

# ELIGIBILITY REQUIREMENTS FOR GRID CONNECTED RENEWABLE ENERGY GENERATION PROJECTS (VER AND CER)

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## Background description

In 2018, Gold Standard began reassessing the role of carbon finance in supporting the transition to renewable energy to reflect market evolution and to ensure that funding goes to interventions most in need post-2020 when the Paris Agreement comes into force.

In many middle- and high-income countries, Renewable Energy (RE) is becoming a sustainable and attractive business, thanks to the increasingly favourable market, policy and technical conditions that allow finance to flow to projects. Developing countries, however, still face challenges in mobilising green and sustainable finance (page 19, Green Finance for Developing Countries; Needs, Concerns and Innovations UNEP, 2016). As a result, Gold Standard seeks to support scaling of renewable energy in countries and situations where significant barriers still exist, while allowing for exceptional circumstances where warranted.

From July 2018 through September 2018, Gold Standard held a public consultation collecting views on appropriate eligibility criteria for RE projects seeking carbon credit issuance. It focused on the eligibility of new RE projects for carbon credits, restricted in middle- and high-income countries and where higher capacity exists. In line with Gold Standard's focus on empowering vulnerable communities, eligibility continues for projects in Least Developing Countries (LDCs) or in limited exceptions, for example, in conflict zones or where the renewable energy serves impoverished beneficiaries at preferential rates. The feedback summary submitted during this consultation period can be viewed [here>>](#)<sup>1</sup>

As any decisions regarding eligibility criteria have a significant effect on prospective project development, a second round of consultation is being sought to provide further clarity and specificity on the proposals that came out of the first consultation.

Note that these eligibility criteria would NOT apply to projects already certified as Gold Standard or submitted within a grace period (typically 3 months for

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<sup>1</sup> [https://www.goldstandard.org/sites/default/files/documents/re\\_eligibility\\_-\\_summary\\_of\\_feedback\\_from\\_first\\_consultation.pdf](https://www.goldstandard.org/sites/default/files/documents/re_eligibility_-_summary_of_feedback_from_first_consultation.pdf)

submission of documentation following new requirements coming into force). It is noted that as the voluntary market evolves in the post-2020 era, Gold Standard will review the role and function of additionality in collaboration with our stakeholders and provide further updates in due course.

Gold Standard also reminds RE project developers of the opportunity to issue Gold Standard Renewable Energy Labels in order to access renewable energy certificate (REC) markets, for which these eligibility criteria do not apply.

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## **1.0 Introduction**

This document introduces requirements for new Grid Connected Renewable Electricity projects seeking Design Certification under Gold Standard for the Global Goals (GS4GG). These requirements affect the eligibility of projects issuing GS-VERs or GS-CERs, projects applying other pathways (for example Gold Standard Renewable Energy Labels) are not affected.

## **2.0 Scope & Applicability**

All Grid Connected<sup>2</sup> Renewable Electricity projects shall apply the following Eligibility Requirements. The Eligibility Requirements define which Grid Connected Renewable Electricity projects shall be deemed ineligible for the issuance of either of the following Gold Standard Emission Reduction certificate types:

- Gold Standard Verified Emission Reductions (GS-VERs)
- Gold Standard labels for Certified Emission Reductions (GS-CERs)

The eligibility check is conducted at the 'Preliminary Review' stage of the certification cycle. Projects that are found to be ineligible are not able to issue GS-VERs or GS-CER labels but may proceed under other certification pathways such as Renewable Energy Certificates (RECs).

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<sup>2</sup> Renewable Energy project supplying electricity to mini-grid are exempted from this eligibility requirements and shall follow Gold Standard Community Services Activity Requirements to issue GS-VER or GS-CERs.

Mini- Grid: A mini-grid is defined as small-scale power system with a total capacity not exceeding 15 MW (i.e. the sum of installed capacities of all generators connected to the mini-grid is equal to or less than 15 MW) which is not connected to a national or a regional grid.

The rule will come in effect after 3 months of the date of publication on the Gold Standard website. The rule will be applicable to all projects that are submitted for preliminary review after this date.

Note that these Requirements are applied prior to an additionality assessment (i.e. all projects must still demonstrate additionality unless otherwise stated elsewhere in Gold Standard requirements).

### **3.0 Eligibility Requirements**

A project located in a Least Developed Country (LDC), Small Island Developing State (SIDS) or a Land Locked Developing Country (LLDC) as of the date of submission to Preliminary Review, shall be exempt from any eligibility test. All other projects shall apply both of the following eligibility tests:

**Eligibility Test 1** – Any national or a regional grid connected Renewable Energy project located in an Upper Middle- and High-Income Country<sup>3</sup> (as classified by the World Bank) shall be deemed ineligible for the issuance of GS-VERs or GS-CERs.

**Eligibility Test 2** – A project located in a country where the penetration level of the Renewable Energy Technology type that is being installed in the proposed project activity is greater than 3.5%<sup>4</sup> of the total grid installed capacity, on the date of submission to Preliminary Review, shall be deemed ineligible for the issuance of GS-VERs or GS-CERs.

Where exceptional circumstances exist, a project may seek an exception to Eligibility Test 1 and 2. Exceptional circumstances include, but are not limited to, the situation where the renewable energy serves impoverished beneficiaries at preferential rates, project is located in a conflict zone<sup>5</sup>, or penetration of proposed project type (e.g. technology or practice) is not a common practice in the relevant region of the host country - with carbon market projects included in the analysis<sup>6</sup>. Exceptional circumstances will be judged on a case by case basis and are entirely at the discretion of Gold Standard.

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<sup>3</sup> <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>

<sup>4</sup> The 3.5% threshold will be periodically reviewed and updated, potentially with specific tools and approaches for different technologies/regions in future. The default position, in the absence of such approaches, shall be 3.5%.

<sup>5</sup> It refers to the conflict zones - as no-go areas for investment purpose, which might affect the decision making considering the long-term risk to the investment.

<sup>6</sup> The latest version of CDM methodology tool "Common practice" with applicable adjustments to include carbon market projects shall be applied to demonstrate the special circumstances i.e., the project activity is not "common practice" in the relevant region of the host country.

A request for exception approval may be submitted prior to formally submitting the project for preliminary review. The project developer shall submit a memo describing the exceptional circumstances that are relevant to the proposed activities, accompanied, at a minimum, by an Investment Analysis to demonstrate the financial additionality. The developer shall follow the latest version of CDM methodology tool "Methodological tool: Investment analysis" to demonstrate financial additionality as per the CDM Requirements. The review process may include independent expert analysis, paid for by the Project Proponent but reimbursable against fees for first issuance (not reimbursable in the event of an unsuccessful application for exceptional circumstances).