

TO WHOM IT MAY CONCERN

Basel, December 17<sup>th</sup> 2007

## **Gold Standard Rules and Procedures** **Updates and Clarifications**

**- EFFECTIVE IMMEDIATELY -**

### **Purpose and status of this document**

This document serves as a clarification to the existing rules and procedures of the Gold Standard (Gold Standard Project Developer Manual for CDM (GS CER) and Gold Standard Project Developer Manual for Voluntary Offset Projects (GS VER). It is effective immediately and should be considered an integral part of the Gold Standard rules and procedures that are acknowledged and accepted through the signature of the Gold Standard Terms and Conditions.

**A new version of the Gold Standard manuals ('Gold Standard V2') will be available in May 2008, and will be followed by regular updates.**

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## **1. Crediting options in the Gold Standard for CDM and Voluntary Offsets schemes**

The rules setting the basis for crediting under the Gold Standard follow the principle of conservativeness and the general conclusion of the Gold Standard Technical Advisory Committee that excessive crediting will limit availability of carbon finance for new entrants.

### **Crediting for Gold Standard CDM projects**

The rules of the CDM apply.

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## Crediting for CDM projects undergoing retroactive registration to the Gold Standard

Retroactive crediting for all projects submitting documentation (GS Validation report) after **October 31st 2007** is only possible for a maximum of two years\*<sup>1</sup> prior to the date of registration to the Gold Standard.

For all projects, for each year credited retroactively, a separate verification report documenting compliance with the Gold Standard reporting criteria (particularly on critical Sustainable Development Indicators) must be provided.

## Crediting for VER projects undergoing retroactive registration to the Gold Standard

Retroactive crediting for all projects submitting documentation (GS Validation report) after **October 31st 2007** is only possible for a maximum of two years prior\* to the date of registration to the Gold Standard.

For all projects, for each year credited retroactively, a separate verification report documenting compliance with the Gold Standard reporting criteria (particularly on critical Sustainable Development Indicators) must be provided. The earliest start date for retroactive crediting is January 1st 2006.

## Gold Standard VER Crediting for reductions pre-CDM registration

*(revised December 17<sup>th</sup> 2007)*

The Gold Standard recognises that there have been unpredictable delays in the registration process under the CDM for some projects. A rule has been developed by the Gold Standard to support the transition to a more predictable project registration process under the CDM.

GS VERs for project operation periods prior to CDM registration are allowed provided the following conditions are met:

- The project developer can provide proof that the final version of the PDD has been submitted for validation to the DOE prior to 31st of January 2008.
- The DOE must provide a verification report covering the GS VER period either with the first verification of GS CERs or separately.
- The reasons for the mismatch between the start of project operation and the CDM registration date are provided and confirmed by the DOE as part of the verification report covering the GS VER period.
- GS VERs may be issued for a maximum of 12 months prior to the project's CDM registration date.
- GS VERs will only be issued after the project has been successfully registered as a GS CDM project.

Once the project has been registered as a GS CDM project the normal Gold Standard rules apply.

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\*The retroactive crediting period is calculated backwards from the date of registration to the Gold Standard; for years with compliant verification reports that lie only partly within that period a proportional volume of credits verified is issued.

Example:

Registration date = 1 March 2008

→ Crediting period starts 1 March 2006

→ GS Credits issued for 2006 = Verified Credits 2006\*((365-(31+28))/365)

### **Crediting periods different from 1\*10 and 3\*7 years**

No different crediting periods than 1\*10 or 3\*7 years are permitted, with the exception of validated pre-CDM GS VERs as outlined in the previous section.

Project proponents can decide when to opt-in for Gold Standard crediting within the overall crediting period by submitting a Gold Standard-compliance verification report to the Gold Standard.

Project proponents can also opt-out of Gold Standard crediting within the overall crediting period. Opt-out is final and means the project cannot further be communicated as Gold Standard project.

### **Crediting under different VER standards**

Projects registering under the Gold Standard commit to not claim credits over and above the crediting period and expected volumes they are registered to under the Gold Standard from other independent or proprietary VER standards, neither before or after the Gold Standard crediting period. The Gold Standard status will immediately withdrawn from projects, which are found to be following, or have followed, this practice and the Gold Standard reserves, the right to take legal action against or publicly announce such practices.

### **Gold Standard VER crediting for excess reductions in a CDM project**

For a (Gold Standard) CDM project, it is not possible to claim GS VERs for emission reductions generated over and above what is already credited for under the CDM, e.g. in the case where achieved reductions are exceeding the maximum cap set by CDM SSC procedures.

Separate project elements not covered by the CDM may claim Gold Standard VERs if they are validated as a separate Gold Standard VER project (and pass the Gold Standard additionality test separately).

### **Gold Standard VER Crediting for projects producing RECs**

Gold Standard VERs for projects producing and selling RECs is not permitted. For methane-to-energy projects, RECs production and sale is possible for the energy part if no GS VERs are sought apart for the methane captured.

## **Gold Standard VER Crediting for projects in countries with a cap enforced**

*(revised December 17<sup>th</sup> 2007)*

Gold Standard VER recognition for projects in countries with a cap enforced are possible under the following conditions:

- Emission reductions prior to 2008 and considered in the additionality assessments from the outset.
- Crediting periods do not exceed those under the compliance mechanisms, with the exceptions as listed above.
- GS VERs are backed by AAUs permanently retired or projects can demonstrate that prior trilateral contracts involving transactions of AAUs proportionally to the project's emission reductions prior to 2008 have subsequently been cancelled by the host country.

## **Gold Standard VER crediting for non-Kyoto gases GHG reductions from energy projects**

*(revised December 17<sup>th</sup> 2007)*

Further research in the eligibility of non-Kyoto gases to generate Gold Standard VERs is currently being conducted. Non-Kyoto gases are currently not eligible under The Gold Standard.

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## **2. Gold Standard SSC-CDM-PDD and CDM-PDD formats**

*(revised December 17<sup>th</sup> 2007)*

Project proponents are asked to add Gold Standard-specific information in Annexes.

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## **3. Clarification – Use of DOEs for retroactive registration and verification**

- Projects registering retroactively to the Gold Standard can use the same DOE for validation of the additional Gold Standard requirements as well as for the retroactive verification of the Gold Standard relevant Sustainable Development Indicators.
- This is contingent on the DOE performing retroactive validation/verification being the same that initially validated the project.
- For future verification, the DOE verifying GS requirements must be different from the initial validating DOE if the project is large-scale.

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## **4. Clarification – Previous Announcement Check**

Examples for documents suitable to satisfy the previous announcement check are e.g. Board minutes of the „Go“-decision together with the business plan approved.

If projects have been previously abandoned, reasons for that decision and the valid business plan of that point in time should be provided.

## 5. Clarifications – Project types

- Renewable Energy for Transport is eligible for the Gold Standard
- PoAs in the fields of Renewable Energy and demand-side energy efficiency are eligible to the Gold Standard.
- For biomass projects, resource competition must be monitored with suitable Sustainable Development Indicators and be included in the Monitoring Plan.
- Methane-to-energy projects on palm oil plantations (AM0013 and similar) must address the question whether the primary activity of palm oil production is increasing pressure on primary forests.
- For LFG-to-energy projects, a minimal utilisation threshold for methane usage of 65% averaged over one year has been set. The monitoring plan must provide for a transparent assessment of this condition, and the methodology how it is monitored must be described.

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## 6. Clarifications – Gold Standard Stakeholder Consultation

### Duration of Main Stakeholder Consultation

The 60-day period during which stakeholders must be able to make comments on the GS-PDDs during the main stakeholder consultation can be in parallel to the validation process. Validation can be concluded at the earliest 60 days after commencement of the main stakeholder consultation.

### Soliciting Comments during Stakeholder Consultations

Comments in both consultations must be solicited *actively* and *through suitable tools and channels*; however, project proponents are not responsible for receiving comments from all stakeholders contacted.

### Involving Gold Standard NGO supporters

International Gold Standard NGO supporters with offices in the respective host countries as well as national Gold Standard NGO supporters must be involved in the stakeholder consultations in any case. Contact information can be requested through [info@cdmgoldstandard.org](mailto:info@cdmgoldstandard.org) and will be available through the Gold Standard website later this year.

### International Stakeholder Consultation under GS VER stream

An international stakeholder consultation as in the CDM is not required for projects under the GS VER stream.

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## 7. Clarification – Gold Standard registration for CDM projects

Registration of projects to the Gold Standard CDM stream is contingent on the registration by the UNFCCC. Registration of projects rejected by the CDM EB to the GS VER stream may be possible and will be evaluated on a case-by-case basis, considering the reasons for rejection by the CDM EB.

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## 8. Adaptation of GS VER SSC thresholds to CDM thresholds

Gold Standard VER thresholds for SSC projects are adapted to those of the CDM. The new threshold is 60'000 VERs p.a. for SSC projects.

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## 9. Clarifications – Gold Standard VER stream

- For GS VER projects outside national territories a suitable national institution must be informed and the selection of the institution must be justified for the DOE.
- SSC-WG and MethPanel approved methodologies are only accepted for the Gold Standard VER stream if they have not subsequently been rejected by the CDM EB.

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## 10. Gold Standard VER stream, micro project validation

- Project proponents selected for DOE validation/verification are obliged to select a DOE through a competitive bidding process. The Terms of References must secure validation/verification of the project to the usual standards and to the Gold Standard Rules&Procedures.
- The Gold Standard may appoint a different DOE to perform validation/verification than the one proposed by the project proponent.

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## 11. Gold Standard VER Registry

*(revised December 17<sup>th</sup> 2007)*

A GS VER Registry will be up and running by the end of February 2008. In the mean time, GS VERs are issued with provisional serial numbers under the condition that these will be transferred to the first approved GS VER Registry.

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## 12. Changes to Terms and Conditions

**All above-mentioned changes to the Gold Standard rules and procedures are to be considered integral parts of the Gold Standard's Terms and Conditions and effective immediately.**

### Acceptance of Terms and Conditions

In reference to section A. I and II. of the Gold Standard Terms and Conditions the following clarification is made:

„The legal owner of the project can delegate all dealings with the Gold Standard mentioned in this document to an appointed third party. Such a delegation must be communicated to the Gold Standard in writing.“

### Use of Gold Standard logo

In reference to section A. IV. of the Gold Standard Terms and Conditions the following clarification is made:

„The Gold Standard logo, when used as described hereafter, must always be used in its entirety and as depicted below. Exceptions are possible with prior notification and approval of the Gold Standard.“

### **Claiming Gold Standard Applicant Status**

In reference to section B. of the Gold Standard Terms and Conditions the following clarification is made:

„e) Projects publicly claiming Gold Standard applicant status and fulfilling the conditions as listed under a) – d) above must register their project in the Gold Standard Project Database. Public claims are all those communications that are not categorised as confidential through written agreements with counterparties.“

