

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

The objective of this guidance document 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 projects¹. 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 VER². Further, these guidelines are only applicable to projects that are eligible under existing Gold Standard categories i.e., renewable energy, end-use energy efficiency or waste handling and disposal³.

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"⁴ or;
 - It meets the requirements specified in the latest version of CDM methodological tool "Demonstrating additionality of microscale project activities"⁵

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

¹ 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

² http://www.goldstandard.org/sites/default/files/documents/guidance-doc_gs-cers-to-gs-vers.pdf

³ http://www.goldstandard.org/sites/default/files/gsv2.2_requirements.pdf

⁴ <https://cdm.unfccc.int/Reference/tools/index.html>

⁵ <https://cdm.unfccc.int/Reference/tools/index.html>

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

- The Sustainable Development Assessment shall be carried 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 SD scoring. 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 registration 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.
- Along with the updated PDD (if required) the auditor will also validate the Gold Standard Passport. If no site visit was carried out by the auditor as part of CDM validation process and/or as part of CDM verification process within the last two years (from the date of project submission⁶ for GS registration) then a site visit is mandatory at the time of Gold Standard validation. If site visit by auditor as part of CDM validation and/or verification was done in last two years, then the auditor will decide on a case-by-case basis if another site visit as part of the Gold Standard validation is required in order to form a validation opinion.
- 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

⁶ 'Date of project submission' means submission of the required Gold Standard project documents on GS registry and/or intimation of submission of project documents to GS team via email.

been issued under CDM, then only 4 years can be claimed under Gold Standard and project will need to undergo renewal of crediting period after 4 years.

OR

- If projects want to claim a full 7 year or 10 year crediting period under Gold Standard 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. The project activity could claim two year grace period under Gold Standard crediting period and then should retire the CERs/GSVERs distributed equally over the remaining 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 of the project of 3x7 or 10 years.

Fees

- The fees for GS VER projects are to be paid for PFA (if applicable), registration, design change, issuance of credits and registry fees following Gold Standard fee structure.

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) with Gold Standard to ensure that the project activity under consideration will not claim more than standard crediting period of 3 x 7 years or 10 years, combined under all schemes.

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