GOLD STANDARD FOR THE GLOBAL GOALS

GHG EMISSIONS REDUCTION & SEQUESTRATION PRODUCT REQUIREMENTS

Version 1.2

Published October 2019

GOLD STANDARD FOUNDATION VISION & MISSION

OUR VISION: Climate security and sustainable development for all.

OUR MISSION: To catalyse more ambitious climate action to achieve the Global Goals through robust standards and verified impacts.

Status of Document:	Version 1.2 – Effective 24th October 2019
Language:	English
Contact Details:	help@goldstandard.org www.goldstandard.org
Next planned update:	24th April 2021

TABLE OF CONTENTS

1. SCOPE AND APPLICABLITY

1.1.1 This document represents the Product Requirements for the issuance of Gold Standard Verified Emissions Reductions:

- Gold Standard Verified Emission Reductions (GSVERs)
- Gold Standard labels for Certified Emission Reductions (GSCERs)
- Gold Standard Planned Emissions Reductions (PERs) for Land Use & Forests

1.1.2 Certain Requirements noted in this document are not applicable to Projects applying the Gold Standard Land Use & Forests Activity Requirements (hereafter "LUF requirements"), these are noted in brackets as **(LUF – N/A)** for ease.

1.1.3 Claims made regarding Gold Standard Voluntary Emission Reductions (VERs), Certified Emission Reductions (CERs) or Planned Emission Reductions (PERs) shall be in line with the Claims Guideline.

1.1.4 Unless otherwise indicated, all projects applying these Requirements shall be consistent with applicable UNFCCC rules and requirements for Clean Development Mechanism (CDM) or Joint Implementation (JI) projects, as periodically updated.

2. ELIGIBILITY CRITERIA

1. General Eligibility Criteria

2.1.1 Unless otherwise stated elsewhere in the Principles & Requirements, Projects involving a mix of eligible and ineligible components can only claim credits for the Emission Reductions and/or sequestration associated with the eligible component of the project.

2.1.2 Bundled Projects[1]: Where Projects are submitted together for Gold Standard certification within a bundle, each Project shall individually be conform to the Gold Standard Requirements. Eligibility criteria with regards to the scale of the Project shall apply to the bundle as a whole and not to the individual Projects.

2.1.3 Programme of Activities (PoA): **(LUF – N/A)** Where a group of Projects is submitted together for Gold Standard Design Certification within a Programme of Activities, each of these Projects shall confirm to the Gold Standard Requirements. A microscale project can only be part of a Microscale PoA.

---

[1] Several project activities which form a single project activity or portfolio without the loss of distinctive characteristics of each component.

2. Location of Project

2.1.4 Gold Standard CDM Projects shall be located in a non-Annex I country, as defined by the UNFCCC. **(LUF – N/A)**

2.1.5 Gold Standard JI Projects shall be located in an Annex I country with a commitment inscribed in Annex B, as defined by the UNFCCC. **(LUF – N/A)**

2.1.6 Gold Standard VER Projects may be located in any host country or state. However, where host countries or states have mandatory operational schemes to reduce GHG emissions in any form (e.g. cap & trade, carbon tax etc.), Projects shall only be eligible if the Project Developer has either:

(a) provided Gold Standard with satisfactory justification that no double counting of emission reductions occur or

(b) has committed to retiring eligible units equal to the quantity of Gold Standard VERs. Refer to Annex A of this document.

3. Eligible Greenhouse Gases

2.1.7 Only Carbon Dioxide (CO_2), Methane (CH_4) and/or Nitrous Oxide (N_2O) are eligible for Gold Standard crediting, provided Projects comply with Gold Standard Requirements and eligibility criteria.

2.1.8 Projects involving the reduction of both eligible and non-eligible greenhouse gases shall be eligible under Gold Standard for the crediting of emission reductions associated with eligible gases only.

4. Types of Project

2.1.9 The Following Project types are eligible for issuance of Gold Standard VERs:

(a) **Renewable Energy Supply:** Project activities that generate and deliver energy services (e.g. mechanical work/electricity/heat) from non-fossil and renewable energy sources.

(b) **End-Use Energy Efficiency Improvement:** Project activities that reduce energy requirements as compared to baseline scenario without affecting the level and quality of services or products, where the end user of the products and services are clearly identified and when the physical intervention is required at the user end. For example, efficient cooking, heating, lighting, etc.

(c) **Waste Handling & Disposal:** The waste handling and disposal category refers to all waste handling Projects that deliver an energy service (e.g. LFG with some of the recovered methane used for electricity generation) or a usable product with sustainable development benefits (e.g. composting).

(d) **Land Use and Forests:** including Afforestation/Reforestation and Agriculture Projects (note – CDM LUF projects are not eligible for GS Labelling)

Note that specific requirements apply with regards to the issuance of Gold Standard Labelled Renewable Energy Products and Gold Standard VERs.

2.1.10 Co-issuance of Renewable Energy Attributes Certificates (REACs)[2] with VERs for same MWh of electricity generated is not permitted. It is, however, possible for a Project to request issuance of either Gold Standard VERs and Gold Standard Labelled Renewable Energy Products – see the Renewable Energy Label Product Requirements for further details.

2.1.11 Furthermore, if the Project also applies the Gold Standard Renewable Energy Label Product Requirements then the Gold Standard Validation/Verification Body (hereafter VVB) shall check for double counting at both validation and verification stages by reviewing all relevant registries that could hold REACs from the considered project activity. The list of registries examined by the VVB shall be reported in the Validation Report and Verification Report. Refer to Renewable Energy Label Product Requirements for further details.

5. Official Development Assistance (ODA) Declaration

2.1.12 Projects are ineligible for carbon crediting under Gold Standard if the ODA assistance is provided to the project under the condition that the credits generated by the Project will be transferred, either directly or indirectly, to the donor country providing ODA support. The OECD defines Official Development Assistance (ODA) as financial flows:

- To developing countries and multilateral institutions;
- Provided by government agencies (e.g. USAID);
- Whose main objective is the economic development and welfare of developing countries; and
- That are concessional in character, conveying a grant element of at least 25%.

2.1.13 Project Developer submitting a Project located in a country named by the OECD Development Assistance Committee’s ODA recipient list shall sign and submit the ODA Declaration.

[2] For example; Green or White Certificates

2.1.14 Where there is a material change in the role of ODA for the development or implementation of a Project, the Project Developer shall immediately submit an amended ODA Declaration.

3. FINANCIAL ADDITIONALITY & ONGOING FINANCIAL NEED

6. General Requirement

3.1.1 All Gold Standard Project seeking the issuance of GSVERs or GSCERs shall be demonstrated to be additional, meaning that the Project shall reduce anthropogenic emissions of greenhouse gases below those that would have occurred in the absence of the proposed Project. The Gold Standard Project shall also demonstrate Ongoing Financial Need at Certification Renewal.

3.1.2 Gold Standard CDM and JI Projects are not required to carry out additional assessment for demonstration of additionality over and above what has been done for registration/determination with the CDM EB/JISC unless the Project falls into a category that is deemed non-Additional in an applicable Gold Standard Activity Requirement. In such cases the relevant Activity Requirement shall take precedence.

7. Gold Standard VER Projects

3.1.3 The Requirements for the demonstration of Financial Additionality and Ongoing Financial Need are included in the Principles & Requirements and relevant Activity Requirements.

3.1.4 If the stakeholder consultation for the Project was conducted after the start date of the Project, the Gold Standard reserves the right to require that the Project Developer demonstrate the revenues from carbon credits were seriously considered in the decision to implement the Project. Evidence to support carbon revenue consideration and continuous actions may include contracts, draft versions of Project information, correspondence with financial institutions or other stakeholders, minutes and notes of Board/Management meetings, agreements or negotiations with auditors, publications in newspapers.

4. ELIGIBLE METHODOLOGIES

4.1.1 Projects shall conform to the relevant Activity Requirements and Gold Standard Approved Methodologies, including eligible CDM Methodologies.

8. CDM and JI Projects (LUF – N/A)

4.1.2 CDM and JI Projects shall use an approved UNFCCC CDM methodology to be eligible for Gold Standard Design Certification. All Project documentation shall apply the latest version of the methodology and applicable tools available at the time of first submission (preliminary review) of the Project to Gold Standard.

9. VER Projects

4.1.3 VER Projects shall use a Gold Standard Approved methodology or an eligible CDM methodology to be eligible for Gold Standard Design Certification. All project documentation shall apply the latest version of the methodology and applicable tools available at the time of first submission (preliminary review) of the Project to Gold Standard.

4.1.4 The methodology and tool version applied at the time of first submission may be used by the Project until it achieves Design Certification as long as the Project is submitted for validation[3] within six months after the time of first submission for Preliminary Review. If this condition is not met, the latest version of the methodology and applicable tool(s) available at the time of submission for validation shall be applied.

10. Voluntary Programme of Activities (LUF – N/A)

4.1.5 VER Projects may use different methodologies under the same PoA. See Gold Standard for the Global Goals Programme of Activity Requirements.

11. Data vintage:

4.1.6 When no specific guidance is provided on the valid reference point in time for data vintage, then the data available at the time of first submission of Project to Gold Standard are the ones to use.

4.1.7 All Projects (CDM / JI / VER) submitted for Gold Standard Design Certification shall apply the most recent data vintage for calculation of grid emission factor, available to project at the time of submission for validation, where required.

5. PROJECT SCALE

12. Gold Standard CDM and JI Projects (LUF – N/A)

5.1.1 Gold Standard CDM or JI Projects may be ‘large scale’ or ‘small scale’ Projects. The applicability of methodologies is defined in accordance with UNFCCC rules.

5.1.2 Small scale Projects are defined as follows in UNFCCC rules:

- Renewable energy Project capacity < = 15 MW
- End-use energy efficiency project improvement < = 180 GWhth
- Waste handling & disposal project GHG reduction < = 60,000 tCO_2eq per annum

---

[3] The time of submission for validation is the date when the VVB is contracted for the Validation of the Project, as formally confirmed by the VVB in the audit report.

All Project exceeding the small scale thresholds are defined as large scale.

5.1.3 Microscale CDM projects are defined based on individual unit threshold as defined by the CDM for e.g. in the case of distributed technology systems like domestic improved cookstoves and water filtration devices etc.

- Renewable energy capacity/unit or installation < = 5 MW
- End-use energy efficiency improvement/unit or installation < = 20 GWhth
- Waste handling & disposal GHG reduction < = 20,000 tCO_2eq per annum per unit or installation

13. Gold Standard VER Projects

5.1.4 Standard VER Projects may be 'large scale', 'small scale' (for the applicability of methodologies and tools only) or 'microscale'. Scale is defined in the relevant Gold Standard Activity Requirements or where these do not exist then as follows:

(a) 'Large scale' and 'small scale' projects are defined in accordance with UNFCCC rules, as explained above.

(b) 'Microscale' Projects are those projects associated with annual emission reductions of less than or equal to 10,000 tCO_2eq in each year of the crediting period. It should be noted that the Gold Standard definition of 'microscale' projects is different from the CDM's definition of 'microscale' units.

(c) In case of A/R Projects with a maximum project area of 500ha are classified under microscale.

5.1.5 Projects with expected emission reductions exceeding the microscale eligibility threshold in any of the years covered by the crediting period can still request for issuance, but the claimable emission reductions are capped at 10,000 tonnes of CO_2eq per year.

5.1.6 Where the maximum level of allowable annual emission reductions for a small scale or microscale Project has been exceeded during project operation, that Project shall only be eligible for Gold Standard CERs, ERUs or VERs up to the maximum number of allowable credits per year under that Project scale. No GSVERs can be claimed for emission reductions generated over and above what is credited under a small scale CDM or JI Project.

5.1.7 GSVERs may be claimed for eligible Project elements that are not covered by a CDM Project as long as the eligible elements are validated and verified separately as a VER Project.

6. CREDITING CYCLE & ISSUANCE

14. Crediting Period

6.1.1 Gold Standard Projects that generate GHGs emission reductions are eligible to claim credits for no more than:

(a) The maximum Certification Renewals/Cycles as stipulated in the relevant Activity Requirements OR

(b) A maximum of one Certification Renewal Cycles (i.e. 10 years) in the absence of the Activity Requirements

NOTE- Transition projects renewing their crediting period under Gold Standard for the Global Goals shall maintain their existing crediting cycle and maximum crediting periods following Transition Requirements.

15. Crediting Period Start Date

6.1.2 The start date of the Gold Standard Crediting Period is the date of operation starts (start of planting for A/R Projects) or a maximum of two years prior to Gold Standard Design Certification, whichever occurs later. In case of A/R and Agriculture Projects it is maximum three years prior to Project Design Certification.

6.1.3 In case the start date of the Gold Standard Crediting Period is after date of Project Design Certification then it may be postponed for one year without justification, or for up to two years if convincing justification is provided. The start date of the crediting period as mentioned in the registered PDD cannot be postponed by more than 2 years. **(LUF – N/A)**

16. Retroactive crediting

6.1.4 Projects may be eligible for retroactive crediting for realised emission reductions prior to Gold Standard Design Certification for a maximum period of two years.

6.1.5 A/R and Agriculture Projects are eligible for retroactive crediting for maximum three years prior to Gold Standard Design Certification. Note - Retroactive crediting of 10 years for A/R Projects and 5 years for agriculture projects is allowed as an exception if time of first submission (preliminary review) was before January 1, 2016 for A/R Projects and January 1, 2017 for agriculture projects.

17. Aggregation of crediting periods (LUF – N/A)

6.1.6 Where a Gold Standard Project has been or is registered under one or more other voluntary carbon standards or certification schemes, the total aggregated crediting period under all schemes combined shall not exceed the standard crediting period allowed under Gold Standard. Gold Standard status shall immediately be withdrawn from any activities that are found to have violated this requirement and the Gold Standard reserves its right to pursue remedies in accordance with and pursuant to the Gold Standard Terms & Conditions.

18. Issuance

6.1.7 Upon completion and approval of the Performance Review the Gold Standard shall certify the entire amount of emission reductions specified in the monitoring report and achieved by the Project. Certification of only part of total volume of emission reductions specified in the report approved by Gold Standard is not allowed.

6.1.8 Once issued, Gold Standard credits remain valid until they are permanently retired in the Gold Standard Impact Registry or until the time they are used for compliance or retired in an authorised registry (GSCERs). Once issued, GSCERs, or VERs cannot be retroactively cancelled.

19. Project design change

6.1.9 Permanent changes in project or PoA design shall be assessed as per Design Change Approval Procedures outlined in the Principles & Requirements.

20. CDM Project Cycle (LUF – N/A)

6.1.10 CDM Project Crediting Cycle: the project cycle shall mirror the CDM Cycle in terms of any Certification Renewals (e.g. 7 years) in order to continue issuing Gold Standard Labels. The projects shall provide a qualitative narrative to demonstrate Ongoing Financial Need (OFN) at renewal of crediting cycle following the Principles & Requirements.

6.1.11 CDM or JI Regular Cycle: Projects proceeding under the regular project cycle, the start date of the Gold Standard Crediting Period shall be the start date of the crediting period under CDM or JI or a maximum of two years prior to Gold Standard Project Design Certification, whichever occurs later.

6.1.12 Pre CDM GSVERs for CDM or JI activities: Project Developers can claim pre-CDM GSVERs for a maximum of two years prior to the start of the CDM or JI crediting period (date of Design Certification/determination under UNFCCC) provided that the project enters into an agreement with the Gold Standard committing to surrender to the Gold Standard, for immediate retirement, CERs or ERUs that will be issued in respect of GHG Reductions generated by the Project during the CDM or JI crediting period in an amount equal to the Pre-CDM VERs or Pre-JI VERs. The agreement shall make use of the Emission Reduction Acquisition Agreement template and no delivery is required for a grace period of the initial two years of issuance after CDM Design Certification/JI determination.

6.1.13 An eligible project may be submitted for Design Certification to both the Gold Standard CDM/JI stream and the Gold Standard VER stream in parallel.

(a) If the proposed CDM/JI Project is successfully registered under the UNFCCC, Project Developer shall immediately inform The Gold Standard and the Gold Standard VER Project shall be cancelled.

(b) If the proposed CDM/JI Project is rejected by the UNFCCC, Project Developer shall immediately inform the Gold Standard. Only if the Project was rejected due to inapplicability of the methodology, can continue to Design Certification under the GSVER stream.

7. LAND USE & FORESTS SPECIFIC REQUIREMENTS

7.1.1 Annex C contains a guideline that provides an overview of the issuance, transfer and retirement of Planned Emissions Reductions and GSVERs issued from Projects following the LUF Requirements.

21. Gold Standard Buffer

7.1.2 For projects applying the LUF Requirements, 20% of the issued PERs and GSVERs shall be transferred into the Gold Standard Buffer. The transfer is distributed pro rata according to the vintage years. Upon written notice to the Gold Standard at or prior to issuance, the Project Developer may transfer issued GSVERs from other Gold Standard certified Projects to the Gold Standard Conformity Buffer in lieu of the carbon credits from the Project.

22. Planned Emissions Reductions (PERs)

7.1.3 PERs may be issued by Projects following the LUF Requirements. They are subject to the following requirements:

(a) PERs shall be issued only from project areas that have scientifically robust carbon modelling as required by the relevant Gold Standard Approved Methodology.

(b) PERs shall be issued only from project areas where the VVB confirms, by certification, that trees have been planted or activity has taken place.

(c) PERs shall be issued only after a successful Design Certification or subsequent Performance Certification.

(d) 80% of the PERs shall be issued to the project's registry account according to their expected vintage years (years of delivery). The remaining 20% shall be issued to the Gold Standard Compliance Buffer.

(e) All transfers and assignments of PERs shall be recorded in the Gold Standard Impact Registry.

(f) After Performance Certification, where the effective emission reductions are verified, the PERs are converted into GSVERs, which are issued into the Gold Standard Impact Registry.

(g) Project Developers shall transparently communicate the differences between PERs and GSVERs as described by the definitions of the Claims Guidelines.

23. Issuance of PERs

7.1.4 After a successful Project Design Certification or subsequent Performance Certification, A/R Projects may issue PERs for maximum 5 years and Agriculture Projects may issue PERs upto 3 years.

24. Carbon Performance

7.1.5 The Project Developer must ensure that the project carbon stocks are aligned with the number of issued PERs and GSVERs over time. This section also defines the activities that shall be implemented if the project carbon stocks decline below the levels of issued PERs and GSVERs. For the Performance Certification the project owner shall provide documentation using the most recent version of the Carbon Performance template.

(a) At any time during a crediting period, the Project Developer shall ensure that

- the quantity of the PERs with respect to the project is equal or less than to the project's expected carbon stocks

- the quantity of GSVERs with respect to the project is equal or higher (not less) to the project's expected carbon stocks.

(b) Incidents, or events, that affect compliance with requirement (a) shall be reported to the Gold Standard. If they occur outside a certification process, the incidents or events shall be reported to the Gold Standard no more than 30 days after their discovery. The Carbon Performance template shall be used for this reporting.

(c) If compliance with requirement (a) is not maintained, the project will be in a performance shortfall scenario. The Project Developer shall follow the requirements in the Performance Shortfall Guidelines and shall demonstrate to the Gold Standard how the project will realistically address the performance shortfall and recover appropriate levels of carbon stocks to comply with requirement (a).

(d) The Project Developer shall use one or more of the following approaches according to the requirements in the Performance Shortfall Guidelines:

- retiring/locking of PERs or GSVERs from the project which are not yet transferred or retired/locked
- purchasing of GSVERs or GSCERs from any other Gold Standard projects (these can also be from non LUF project types such as renewable energy)
- replanting of an appropriate planting area and recovery of the project carbon stocks over time
- planting of new areas to generate further GSVERs

7.1.6 During the period where the project owner is not in compliance with requirement 7.5.1 (a), an equal number of PERs or GSVERs from the Gold Standard Compliance Buffer will be put 'on-hold'. Further PERs or GSVERs shall only be issued for the project after the project owner has complied with requirement 7.5.1 (a). If after 5 years, the project developer cannot demonstrate that compliance with requirement 7.5.2 (a) will occur, the project owner shall follow the Non-Conformity process as per Principles & Requirements.

25. Bundled Planned Emissions Reductions

7.1.7 Gold Standard allows for the 'bundling' of PERs with other GSVERs and GSCERs. The applicability, eligibility and Requirements can be found in the Gold Standard Bundled PER Guidelines & Requirements.

8. GS-VVB REQUIREMENTS

8.1.1 Gold Standard Project Developers may use a GS-VVB as stated in the Gold Standard Validation & Verification Body Requirements.

8.1.2 VVB is required to conduct a site-visit as part of all Validation and Verification.

8.1.3 Gold Standard requirements for validation and verification site visits shall supersede the CDM requirements for GSCER projects, GSVER projects and any PoA. A CDM project or CDM PoA may be exempted from undertaking an audit site visit for CDM validation or CDM verification process but it shall comply with the Gold Standard requirements in order to pursue Gold Standard Design Certification and Performance Certification for issuance and labelling of CERs.

8.1.4 Gold Standard Project administration is managed through The Gold Standard Impact Registry. All Project Developers seeking to apply for Design Certification under the Gold Standard CDM, JI or VER streams shall open an account in the Gold Standard Impact Registry. The appointed VVB shall have an approved account before they can audit a Gold Standard Project.

9. UPGRADING FROM OTHER VOLUNTARY SCHEMES

26. Upgrading VERs to GSVERs

9.1.1 VER Projects registered, or to be registered, under another voluntary carbon crediting scheme may seek to upgrade a VER Project to a GSVER Project at any time during the crediting period with respect to future emission reductions, provided proof of the following is available:

(a) The Project opts out from the other voluntary carbon crediting scheme and the emission reductions of a given vintage are claimed only once, under one single scheme; AND

(b) The total duration of the crediting period including certification under other standard does not exceed the maximum crediting period allowed under Gold Standard as stated in the Principles & Requirements, Activity or Product Requirements.

9.1.2 For an eligible project seeking Gold Standard certification, the Project Developer opts in for Gold Standard by delivering the full set of Gold Standard specific Project documentation, or the project documentation provided under the other voluntary scheme together with a report highlighting and discussing the gaps between the requirements of the other voluntary scheme and the Gold Standard requirements ("Gap Analysis Report"). This report shall be audited by a GS-VVB.

9.1.3 It is possible to upgrade an eligible LUF project from both CDM/JI & VERRA/CCBA to GSVERs. For transitions of LUF projects from other standards please contact the Gold Standard for eligibility check and certification procedure.

27. Converting GSVER Project to GS CDM/JI Project during a crediting period (LUF – N/A)

9.1.4 Project Developers may seek to convert a GSVER Project to a Gold Standard CDM/JI Project at any time during the crediting period with respect to future emission reductions, provided the Project Developer either applies under the Gold Standard CDM/JI stream before any GSVERs have been issued, or enters into an agreement with The Gold Standard according to which they commit to surrender to The Gold Standard, for immediate retirement, CERs or ERUs that will be issued in respect of GHG Reductions generated by the Project in an amount equal to VERs already issued. The agreement shall make use of Emission Reduction Acquisition Agreement template.

28. Converting GSCERs to GSVERs (LUF – N/A)

9.1.5 The Project Developer may choose to convert their issued GSCERs into GSVERs by following the applicable requirements and guidelines provided in Annex B.

29. Converting GS CDM Project to GSVER Project

9.1.6 The Project Developer may seek to convert a Gold Standard CDM Project to a GSVER Project by following applicable requirements and guidelines provided in Annex B.

ANNEX A – DOUBLE COUNTING REQUIREMENTS

EXECUTIVE SUMMARY

Prior to 2013 the Kyoto Protocol provided for the management, accounting and reporting of greenhouse gases across the international Claims. While the EU and other countries continue to base accounting on Kyoto generally the international approach and the markets that serve them have become increasingly fragmented and unregulated. It appears very likely that for the period until 2020 and potentially beyond, this state of uncertainty will remain.

In the absence of a robust global architecture the possibility for double counting of emissions reductions exists. It is therefore critical to the authority and reputation of the Gold Standard that a rule/process is provided to guard against this. In line with the principles and spirit of the Gold Standard the new approach must be of the highest rigour and transparency and remove any doubt as to the possibility of double counting where Gold Standard VERs/CO2-certificates are involved.

It remains uncertain how this situation will evolve over time but wherever VERs are issued by a project within an affected host country or region this will remain an issue. This guideline does not affect other Gold Standard products such as labelling of CERs or Water Benefit Certificates.

1. INTRODUCTION

These Requirements are intended to apply where the potential exists for Double Counting of emissions reductions due to issuance of Gold Standard VERs/CO2-certificates. It is intended to protect the transparency, credibility and robustness of all Gold Standard VERs. At the same time there are increasing market demands for Gold Standard VERs generated within countries that have cap on GHG emissions.

Typically the potential for Double Counting arises where there is a government-regulated system/programme for the constraint and monetisation of GHG emissions (such as international emissions trading, cap and trade or carbon tax mechanisms). Examples may include national/international schemes such as the Kyoto Protocol, the EU ETS or sub-national, various regional schemes such as the Chinese, Canadian and American provincial/state-based schemes.

Under these systems/programmes the potential exists for the Gold Standard VERs/CO2-certificates to be inadvertently or intentionally captured and monetised outside of the Gold Standard issuance-transfer-retirement practice.

The above scenario is typified (though not exclusively) by a cap and trade system whose accounting is managed via Assigned Amount Units (AAUs) or scheme-based compliance credits. Such accounting mechanisms vary widely in quality, rigour and content with differing examples of sector and scope inclusion. The scenario may also occur where a carbon tax exists, for example in South Africa.

This guideline provides a robust response to resolve this issue across the relevant Gold Standard activities.

NOTE that in light of the Paris Agreement the Requirements contained in this Annex are subject to continuous review as new policy is agreed. The Requirements will be updated as the new international agreements and mechanisms are developed.

2. DEFINITION OF DOUBLE COUNTING OF VERS

Double Counting – The scenario wherein the benefit of a single GHG Emission Reduction (ER) unit is used on more than one occasion to:

- Sell to third parties for the purpose of financial gain, VER offsetting or to achieve regulated targets AND/OR
- Include in an account or inventory to avoid the requirement to purchase ER units under a regulated system

Double Counting of ERs is therefore defined as the benefit or value of one ER unit being inadvertently (or indeed intentionally) used twice or more.

This is best illustrated through the following examples:

Example 1 *– Gold Standard VER issued in a Kyoto Annex B Country[4] that has achieved its targets: In this example both a VER is issued by Gold Standard and an AAU surplus could be created by the host country. The amount of this surplus includes for the ER created by the Gold Standard VER project. This results in two potential purchasers (one for the VER and one for the AAU, typically a second Annex B country) both using the unit to offset their respective emissions. Therefore for two tons emitted only one ton (inadvertently issued twice) is used to offset them. We are therefore left with net one ton emitted where there should be none. In this example while the 'extra' AAU is not directly linked to the activity itself it only exists because of the presence of the Gold Standard VER project*.

Example 2 – *Gold Standard VER issued in a Kyoto Annex B Country that has failed to achieve its target: In this example the reverse is true. This time the host country has failed to achieve its target and reports the excess emission reductions, which are misleadingly higher due to the presence of the Gold Standard VER project. This means that the host country is able to purchase fewer AAUs to balance its account than it otherwise would have done. Therefore for two tons emitted (one by the purchaser of VER and the other from the host country) only one is offset. This is because the Gold Standard VER offsets one ton and the host country has not purchased an AAU to offset theirs. This results in a net one ton being emitted where there should be none.*

Example 3 *– Gold Standard VER issued in a country with a domestic ETS: In this example there is the potential for both the Gold Standard VER and a domestic unit to be issued, both representing the same ER. This results in the*

[4] http://unfccc.int/kyoto_protocol/items/3145.php

same scenario as example one wherein for two tons emitted only one is genuinely offset.

***Example 4** – Carbon Tax: In this example a Gold Standard VER is issued in a domestic carbon taxation scheme. This results in the issuing project receiving the financial benefit of the VER as well as a reduced tax burden. It also means that two parties – the issuing facility and the purchaser of the VER in effect using the same emissions reduction.*

Therefore for two tons emitted one is offset (via Gold Standard VER) and the other is not reported within the domestic taxation scheme (as it has been claimed by a third party elsewhere). This results in a net one ton where there should be none.

NOTE – there are a number of incentive schemes available to certain activities (for example subsidies for solar installations domestically). These matters are a consideration for additionality assessment unless an offset unit is issued. Where they occur in Annex B countries they are already accounted for by the Kyoto Protocol mechanism and don't represent a 'third' count.

The following table provides further definition as to the types of Double Counting that potentially exist:

Type of Double Counting	Dealt with in proposed rule	Definition	Example	Mitigation
Double Claiming[5]	NOT REQUIRED	Wherein the GHG benefits are claimed by multiple parties	Where a Gold Standard VER is issued and used to demonstrate carbon neutrality of a manufacturer and also its product. The carbon neutrality of the product may also be claimed by the product purchaser.	Not considered 'double counting' as both claims can be considered true. This is because the offset is used against a single emission only.
Double Selling	CONSIDERED DOUBLE COUNTING BUT MEASURES ALREADY EXIST (REGISTRY, ETC)	Wherein the GHG benefit is sold multiple times by the same entity.	Where the owner of a Gold Standard VER trades the same asset multiple times. Alternatively where a Gold Standard VER is also sold separately as a REC.	While this is considered double counting (because a single offset unit would be applied to multiple emissions) the

[5] Note – this guideline is not intended to address issues of 'stacking' of assets – either as multiple assets from the same project activity or multiple activities within the same project.

				existing Gold Standard [Impact Registry] procedures and rules to track ownership and retirement provide for transparency in this respect. Gold Standard does not currently police the activity of retailers beyond the Gold Standard [Impact Registry]. No change proposed within this guideline.
Double Accounting against a target (no financial/offset measure in place)	UNDER REVIEW	Wherein the GHG benefits are accounted for on multiple occasions.	Where a Gold Standard VER is issued in a country or region where an accounting/reporting procedure exists for GHG emissions (for example a carbon tax, national account or in the future INDCs). The GHG benefit is accounted under Gold Standard and within the country or regional accounting system.	UNDER REVIEW AS INDC MECHANISMS DEVELOP
Double Counting of Unit	REQUIRED	Wherein the GHG ER benefit is unitised and made available for accounting or trade under multiple mechanisms/products.	Where a Gold Standard VER is issued in a policy, country or region that operates within an international or domestic GHG Cap and Emissions Trading Scheme or carbon tax that thereby realises the	Considered Double Counting – two units from a single emissions reduction may be used on more than one occasion. Therefore

			same ER unit on multiple occasions.	proposed rule change for Double Counting outlined in this document.

3. APPLICABILITY / SCOPE

This guideline replaces earlier rules and requirements within the Gold Standard documents on double counting.

3.1 Type of Double Counting

This guideline addresses the specific Double Counting issues caused by 'Double Counting of Unit' and their subsequent action as defined in Section 1 of this document.

The aim of mitigating Double Counting is to protect the environmental and financial integrity of the Gold Standard VER/claimant as well as (so far as possible) the integrity of the regulator/inventory from which the issue arises. It is noted that in many countries it is not necessarily feasible to 'balance' the host inventory by cancelling units originated there. It is therefore noted that:

Cancelled units are to be valid for the regulatory regime wherein double counting arises as this protects both the Gold Standard VER and the inventory.

Cancelled units should balance the international inventory (i.e. units do not have to originate from host country).

3.2 Scopes

This guideline addresses the topic of Double Counting within all activities of the Gold Standard that are associated with issuance of carbon emission reductions. Here, it affects the issuance of all Gold Standard VERs/CO2-certificates (validated and verified).

When the Gold Standard issues labels for CDM credits (CERs) it does not create a separate asset or replicate the UN's accounting and registry systems. Therefore, as there is no possibility that application of Gold Standard can result in one ER unit benefit being realised twice. This guideline does not therefore apply to Gold Standard labelled CERs.

The guideline does not affect the Gold Standard Water projects. As this sector develops, individual cases will be reviewed and further guidelines provided in due course.

Finally this guideline does not address stacking of assets e.g. the issuance of VERs and Water Benefit Certificates for example. This topic is dealt with in the Principles & Requirements and associated Activity Requirements.

3.3 Time

Applicability of these guidelines shall be determined at the point of project 'Listing' as per Gold Standard Requirements. Accordingly an assessment of Double Counting risk will be undertaken at eligibility check at the time of preliminary review. At that time the position is fixed for that project as follows:

- For 'Energy & Waste' projects – fixed until conclusion of first crediting period (at which point applicability shall be assessed again)

- For 'Land Use & Forest' projects – for entirety of crediting period

Gold Standard justifies this process on the basis that should a GHG Emissions Trading Scheme (for example) commence in a given country during the crediting period then the Gold Standard project would have notified the Designated National Authority already during stakeholder consultation process. It would be for the new regulatory scheme at that point to take account of any Gold Standard projects currently in operation.

4. REQUIREMENTS

4.1 Assessment by Gold Standard

Either at preliminary review, application for Listing or application for Renewal Gold Standard shall conduct a desk-review to establish if there is a risk of Double Counting as defined in this document. This results in two possible scenarios:

(a) Gold Standard does not consider project to represent risk of Double Counting – proceed as per standard requirements.

(b) Gold Standard considers there to be a risk of Double Counting:

Scenario 1 – Project Developer may proceed to investigate and demonstrate to Gold Standard that the risk of Double Counting does not exist or is mitigated external to this guideline. Approval of such cases shall be at the discretion of Gold Standard Technical Advisory Committee (TAC).

Scenario 2 – Project Developer may commit to cancel Eligible Cancellation Units alongside/back to back with issuance of Gold Standard VERs.

Gold Standard desk appraisal will consider only whether the potential conditions exist for Double Counting and will not review in detail a Scenario 1. This option may be investigated by project owner and shall ultimately be determined by Gold Standard Technical Advisory Committee at project design certification stage. Due to the complexity of such evidences it is likely that this will involve further rounds of query and would likely extend the typical timelines for certification.

While Gold Standard will review each project on case by case basis, the following provides guidance as to those countries that would be considered to fall under Double Counting definitions. This list is not exhaustive and may evolve/change over time:

- Any Kyoto Protocol Annex B country

- Any country with an international commitment that includes the potential for trade of emissions with other countries.

- Any country, region or locality that includes for a regulated, domestic level emissions trading scheme or carbon tax that accounts for the Scope of the Gold Standard Activity. A useful source for tracking such countries can be found at https://icapcarbonaction.com

Gold Standard shall confirm the position and findings of the desk appraisal to project owner to assess and confirm how they wish to proceed as per the options above.

Scenario 1

Should Gold Standard confirm that a risk of Double Counting exists for a given project then project owner may proceed as per Option 2a above and investigate further scenarios that could demonstrate that no such risk exists. Such evidence shall be considered by Gold Standard TAC on a case-by-case basis.

Such proof shall be provided to Gold Standard as a requirement for the 'Design Certification' of the project. Beyond Listing no such evidence shall be considered by Gold Standard unless a significant change in the regulatory scheme occurs (for example where a scheme is dissolved, removed or replaced).

The project owner shall demonstrate with documentary evidence that no Double Counting can occur by fulfilling one of the following options under scenario 1. The project owner shall demonstrate that:

- The GHG emissions reductions/removals scope (e.g. sector or activity) are not accounted within the relevant system of the host country/regional regulator, OR

- Participation in the regulatory scheme is voluntary (e.g. there is not mandated or automatic capture of emissions reduction within the regulators inventory), OR

- The host country/regional regulator does not account for voluntary GHG emissions reduction/removal contributions. This must be demonstrated credibly either through a policy instrument or by the regulator cancelling AAUS/Scheme units in lieu of Gold Standard VERs. Such removal must be demonstrated as permanent.

Scenario 2

If none of the above options under scenario 1 can be demonstrated then the project owner shall demonstrate that Eligible Cancellation Units (see list below) are cancelled by or on behalf of the project.

Eligible Cancellation Units include:

Units eligible within the respective GHG Emissions Trading Scheme that are valid at the time of issuance (for example valid for a given commitment period).

For Kyoto Protocol participants this is limited to:

- AAUs
- CERs with further eligibility as follows:
  - Must be from scopes/sectors eligible for Gold Standard labelling
  - Must have completed the UNFCCC SD Tool[6]
  - Units may not be temporary/validated (tCER and lCERs from CDM A/R are not eligible).

The eligible units may come from any vintage and country of origin so long as they have been issued and can be demonstrated via attestation from the relevant registry to have been cancelled for the purposes of the respective Gold Standard project to address the topic of Double Counting.

An equivalent number of Eligible Cancellation Units shall be cancelled prior to each issuance of an affected project. The Gold Standard VER/CO2-certificates issuance process will occur in line with the timescales as appropriate under the Gold Standard Rules and Requirements, but Gold Standard VER/CO2-certificates issuance will not be completed until the cancellation of an equivalent number of Eligible Cancellation Units has been confirmed/attested.

Gold Standard justifies the selection of Eligible Cancellation Units as follows:

- To avoid any built-in discrepant accounting, the units must be from an accounting mechanism that is either:
- Equivalent to the one implemented by host regulatory bodies (e.g. AAUs) to mitigate any risk of discrepant accounting
- Equivalent to the GSVER issued (e.g. another Gold Standard VER)
- One that Gold Standard has assessed and accepts as robust (e.g. CDM)

[6] The CERs are cancelled for the sole purpose of backing-up the Emissions Reduction. To provide some safeguard as to the quality of the credits cancelled these additional criteria are provided however the Gold Standard does not endorse any Sustainable Development contribution beyond that assured by a GS label.

- Must be issued in a transparent registry that allows for clear serial numbering and unequivocal attestation as to purpose. For example at the point of a cancellation some registries (for example UNFCCC Voluntary Cancellation Platform) allow for the attestation of purpose to be stated in the receipting. This attestation is required to demonstrate to Gold Standard that the purpose of cancellation was voluntary and explicitly for the mitigation of double counting risks. The attestation should therefore include the Gold Standard Project number (if known) and clear reference to the topic of Double Counting (e.g. Retired on behalf Gold Standard Project 1234 to resolve Double Counting).

5. PROCEDURES

At first submission to Gold Standard a desk appraisal shall be conducted to establish the presence of a Double Counting risk. This appraisal shall be completed by Gold Standard and provided to the project owner for consideration. Project owner may pursue further options as per Section 4 of this document. To enable Registration (and Issuance) to occur then such evidence requires approval from the Gold Standard Technical Advisory Committee.

The Project Owner shall notify the DNA and any relevant regulatory bodies concerning the voluntary activity/issuance of voluntary emissions reductions no less than two months prior to Design Certification. Any comments raised by such bodies in response to notifications shall be fully and satisfactorily addressed prior to Design Certification. Gold Standard reserves the right to reject project Listing or Design Certification should the host/DNA/Regulatory body object to project on the basis of potential Double Counting risks.

Should a regulatory scheme be proposed/commence development during the project crediting period the project owner shall notify the host/DNA or any newly formed regulatory body of the presence of their voluntary project in the jurisdiction and that steps should be taken to avoid Double Counting on the regulatory side.

Note, that in case the project owner has to follow Scenario 2, the Gold Standard does NOT require the project owner to cancel the respective amount of Eligible Cancellation Units at the beginning of Gold Standard application process. It is recommended to wait until the final amount of GSVER/CO_2-certificates has been confirmed by the audit report. Before issuance of GSVER/CO_2-certificates takes place evidence on the cancellation shall be provided.

6. IMPLICATIONS

6.1 Implications for Project Owners

The implication for project owners is, if they are at all affected by the topic of ‘Double Counting’, there could be additional cost to purchase and retire Eligible Cancellation Units as part of the GSVERs/CO_2-certificates issuance process (Scenario 2). Conversely this mechanism protects the credibility of GSVERs/CO_2-certificates to the benefit of all project owners.

6.2 Implications for Auditors

Increased Gold Standard project activities in countries and regions with GHG Emissions Trading Scheme will increase commercial opportunities for Gold Standard auditors outside of the traditional Gold Standard domain.

6.3 Implications for Stakeholders

It is vitally important that Gold Standard maintains and defends its reputation for rigour, transparency and integrity. While there is no direct impact on stakeholders it is clear that the absence of this rule would adversely affect the standing and market position of the Gold Standard Foundation.

6.4 Implications for the Gold Standard

The current international position and subsequent potential for 'Double Counting' of GSVERs/CO_2-certificates requires that Gold Standard implement this guideline. Without the guideline GSVERs/CO_2-certificates within the market would be subject to increased scrutiny and doubts as to the veracity of the claims made. Accordingly it is considered that the guideline will be of benefit to the reputation and integrity of the Gold Standard.

ANNEX B – REQUIREMENTS & GUIDELINES TO CONVERT CERs TO GSVERs OR TRANSITION CDM PROJECTS TO GOLD STANDARD FOR GLOBAL GOALS

The GHG Emission Reduction and Sequestration Product Requirements provides the following two options to issue Gold Standard VERs for a CDM project:

1. OPTION 1 – CONVERT CERS TO GOLD STANDARD VERS

This option provides flexibility by enabling CDM projects the choice of converting GS CERs to GSVERs while maintaining a valid CDM registration status.

1.1 ELIGIBILITY REQUIREMENT:

The project activity is one of the eligible project types for issuance of Gold Standard VERs (refer to section 2.4 of GHG Emission Reduction and Sequestration Product Requirements for eligible project types)

1.2 PROCESS TO CONVERT GSCERS TO GSVERS:

- CDM projects shall be registered as Gold Standard CDM projects by fulfilling the Gold Standard for Global Goals requirements.
- A Gold Standard CDM project shall have CERs issued by the CDM Executive Board and labelled by Gold Standard.
- The project shall transfer the newly issued CERs to the Gold Standard Swiss CDM Registry Account.
- The Gold Standard will retire the transferred CERs and the associated labels.
- On payment of the relevant fee and retirement of the CERs, Gold Standard will issue an equivalent number of GSVERs to the project in the Gold Standard Impact Registry.

2. OPTION 2 – TRANSITION CDM PROJECT TO GOLD STANDARD FOR GLOBAL GOALS

This option allows CDM projects to transition to Gold Standard for Global Goals for issuance of GSVERs.

2.1 ELIGIBILITY REQUIREMENT:

- The project activity is one of the eligible project types for issuance of Gold Standard VERs (refer to section 2.4 of GHG Emission Reduction and Sequestration Product Requirements for eligible project types)

- The project activity shall be deregistered by the CDM Executive Board upon the project developer's request to voluntarily deregister the project activity

- The evidence of deregistration shall be provided prior to submission for Design Review under GS4GG (projects may submit for Preliminary Review with deregistration pending)[7]

2.2 PROCESS TO TRANSITION CDM PROJECT TO GOLD STANDARD FOR GLOBAL GOALS:

- The CDM project shall follow GS4GG project registration cycle i.e., submission under regular or retroactive project category, as applicable, and proceed to listing, validation and then design certification as per the process.

- The CDM project may opt for combined Design Certification, conducting both the first Verification and Performance Review under GS4GG at the same time. The VVB may combine site visits and consider their Reports concurrently.

- CDM projects that are already undergoing the Gold Standard CDM application process can switch completely to GSVER at any point. The project shall de-register from CDM and can continue from the stage at which the GS CDM project was at, while applying the switch.

3. OTHER REQUIREMENTS AND GUIDELINES

3.1 FINANCIAL ADDITIONALITY & ONGOING FINANCIAL NEED:

- Refer to Section Financial Additionality & Ongoing Financial Need requirements of GHG Emission Reduction and Sequestration Product Requirements.

3.2 METHODOLOGY AND TOOL VERSION:

- Refer to GHG Emission Reduction and Sequestration Product Requirements for Eligible Methodologies and tool associated requirements.

- GS-VVB are required to validate the updated Project Design Document (PDD) for gaps between the latest version of the methodology and the version with which the project was registered under the CDM.

3.3 CONTRIBUTIONS TO SDGs:

- Sustainable Development Goal contributions shall be demonstrated for the representative baseline situations of the project activity. If the

[7] CDM activity de-registration form can be accessed at the following link – https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20170831155834872/Reg_form27v3.pdf

project specific baseline information does not exist anymore, the assessment shall be carried out, if justified, using representative example cases or based on documented evidence. 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 baseline cookstoves and are of same socio-economic circumstances of the project technology users; for a renewable energy activity the assessment can be based on documented evidence related to the project activity, which can provide sufficient information to justify the selected SDG contributions. In all situations, the sustainable development assessment shall be based on auditable and verifiable documentation and convincing arguments based on representative circumstances.

3.4 CREDITING PERIOD:

- Refer to Section 6.0 of GHG Emission Reduction and Sequestration Product Requirements for Crediting cycle & Issuance

- The CDM project can claim the remaining CDM crediting period under GS4GG, but no more than the maximum crediting years allowed under relevant GS4GG activity requirements.

- The CDM project will be eligible for retroactive crediting for a maximum 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 allowed under relevant GS4GG activity requirements.

- The CDM project shall follow the GS4GG crediting cycle after transition to GS4GG following Transition Requirements.

3.5 SWITCHING BACK TO CDM AT A LATER STAGE:

- A de-registered CDM project that makes a transition to GSVER can switch back to CDM at a later stage provided that the project developer signs an Emission Reduction Acquisition Agreement (ERAA Template) with Gold Standard to ensure that the project activity under consideration will not claim more than standard crediting periods allow.

ANNEX C – LAND-USE & FORESTS ISSUANCE GUIDELINES

Projects may choose to issue Planned Emissions Reduction (PER) Certificates for the period of the 5 year certification cycle or up to 5 years following any Verification (3 years for Agriculture Projects). Projects may choose not to issue PERs if preferred.

1. Process for Validation, Verification, Performance Certification and Issuance:

Step 1 – the Project Developer shall appoint an eligible Gold Standard-VVB to conduct a Validation or Verification of the Project. The Project Developer shall provide the PDD for Validation or Monitoring Report for the Monitoring Period to be Verified, to the VVB. This shall include the Carbon Performance and all other relevant templates.

Step 2 – The VVB conducts Validation or Verification and submits opinion to Gold Standard. If the VVB considers that the Project should be certified/issued then Gold Standard commences a Performance Review, based on the documentation. The review completes when all CARs and comments are closed. Note that PERs may be issued at Design Certification (maximum of 5 years forward issuance period). GSVERs may only be issued following successful Verification and Performance Certification.

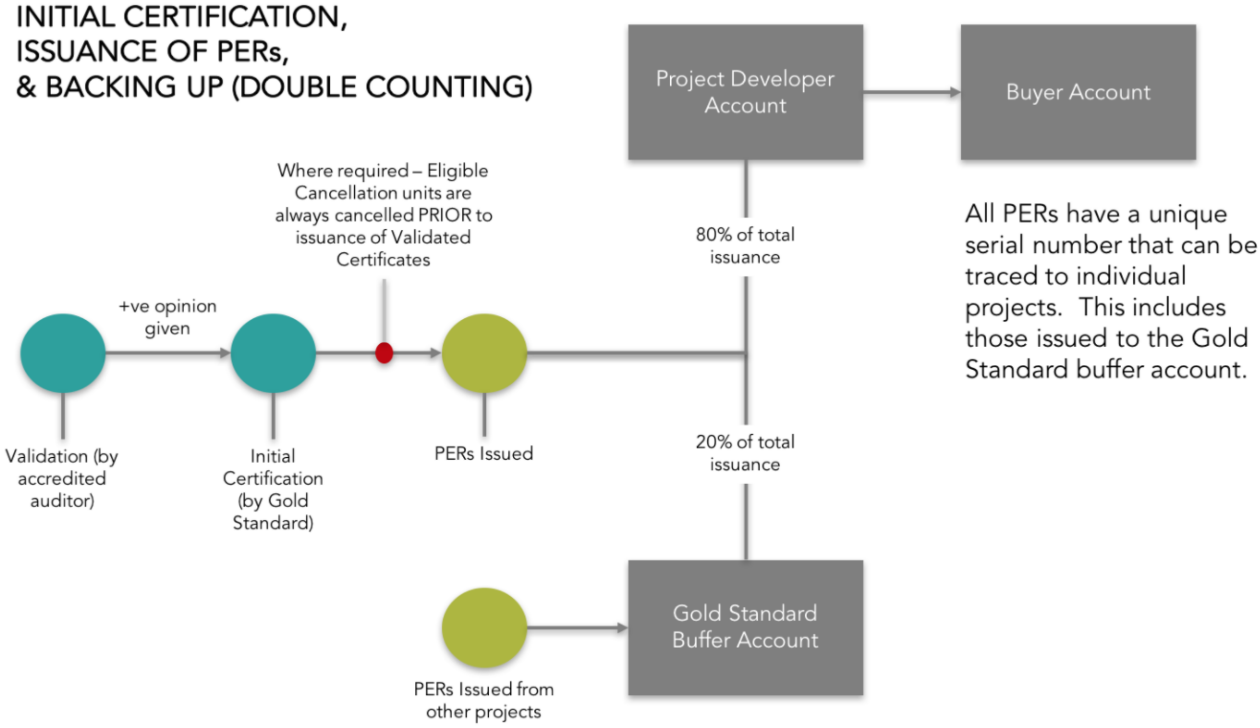
Step 3 – At the closure of Review all documents are updated by the Project Developer/VVB in accordance with any changes required. Based on the Carbon Performance Template submitted the Project Developer shall confirm what issuance is being requested.

Sub-step 3a: Issuance of PERs (optional): PERs are issued pro-rata for each year for the forward period requested (up to a maximum of 5 years). 20% of the PERs are issued to the Gold Standard Buffer, the remaining 80% are issued to the Project Developers requested accounts.

PERs represent expected sequestration of emissions. During a Monitoring Period the PERs issue can be converted into GSVERs in the Gold Standard Impact Registry. This replaces the PER (which is permanently removed) with the GSVER. 20% of the conversions shall take place in the Gold Standard Buffer with the Project Developer free to convert any of the remaining, associated PER (i.e. the remaining 80%).

Step - 4: In the event of a shortfall between Verified as compared to PERs the Carbon Performance requirements shall apply. Refer to Section 7.0 of GHG Emission Reduction and Sequestration Product Requirements for Crediting cycle & Issuance

Figure 1. Issuance of PERs



Sub-step 3b: Conversion of PERs into GSVERs

Fig 2: Conversion of PERs

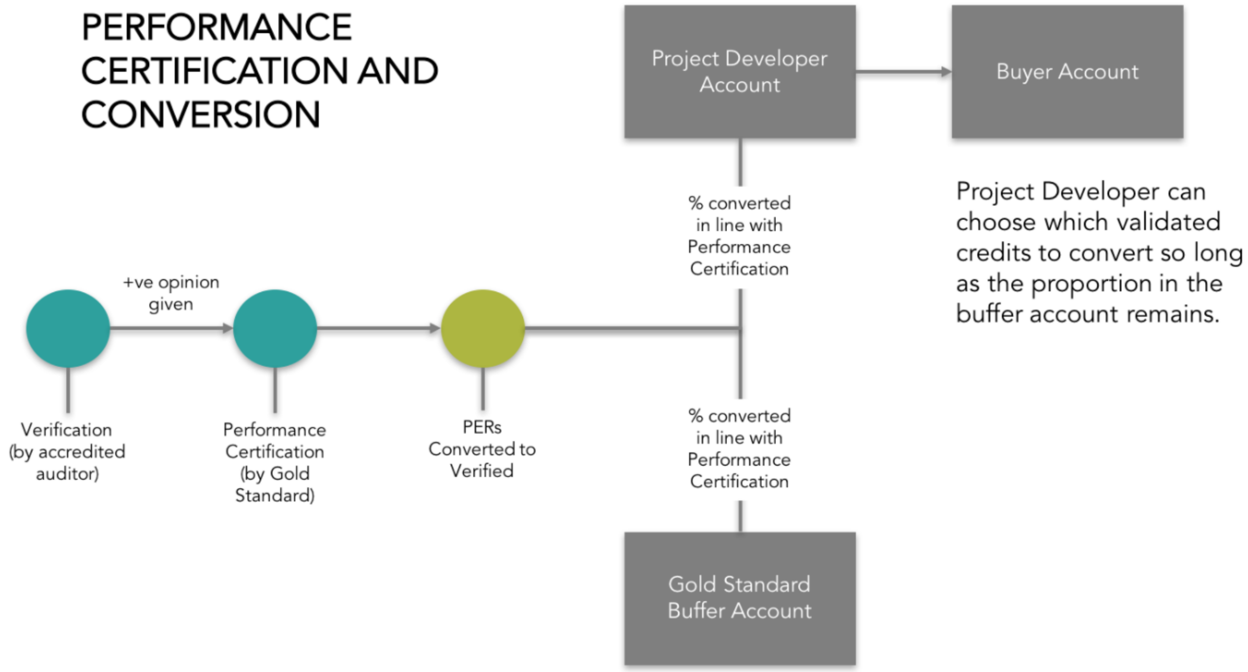


Figure 3: Carbon Performance – Conversion of PER to GSVER in the event of over or underestimation scenarios

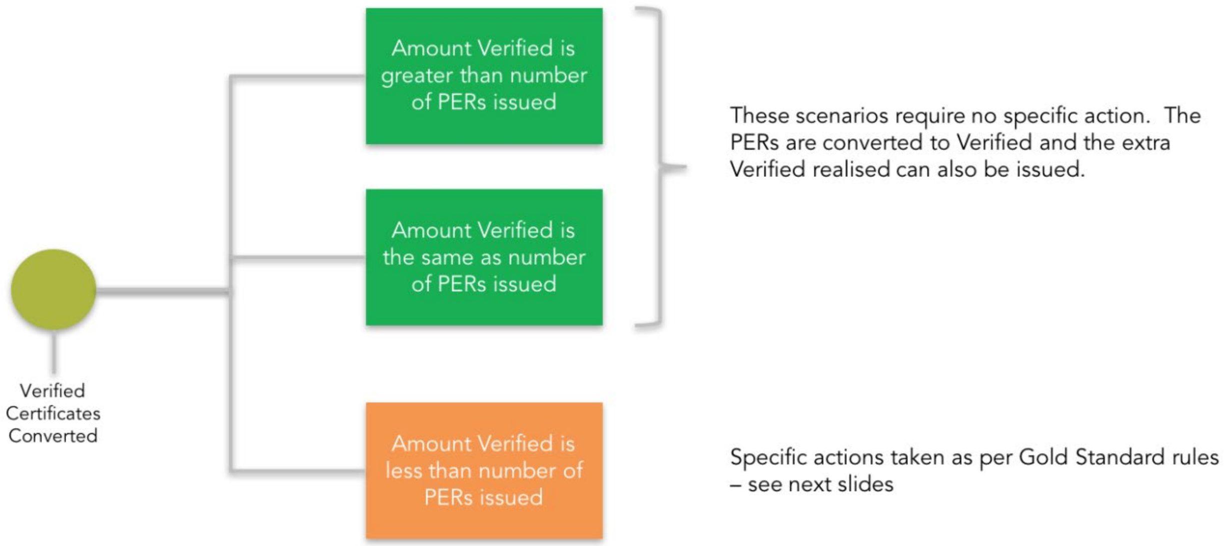
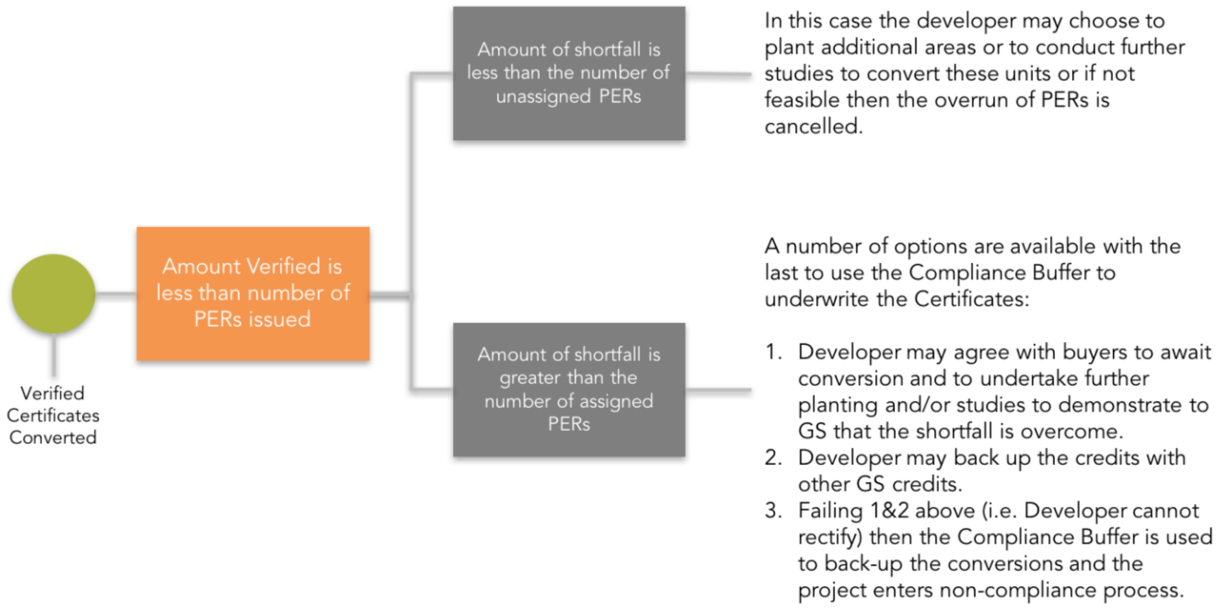


Figure 4: Carbon Performance Requirements in the event of shortfall



2. Process for Assignment and Retirement

PERs can be transferred to a buyers account; they can be assigned but they cannot be retired. They remain in the buyers account until converted at which point they are replaced as per 3c above.

GSVERs can be transferred to a buyers account (and further transferred from there to other accounts) until they are permanently assigned or retired by the final user/owner. The retirement takes place in the Gold Standard Impact Registry.

3. Process for substitution of Compliance Buffer

Certificates from other Gold Standard certified projects may be transferred to the to the Gold Standard Compliance Buffer in lieu of the PERs or GSVERs from the project. This can only be done at the same time as any Issuance event, and not at any time thereafter. Written notification of the intention to transfer along with specific amounts, along with the fee for issuance of GSVERs from the buffer, shall be provided to registry@goldstandard.org