

Dietrich Brockhagen
atmosfair gGmbH
Zossener Straße 55-58
10961 Berlin

12 June 2016

Dear Dietrich,

We acknowledge the formal grievance submitted to Gold Standard on 14 April 2016 in regards to the Vestergaard Frandsen Lifestraw project (GS886) issuances and Gold Standard's own grievance mechanism. As part of our official grievance policy launched last year, we commit to transparently publish all relevant documentation to all relevant stakeholders.

For clarity, we would first like to document the sequence of events based on our records:

- Lifestraw Project Registration (V2.1, 10 year fixed crediting period) – 01st June 2011
- **Monitoring Period 1** (Issuance 1,355,185) – 01st June 2011 to 30th November 2011
- **Monitoring Period 2** (Issuance 1,701,562 – based on usage rates put forward by Berkeley Air Monitoring) – 01st December 2011 to 31st October 2012
 - atmosfair submitted comments to the Issuance Review – 01st February 2013
 - Gold Standard initial response to atmosfair et al (post-TAC discussion) – 20th March 2013
 - atmosfair further comments received – 26th March 2013
 - Final Gold Standard responses to atmosfair et al (included in grievance page) - 12th April 2013
 - TAC decision to issue limited amount of VERs pending further investigation (based on 55% conservative usage rate) – 16th May 2013 (included in grievance page)
 - Berkeley Air Monitoring Group report – November 2013
 - TAC approval of Berkeley Air Monitoring Group usage rates (ultimately leading to final issuance for this period – included in grievance page) – 09th December 2013
 - Approval of guideline concerning [usage surveys](#) for water filters - January 2014
 - Final monitoring and verification report in track change mode made available on the Gold Standard registry – 5th February 2014. This report included all the details as to why the expert study was commissioned, the methodology and the outcomes and recommendations.
 - Issuance of balance credits – February 2014
- **Monitoring Period 3** (Issuance 1,419,458 – based on survey information under new guidance) – 01st November 2012 to 31st January 2014

A formal response to each of the points raised in your grievance follows.

Concerns on plausibility of emission reductions and baseline scenario during second verification and concerns during third verification

Concerns on the plausibility of emissions reductions and baseline scenarios during both verification cycles relate directly to the concept of suppressed demand, as the baselines are set based according to this principle. For completeness and clarity, suppressed demand in the carbon market is meant to ensure that climate finance reaches areas where energy services

provided are insufficient – due to poverty or lack of access to modern energy infrastructure. Without suppressed demand, poorer regions, which have historically emitted less GHG from burning fossil fuels, would have to increase their emissions before they could benefit from the revenues and clean technologies delivered by climate finance —a perverse incentive and an undesirable development pathway. Gold Standard’s work on Suppressed Demand was funded by the German Federal Ministry for the Environment, Nature, Conservation, Building and Nuclear Safety (BMUB) to help alleviate the barriers enabling poorer nations to access the benefits from climate finance¹.

In the context of this project, the use of suppressed demand recognises the right for people to have access to safe water as identified under the World Health Organisation guidelines. This includes those who, through lack of education, physical capability or financial means, do not yet sterilise their water by boiling it but would choose to do so if they could.

Rather than calculating the emissions based on the number of families that have stopped using fires to boil their water, this suppressed demand methodology bases its calculations on all those that are actively using the water filter, irrespective of class, wealth or capabilities. This means that the baseline scenario is created on the assumption that people would meet the minimum service level for water sanitation if resource was available. It is predicated on the principle that the next logical technological step would be taken which in typical circumstances would be water boiling. Nearly all water sanitation technology is theoretically preferable to wood-use water boiling but these would not form a representative baseline (i.e. they do not occur in reality) or be in line with the principles of Suppressed Demand.

Of note, it is important not to confuse the theoretical suppressed demand baseline scenario with what is physically observable on the ground. Observations cited within Kenneth Starr’s article that people in Western Kenya do not boil water due to wood shortage is in fact a confirmation of this principle rather than a critique. Likewise, the DOE’s assertion that calculations were based on a hypothetical question and therefore involve subjectivity underscores the premise of suppressed demand.

Concerns about follow-up of stakeholder input, specifically that Gold Standard proceeded with the second issuance of the VERs without further notice to atmosfair, Germanwatch and E5

Our records cannot confirm whether a formal response was submitted or not regarding the second issuance, as the staff that would have been in a position to respond have since left the Gold Standard organisation. We therefore assume that atmosfair et al were not formally notified of the TAC ruling to move forward with issuance based on the results of the Berkeley Air Monitoring Group (BAMG) report that stated that the monitoring parameters for usage and other elements reflected best practice for these circumstances. We acknowledge the lack of formal resolution to atmosfair et al. And to ensure formal responses and that all relevant documentation are transparent and traceable in cases such as these, Gold Standard launched a grievance policy² at the end of 2015. The full BAMG report is now posted on our Grievance page.

¹ <http://www.goldstandard.org/sites/default/files/documents/bmu-handbook-april2014.pdf>

² http://www.goldstandard.org/sites/default/files/documents/grievance_policy_2015.pdf

Gold Standard

However, given that Atmosfair has a commercial interest in the issuance of competitive projects, it is important to underscore the importance of Gold Standard and our Technical Advisory Committee remaining objective in such evaluation and recommendations, and that we maintain confidence in the ruling and course of action.

We thank you for your invaluable role as a Gold Standard NGO supporter and for your participation in this process, which serve to hold Gold Standard projects to the highest levels of integrity and will continue to strengthen us as an organisation. I welcome any further questions or follow up from you, your team, or your stakeholders on this issue and welcome your collaboration as we move forward with Gold Standard 3.0.

Sincerely,
Marion Verles
CEO of Gold Standard