes for which approval is being pursued.

II. Design changes occurring before registration

Any request for design change approval occurring prior to or during registration review must be reviewed and validated by the Validation DOE. The project documentation and the Validation Report shall be revised accordingly before submission (or re-submission) for registration review.

Gold Standard rules allow for the consideration of various design scenarios in the project documentation (VER project activities only) as long as all aspects affected by the scenario variations are discussed in a satisfactory way. For example, additionality shall be demonstrated for each one of the scenarios envisioned, or stakeholder inputs shall be gathered for all cases envisioned. Other relevant aspects are the scale of the project activity, the validity/applicability of the applied methodology, and the assessment of sustainable development criteria (safeguarding principles and indicators). All scenarios shall be validated by the DOE and final decision with respect to the chosen scenario must be taken on time for the first verification.

Stakeholder feedback on design change: Project proponents shall discuss if there is a need to conduct a stakeholder consultation with respect to changes that are to occur or occurred in the project activity design/location/specifications. Whenever design changes include the extension of the project boundaries to new sites or the selection of different sites from those that had been envisioned at the time of registration, relevant stakeholders from these locations shall be invited for comments as per Gold Standard guideline. For example, design changes in wind power projects increasing their capacities to new locations or modifying the microsite plan of wind turbines involving different locations compared to the one envisioned at the time of registration

¹ The scale of the project activity is not only defined by the maximum power generation capacity for power projects and maximum threshold of energy savings for energy efficiency project, but also refers to the volume of emission reductions from a project activity.

may call for a physical meeting to include the feedback of stakeholders who were not included in the earlier stakeholder meetings.

III. Design changes occurring after registration

Guideline below apply in case the PP alert the Gold Standard about a change in the implementation for the project activity with respect to the project documentation that had been registered, or in case the DOE contracted to perform the verification identifies that the project has not been implemented according to the registered PDD at the time of verification². The contracted DOE shall identify and inform the project participants of any concerns related to the conformity of the actual project activity and its operation with the registered project design document.

The procedures are also applicable if the permanent changes have occurred after the implementation of the project activity as per the registered PDD and issuance of credits have also taken place.

Request for approval of design changes in the project activity

Project Proponents are required to submit a request for approval for the permanent changes to occur in the project activity. The request must be submitted to the Gold Standard Secretariat prior to their implementation, or at the very latest prior to request for issuance. In the latter case however, project proponents shall be aware that negative feedback from stakeholders or reviewers may lead to rejection of any issuance request in the future unless the design is revised appropriately which may be problematic when implementation has already occurred.

The following information/documents should be submitted as a part of the request for approval:

a. For Version 1.0 project activities: revised PDD and/or revised Gold Standard Annex highlighting the changes in the project activity in track-change mode, and memo highlighting the design changes and discussing their impact on the various relevant aspects.

b. For Version 2.0 and onwards: revised Gold Standard Passport and revised PDD highlighting the changes in track-change mode, and memo highlighting the design changes and discussing their impact on the various relevant aspects.

c. Any other additional supporting documentation (for e.g. Environmental Impact Assessment conducted in relation with the changes in the project activity design, etc.)

² The Gold Standard will not conclude the verification until the request for approval of changes has been approved.

Preparation of revised documentation

The revised documentation should include the impact of the design changes with respect to all the aspects below (a to g) and the design change memo submitted at the time of request for approval shall discuss these in a concise way:

a. Additionality: Changes may impact the validity of investment analysis or barrier analysis established at the time of project registration, thus affecting the additionality of the project activity. This would typically be the case when: 1) changes affect the output capacity due to an increased installed capacity or an increased number of units, or installation of units with lower capacity or units with a technology which is less advanced than that described in the project documentation, or 2) components are added or considered ones are extended, or 3) sites are removed or added in the context of a project activity registered with multiple-sites, or 4) actual operational parameters within the control of project participants are associated with different values than previously expected, affecting the determination of the emission reductions and the IRR calculation.

Project proponents must therefore discuss the effect of design changes on the validity of the demonstration of additionality and provide all required justifications.

Within an investment analysis, all but the parameters affected by the design changes shall be given the same values as in the demonstration provided at the time of registration review.

If the demonstration relies on a barrier analysis, project proponents shall discuss why the barriers still remain valid despite the design changes.

b. Scale of project activity: Project proponents shall discuss to what extent the design changes affect the scale of the project activity as per the Gold Standard Requirements, under clause III.e.2. If the defined upper threshold for micro or small scale activities is exceeded, related rules are no longer applicable to the project activity and project proponents shall revise the project documentation accordingly.

c. Applicability of methodology: Project proponents shall discuss whether the original methodology would be still applicable, or whether another methodology shall be used. The same analysis shall also be conducted with respect to the selected baseline scenario. When a project activity has not been implemented as described in the registered project documentation, the applicability and application of the baseline methodology with which the project has been registered shall be re-assessed.

d. Stakeholder feedback on design change: Project proponents shall discuss if there is a need to conduct a stakeholder consultation with respect to changes that are to occur or occurred in the project activity design/location/specifications. Whenever design changes include the extension of the project boundaries to new sites or the selection of different sites from those that had been envisioned at the time of registration, relevant stakeholders from these locations shall be invited for comments as per Gold Standard guideline. For example, design changes in wind power projects increasing their capacities to new locations or modifying the microsite plan of wind turbines involving different locations compared to the one envisioned at the time of registration

may call for a physical meeting to include the feedback of stakeholders who were not included in the earlier stakeholder meetings.

Project proponents can choose to invite comments electronically or over a live and physical meeting, but will be required to justify the same. To the extent possible, project proponents shall conduct the complementary consultation prior to the start of construction/implementation of the affected components.

e. Sustainable Development Assessment: Project proponents shall discuss any necessary revision in the scores of the 12 Sustainable Development (SD) indicators³ following the design changes. The same should be done with respect to level of risk for the 11 Safeguarding Principles of the Do-No Harm Assessment⁴. The Sustainable Development Assessment shall be conducted with respect to the new changes and/or new baseline scenario as per the new project design.

Changes in the project location or the extension of the project boundaries definitely call for a re-assessment of the SD criteria. So does a significant change of scale of the project activity even if located on the same site. If a new Environmental Impact Assessment (EIA) is required as per the local legislation, the SD assessment shall take into account the new elements provided, inc. potential new mitigation and/or compensation measures to put in place.

f. Sustainable Development Monitoring Plan: Project proponents shall discuss whether there is a need to prepare a revised sustainable development monitoring plan to accommodate any changes and/or comments from the local stakeholders. This can potentially include new mitigation measures as per a revised EIA or new comments by stakeholders. Changes in the scores of the SD indicators due to the new project design can also lead to a revision of the sustainable development monitoring plan. The changes in the scores of the SD indicators shall be assessed as per the sustainable development assessment guidance discussed above.

g. Legislation. Project proponents should also discuss the need for new approvals/licenses from the environmental and/or regulatory agencies.

Evaluation of the request for approval

Upon receipt of the request for approval, the Gold Standard Secretariat first conducts a completeness check to confirm whether all the necessary information and documentation has been submitted.

The Secretariat then proceeds with a preliminary evaluation of the request for approval in order to assess whether:

³ Project proponents are not required to conduct a blind scoring of SD matrix again, the changed score(s) will be the result of a self-assessment taking into account feedback from the stakeholder consultation.

⁴ Gold Standard Version 1.0 projects are not required to include discussion on Do-No Harm Assessment.

1) an opinion on the impacts of the design changes with respect to points a to g above shall be performed by either the Validation DOE or the Verification DOE (post-registration validation), or

2) the assessment of the design changes can be conducted by the Gold Standard on its own.

Under case 1, the project proponents shall contract the Validation DOE or Verification DOE to perform a review of the design change memo and the revised project documentation submitted to Gold Standard and to provide an opinion on each one of the points a to g discussed. The DOE shall assess how the affected data/information in the registered project documentation have been derived, and validate if the assumptions underlying this original data/information are correct. The revised project documentation, the design change memo, and the DOE's opinion shall be delivered to the Gold Standard for review. Once approved, both documents will be uploaded in the Gold Standard Registry as amendments to respectively the project documentation and the Validation Report.

Under case 2, the Gold Standard proceeds to the review of the submitted design change document without further involvement of a DOE. The revised documentation and the design change memo once approved will be uploaded in the Gold Standard Registry as an amendment of the project documentation.

In all cases above, approval or rejection may occur directly after submission of the necessary documentation or after rounds of review necessary to close all requests for clarification or corrective action, if any.

Approval of the request for design changes as proposed by the project proponents allows for a subsequent requests for issuance.

Rejection of the request for design changes prevents any request for issuance unless the previous design is recovered or an alternative, acceptable design change is submitted.

Once a decision has been made, the Gold Standard Secretariat will communicate it to both the project proponents and the DOE that was involved in the assessment of the design changes, if any.

The revised version of the complete project documentation shall then be applicable for all future requests for issuance.