



# DEVIATION REQUEST FORM

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PUBLICATION DATE **14.1.2021**

Version **4.0**

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## A. To be completed by Gold Standard

### 1 | Decision

**1.1 | Date** – 23/03/2021

**1.2 | Decision**

The deviation request is approved. The requirements of the FAR on the renewal of crediting period are waived for all monitoring periods containing the delay period, which is from 10/04/2019 to 20/12/2020 thereby allowing the PoA/CPAs to claim the corresponding GS labelling of Certified Emission Reductions. The deviation request has been approved due to the following reasons -

- i. the PoA had received a positive opinion from the VVB on their CDM renewal of crediting period request.
- ii. the PoA has been able to maintain continuity in its operations and ensure compliance with CDM requirements (during the delay period).
- iii. the deviation request (seeking withdrawal of the FAR on renewal of crediting period) has no material impact on the generation/issuance of ERs and SDG impacts.

SustainCERT is requested to make necessary changes in the PoA's/VPAs' Impact Registry interface resulting from this deviation request.

In addition to the above, Gold Standard recommends that SustainCERT review the PoA's Performance Certification submission(s) (pertaining to the delay period mentioned above) and confirm whether the PoA/CPAs have been able to maintain continuity in monitoring data, and if not, shall take suitable corrective measures in line with GS4GG principles and requirements.

**1.3 | Is this decision applicable to other project activities under similar circumstances?**

No.

**B. To be completed by the Project Developer/Coordinating and Managing Entity and/or VVB requesting deviation** (Submit deviation request form in Microsoft Word format)

## 2 | Background information

Deviation Reference Number	DEV_169	
Date of decision	23/03/2021	
Precedent (YES/NO)	NO	
Precedent details	N/A	
Date of submission	14/03/2021	
Project/PoA/VPA	Project	ID – GSXXXX
	<input checked="" type="checkbox"/> PoA	ID – GS1239
	<input type="checkbox"/> VPA	ID – GSXXXX
Project/PoA/VPA title	Sichuan Rural Poor-Household Biogas Development Programme	
Location of project/PoA/VPA	China	
Scale of the project/PoA/VPA	<input checked="" type="checkbox"/> Microscale <input type="checkbox"/> Small scale <input type="checkbox"/> Large scale	
Gold Standard Impact Registry link of the project/PoA/VPA	POA: <a href="https://registry.goldstandard.org/projects/details/148">https://registry.goldstandard.org/projects/details/148</a>  CPA (taking GS1693 as an example): <a href="https://registry.goldstandard.org/projects/details/243">https://registry.goldstandard.org/projects/details/243</a>	
Status of the project/PoA/VPA	<input type="checkbox"/> New <input type="checkbox"/> Listed <input checked="" type="checkbox"/> Certified design <input checked="" type="checkbox"/> Certified project	
Title/subject of deviation	Delay validation on Renewal crediting period of the Sichuan Rural Poor-Household Biogas Development Programme (CDM-PoA 2898, GS 1239)	
Specify applicable rule/requirements/methodology and version number	GS4GG Principles and Requirements (version 1.2, published in Oct 2019); GS4GG PoA requirements (version 1.2, published in Oct 2019)	
Specify the monitoring period for which the request is valid (if applicable)	Start date 11/04/2019                      End date 20/12/2020	
Submitted by	Contact person name: Martin Dilger Email ID: mdilger@upm-cdm.eu	
	Organisation: UPM Umwelt-Projekt-Management GmbH	
	Project participant: Yes <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
Validation and Verification body (VVB opinion shall be included, where required by the applicable	Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>  If yes;  Auditor name:	

rules/requirements or request is submitted by the VVB).	
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### 3 | Deviation detail

#### 3.1 | Description of the deviation:

##### 3.1.1 | Deviation detail (to be completed by Project developer):

In the beginning of November 2020, during 2<sup>nd</sup> round of GS review for the GS labelling issuance request for 8<sup>th</sup> monitoring period (01/01/2019-31/12/2019) of the PoA (PoA 2898, GS1239), the GS certification team asked the project developer for the status of the PoA renewal under GS4GG. Immediately after having received that notification, the project developer initiated the PoA renewal process under GS4GG and entrusted CCSC to start the validation and submitted the respective report to GS certification team for review on 20/12/2020. On 26/02/2021, all GS comments regarding PoA renewal have successfully been closed, but were earmarked by one FAR:

*“As per para 5.1.46 of Principles and Requirements, there has been delay in re-validation beyond last date of 1st crediting period therefore, verifying VVB shall ensure that no certified impact statements are claimed for delayed period. Delay period is from 10/04/2019 to 20/12/2020.”*

We kindly request the Gold Standard to re-assess and withdraw this FAR, considering the continuous GS CDM activities of the PoA since the beginning of the PoA development and the enormous damage to more than 400,000 low-income rural households participating in the PoA and other stakeholders, in case GS labelling of Certified Emission Reductions from 10/04/2019 to 20/12/2020 is rejected.

The delayed GS renewal does not have any material impact on PoA compliance with monitoring requirements and data quality on both Carbon and SDG elements. But, the consequences of the FAR will certainly increase the vulnerability of the PoA to its maximum.

##### 3.1.2 | VVB opinion (to be completed by VVB, if applicable):

NA.

#### 3.2 | Assessment of the deviation:

##### 3.2.1 | Deviation assessment (to be completed by Project developer):

In this FAR, the GS certification team refers to paragraph 5.1.46 of the Principles and Requirements, the delay in the completion of re-validation beyond the last date of the current certification cycle.

According to our understanding, this requirement is given to ensure among others the implementation and accessibility of a continuous grievance mechanism as well as to ensure a proper and continuous O&M of the PoA to avoid gaps in the documentation and to avoid the possibility of hiding any non-PoA

compliance with monitoring requirements and data quality on both Carbon and SDG elements. This is precisely one of the main reasons why we are advocating the Gold Standard since the early days.

Consequently, to underline the PoA's compliance with monitoring requirements and data quality on both Carbon and SDG elements, please kindly see following table providing evidence of the uninterrupted track record of the PoA's GS CDM activities since the beginning of the PoA development:

Date	Event
11/04/2012	CDM registration, incl. CPA 001
<b>22/04/2013</b>	<b>GS registration, incl. CPA 001</b>
11/04/2013	CPA 002-053 inclusions under CDM
<b>15/08/2013</b>	<b>CPA 002-053 inclusions under GS</b>
03/01/2014	CERs issuances for the 1 <sup>st</sup> monitoring period (10/05/2012 – 05/06/2013), 1,411 CERs issued CP1 and 78,422 CERs issued CP2
<b>22/01/2014</b>	<b>GS labelling on issued CERs (1<sup>st</sup> monitoring period) completion</b>
24/03/2014	CPA 054-073 inclusions under CDM
<b>18/04/2014</b>	<b>CPA 054-073 inclusions under GS</b>
17/10/2014	CERs issuances for the 2 <sup>nd</sup> monitoring period (06/06/2013 – 28/02/2014), 389,006 CERs issued CP2
<b>08/12/2014</b>	<b>GS labelling on issued CERs (2<sup>nd</sup> monitoring period) completion</b>
29/01/2015	CPA 074-087 inclusions under CDM
<b>19/03/2015</b>	<b>CPA 074-087 inclusions under GS</b>
22/04/2016	CERs issuances for the 3 <sup>rd</sup> monitoring period (01/03/2014 – 31/12/2014), 613,252 CERs issued CP2
<b>30/04/2016</b>	<b>GS labelling on issued CERs (3<sup>rd</sup> monitoring period) completion</b>
11/12/2017	This PoA voluntary changes AMS-I.C. (version 19) to AMS-I.I. (version 04). Such post-registration change (PRC ref no: PRC-2898-001) has been approved by EB on 11/12/2017.
<b>01/2018</b>	<b>GS4GG transition approval</b>
10/04/2018	CERs issuances for the 4 <sup>th</sup> monitoring period (01/01/2015 – 31/12/2015), 748,503 CERs issued CP2
<b>12/04/2018</b>	<b>GS labelling on issued CERs (4<sup>th</sup> monitoring period) completion</b>
10/09/2018	Validation contract on PoA renewal under CDM was signed between UPM and Tuev Nord
<b>30/10/2018</b>	<b>100,000 GS VERs issued (GS CERs conversion to GS VERs)</b>
15/11/2018	Request on PoA renewal under CDM, submission to CDM EB
17/12/2018	CDM EB started work on this PoA renewal request under CDM
29/01/2019	CERs issuances for the 6 <sup>th</sup> monitoring period (01/01/2017 – 31/12/2017), 829,252 CERs issued CP2
<b>12/02/2019</b>	<b>GS labelling on issued CERs (6<sup>th</sup> monitoring period) completion</b>
17/04/2019	Approval on PoA renewal under CDM

Date	Event
31/10/2019	CERs issuances for the 5 <sup>th</sup> monitoring period (01/01/2016 – 31/12/2016), 816,778 CERs issued CP2
<b>14/11/2019</b>	<b>GS labelling on issued CERs (5<sup>th</sup> monitoring period) completion</b>
15/01/2020	CERs issuances for the 7 <sup>th</sup> monitoring period (01/01/2018 – 31/12/2018), 822,520 CERs issued CP2
<b>13/02/2020</b>	<b>GS labelling on issued CERs (7<sup>th</sup> monitoring period) completion</b>
20/08/2020	CERs issuance request for the 8 <sup>th</sup> monitoring period (01/01/2019 – 31/12/2019) is submitted to CDM EB
<b>01/09/2020</b>	<b>GS labelling request for the 8<sup>th</sup> monitoring period (01/01/2019 – 31/12/2019) is submitted to GS SustainCERT</b>
<b>04/11/2020</b>	<b>Received GS comment about PoA renewal under GS during 2<sup>nd</sup> round of GS labelling request review</b>
<b>16/11/2020</b>	<b>Appoint CCSC to do the validation on PoA renewal under GS</b>
<b>16/12/2020</b>	<b>Submission of validation documents on PoA renewal under GS to GS SustainCERT</b>
<b>21/12/2020</b>	<b>GS initiated review on PoA renewal under GS</b>
<b>26/02/2021</b>	<b>PoA renewal under GS is approved by GS (with one FAR)</b>

Since PoA registration under the CDM (11/04/2012) and followed by the first PoA registration under the Gold Standard (22/04/2013), we have been able to activate the PoA with the first batch of successfully included 54 CPAs on 11/04/2013, followed by successful CPA inclusion under the Gold Standard on 15/08/2013. In the following years and until today we have done everything we could to keep the PoA operating normally and smoothly even under well-known and very adverse circumstances with regard to marketability of GS CERs in the early days. We have been seeking for GS CDM monitoring, certifications and issuances continuously every year. Furthermore, we have made use of all possibilities to be always among the first in applying new Gold Standard approaches, such as the successful GS4GG transition of this PoA in January 2018, the first PoA worldwide to do so.

Since the very beginning, the PoA and all its stakeholders (as far as possible in such a huge activity) are in permanent exchange. In terms of GS SDG monitoring (incl. the continuous grievance mechanism) the PoA never stopped in being active. GS labelling on issued CERs for vintage 2018 has been approved by GS on 13/02/2020. For vintage 2019, GS CDM monitoring and verification of the PoA have been carried out and submitted to CDM EB/GS SustainCERT for issuance request in August and September 2020, respectively. And finally, we are already preparing the next verification for vintage 2020 since mid of this February.

According to GS4GG PoA requirements (version 1.2, published in Oct 2019):

*“1.1.4 Unless otherwise specified in this document, Gold Standard PoAs follow the requirements listed in the CDM Project Standard for Programmes of Activities”.*

Based on this, we assumed that for GS CDM PoAs with GS labelling on issued CERs and successful transition to GS4GG, it is not required to have PoA renewal under GS and we just can follow the CDM crediting period of the PoA.

The PoA had its renewal of crediting period under CDM in Nov 2018 and has been approved on 17/04/2019 by UNFCCC CDM EB. At the time of GS review for the 8th issuance request for the PoA (monitoring period: 01/01/2019-31/12/2019), we received a comment from GS certification team (on 04/11/2020) to apply for PoA renewal under GS4GG, which we started only a few days later. It was this simple misinterpretation of the aforementioned GS4GG PoA requirement 1.1.4 that caused the delay on PoA renewal under GS, but the delay was not at all on purpose from our side. Moreover, in our opinion, this delay does neither harm at any moment the PoA compliance with existing GS4GG monitoring requirements nor will it have any negative impact on the quality of PoA data provided on both Carbon and SDG elements of this PoA.

In addition to the described unclear PoA requirement, GS allows a maximum of two years retroactive crediting prior to the project design approval, as long as it is demonstrated that the project is considering carbon revenues before the start date of the project and keeps moving to have the project design certified under GS. In our opinion, the PoA renewal under GS could be seen as some kind of a project design approval (enters into next certification cycle). Based on our PoA timeline (see the table above), this PoA has been seeking for GS CDM verification and issuances continuously. Consequently, the two years retroactive crediting prior to the project design approval could be applied. Furthermore, new project activities can apply for the retroactive crediting period without e.g. any continuous grievance mechanism. But, due to the already successfully implemented and operating continuous grievance mechanism in our case, we can ensure availability of documentation and communication at any time, which is something a new project activity would never be able to. This can be seen as a circumstance, that would even exceed the requirements and principles of the applicability of the GS retroactive crediting period.

We believe that the Gold Standard should avoid creating the impression that new projects are given preferential treatment over already registered projects with profound documentation on meeting GS principles.

3.2.2 | VVB opinion (to be completed by VVB, if applicable):

NA.

### **3.3 | Impact of the deviation:**

3.3.1 | Impact assessment (to be completed by Project developer):

The deviation we request refers to allowing GS labelling on issued CERs and SDGs impacts statements claim during the period 10/04/2019 to 20/12/2020.

During this period, the monitoring is conducted in line with the approved monitoring plan in the approved registered PoA DD and CPA DDs. There are no impacts to project design, safeguarding principles assessment, SDGs assessment, ER, monitoring frequency, data quality, etc.



- Project design is not changed, the technologies adopted in the PoA and CPAs and participating households, and other relevant stakeholders are not changed;
- SDG indicator monitoring has been carried out for vintage 2019 (8<sup>th</sup> monitoring period: 01/01/2019 – 31/12/2019) and vintage 2020 (9<sup>th</sup> monitoring period: 01/01/2020 – 31/12/2020), which could be verified from the GS MR and GS FVR of the PoA for vintage 2019 and draft GS MR for vintage 2020;
- Emissions reductions are not affected, which are calculated based on monitoring parameters in line with registered CDM monitoring plan and follow CDM methodologies AMS I.I and AMS III.R;
- Monitoring frequency is not changed, the monitoring is carried out annually since the first issuance of the PoA; data quality is also not affected.
- The PoA never has and still does not conflict with any host country regulations.

We are seeking a deviation from applicable requirements and ensure that all principles are adhered to “environmental integrity”, contribution to the Sustainable Development Goals (SDGs)”, “safeguarding principles and requirements” as well as “compliance with host country regulations”.

Without the requested deviation, this FAR would cause an enormous damage to

- almost 400.000 low-income rural households participating in the PoA (at an average household size of three people, this sums up to roughly 1.200.000 underprivileged people),
- the CME of the PoA (Chengdu OASIS Science & Technology Co. Ltd.),
- the project developer and PoA-financing PP (UPM Umwelt-Projekt-Management GmbH) and the
- Sichuan Rural Energy Office (SREO) and its thousands of biogas digester service centers and technical experts supporting PoA implementation all over Sichuan,

by refusing the GS labelling of Certified Emission Reductions (roughly for 1.2 Mio. CERs) and SDGs impact statements from 10/04/2019 to 20/12/2020 and thus preventing this PoA from getting absolutely indispensable carbon finance.

The consequences of the FAR are threatening the existence of the PoA and would have fatal consequences for all PoA stakeholders. We are talking about:

- a direct financial loss of more than 5,000,000 € due to 1.2 million unsellable (or nearly worthless) vintage 2019 and 2020 CERs without GS label,
- the inevitable termination of the PoA around early 2022, due to urgently missing funds to finance the O&M structure of the PoA and its 87 CPAs,
- the imminent closure of UPM Umwelt-Projekt-Management GmbH,
  - mainly running on the PoA project development as well as successful sales of the PoA’s GS CERs (83% of overall turnover in 2020 by GS CERs from the PoA), and
  - facing huge contractual penalties
    - for 2021 and 2022 already 250.000 PoA GS CERs from vintages 2019 and 2020 have been contracted by our carbon offset clients,

- the potential breach of ongoing PoA carbon finance cooperation agreements with the Sichuan Rural Energy Office,
  - suffering hard under the Corona pandemic due to the loss of large parts of its consulting business income under the existing international travel bans
- the necessary closure of the CME Chengdu OASIS Science & Technology Co. Ltd in China, fully dependent on its work for the PoA,
- the immediate stop of any carbon credits revenue payments to roughly 400,000 rural poor households supported via this PoA,
- the end of all further climate and sustainable development action under this PoA, and
- the risk of irreparable reputational damage both for the Gold Standard and UPM in the voluntary carbon market, please find attached a still incomplete overview of our most prominent PoA GS CER buyers, many of them purchasing on a repeat basis and now threatened by lack of supply.

As mentioned above, the delay in the start of the PoA revalidation process was not done on purpose but was mainly related to the fact that we failed to confirm our understanding of one updated regulation among the numerous updates and developments of the Gold Standard over the past 8 years. Nevertheless, the consequences are devastating and totally disproportionate.

We do not think that a precedent would be set here by our deviation request, On the contrary, our request for deviation gives the Gold Standard the opportunity to clarify unprecise GS4GG revalidation rules and hopefully helps avoiding similar cases from happening in the future, while also making sure that projects in different stages of development are treated equally.

In any case, the success story of the PoA (which is strongly related the Gold Standard's own one) should not end because of a tiny error, even more so, as our accidental mistake has no negative consequences for our PoA's compliance with any applicable GS4GG requirements. A simple misinterpretation of the numerous GS4GG regulations should never have such a destructive impact, therefore we urgently request the Gold Standard's help.

3.3.2 | VVB opinion (to be completed by VVB, if applicable ):

NA.

**3.4 | Documents:**

No	File Name	Remarks
1	20180910 Validation contract on PoA renewal under CDM	<b>Confidential</b>
2	20181217 CDM EB started work on this PoA renewal request under CDM	CDM EB email
3	20190417 Approval on PoA renewal under CDM <sup>1</sup>	UNFCCC Link
4	20200820 Email - Submission to UNFCCC for PoA MP8	
5	20200901 Screenshot – Submission GS labelling request MP8	Screenshot on SC APP
6	20201104 GS1239 Performance Review MP8_R2	<b>Confidential</b>
7	20201116 Validation contract on PoA renewal under GS	<b>Confidential</b>
8	20201216 Screenshot - Submission PoA renewal under GS	Screenshot on SC APP
9	20201221 GS initiated review on PoA renewal	GS email
10	20210226 GS4GG Design Renewal Review_GS1239_Final.pdf	<b>Confidential</b>
11	20210316 Overview buyer clients of PoA GS CERs and GS VERs	<b>Confidential</b>

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<sup>1</sup> [https://cdm.unfccc.int/ProgrammeOfActivities/poa\\_db/5BGM96VOK3ATN4JPR70XSWIQ8CZH2F/view](https://cdm.unfccc.int/ProgrammeOfActivities/poa_db/5BGM96VOK3ATN4JPR70XSWIQ8CZH2F/view)