



DEVIATION REQUEST FORM

PUBLICATION DATE **14.1.2021**

Version **4.0**

A. To be completed by Gold Standard

1| Decision

1.1 | Date – 01/04/2021

1.2 | Decision

The deviation request is not approved. The project is not allowed to undergo design certification renewal and change from a fixed crediting period of 10 years (as established during GS registration) to a renewable crediting period of 5 x 3 years.

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_171	
Date of decision	01/04/2021	
Precedent (YES/NO)	NO	
Precedent details	N/A	
Date of submission	16/03/2021	
Project/PoA/VPA	Project	ID – GS1042
	<input type="checkbox"/> PoA	ID – GSXXXX
	<input type="checkbox"/> VPA	ID – GSXXXX
Project/PoA/VPA title	Ceará Renewable Energy Bundled Project	
Location of project/PoA/VPA	Brazil	
Scale of the project/PoA/VPA	<input type="checkbox"/> Microscale <input checked="" type="checkbox"/> Small scale <input type="checkbox"/> Large scale	
Gold Standard Impact Registry link of the project/PoA/VPA	https://registry.goldstandard.org/projects/details/38	
Status of the project/PoA/VPA	<input type="checkbox"/> New <input type="checkbox"/> Listed <input type="checkbox"/> Certified design <input checked="" type="checkbox"/> Certified project	
Title/subject of deviation	Change fixed CP to renewable 5*3 years	
Specify applicable rule/requirements/methodology and version number	AMS-I.E: Switch from Non-Renewable Biomass for Thermal Applications by the User, version 05.	
Specify the monitoring period for which the request is valid (if applicable)	Start date	End date
Submitted by	Contact person name: Lyara Amaral	
	Email ID: lyara@sustainablecarbon.com ; tecnica@sustainablecarbon.com	
	Organization: Sustainable Carbon	
	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 rules/requirements or request is submitted by the VVB).	Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/> If yes; VVB name:	

	Auditor name:
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3| Deviation detail

3.1 | Description of the deviation:

Use the space below to describe the deviation and substantiate the reason for requesting deviation from applicable rules/requirements. Please include all relevant information in support of the request. You are requested to follow the principles for requesting deviations, given in the [Deviation Approval Procedure/ Design Change Requirements](#).

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

Ceará Renewable Energy Bundled Project is a retroactive project with fixed crediting period for 10 years (01/09/2010 to 31/08/2020), non renewable. Currently, the project will initiate its last Performance Review, for the sixth monitoring period under Gold Standard (01/09/2017 to 31/12/2019).

Project Participants are interested in renewing validation, changing fixed crediting period to 5 years, 3 times renewable. The renewal of the project is essential to ensure the continued use of renewable biomass by the ceramics, but also to contribute to reducing deforestation in the region. The use of native firewood from deforestation, without sustainable certification, is still common practice in the ceramic's region, being encouraged by the devaluation of the Brazilian currency and the lack of inspection by the Brazilian environmental authorities. The body responsible for environmental actions in the country, IBAMA, had, in its best years, around 2009, up to 1,600 people watching over compliance with the Brazilian environmental legislation, but currently, the number of active agents is under 700¹. The agency has been weakened by the Brazilian government, which transferred planning and enforcement actions to the Brazilian Army, investing in militarization as an environmental policy. This transfer has not had significant effects, and the country has been witnessing an increase in deforestation in Brazilian forests over the past two years, especially in the Amazon.

Between January and December 2020, the forest lost 8,058 km² of green area. It is the largest in the last ten years, with an increase of 30% compared to 2019, when 6,200

¹ Available in <<https://brasil.elpais.com/brasil/2021-01-05/apesar-do-recorde-de-desmatamento-em-2020-cada-vez-menos-fiscais-atuam-na-amazonia.html>>

km² were cut down. In December, Imazon satellites recorded 276 km² of devastation, also a record in ten years².

Ceará Bundled project ceramic industries are still operating with renewable biomass and the revenue from carbon credits is essential to maintain sustainable production.

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

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3.2 | Assessment of the deviation:

Use the space below to describe how the deviation complies with the requirements, and, where applicable, the accuracy, completeness and conservativeness is ensured. Please include all relevant information in support of the request.

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

The re-validation of this project, and therefore, deviation from requirements previously stated by Gold Standard, complies with all Deviation Approval Principles.

The project will be re-validated using the latest GS4GG template (version 1.2), reassessing impacts and SDGs outcomes from project activity, including Safeguarding Principles Assessment.

The Project activity is still eligible according to Gold Standard's Principles and Requirements, as there are no changes from the first crediting period. The same methodology, AMS-I.E: Switch from Non-Renewable Biomass for Thermal Applications by the User, will be utilized to account emission reductions for the second crediting period.

As per Principles and requirements, section 5.1.46, since there was a delay in the completion of re-validation beyond the last date of current certification cycle, no VERs shall be issued for the period of delay.

According to Renewable Energy Activity Requirements, projects may receive Issuance of Certified Impact Statements or Products for a maximum of three Certification Renewal Cycles i.e., a total of 15 years, unless mentioned otherwise in the Product Requirements.

² Available in <<https://imazon.org.br/imprensa/desmatamento-na-amazonia-cresce-30-em-um-2020-e-bate-recorde-dos-ultimos-dez-anos/>>

Baseline shall be reassessed as per Gold Standard Principles and Requirements, Principle 5: Financial Additionality & Ongoing Financial Need, that states that the Ongoing Financial Need shall be demonstrated at Design Certification Renewal. The project shall provide a qualitative narrative, supported by an overview of project finances, that demonstrates how the finance derived Gold Standard Certification is material to the ongoing sustainability of the Project.

During the first crediting period, Ceará ceramic industries carried out investments and operational adjustments to use renewable biomass for the production of ceramic bricks. In addition, renewable biomass has a higher cost when compared to non-renewable native firewood, that is still a common practice and has lower prices due to illegality, which confirms the relevance of the carbon credits for the continuity of the project activity.

Furthermore, during 2020 Covid-19's pandemic, the industries employees confirm that there were impacts and reductions in the production of ceramics, reducing resources that could guarantee the continuity of the project activity without the revenues from carbon credits.

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

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3.3 | Impact of the deviation:

Use the space below to describe the impact of the deviation on project design, safeguarding principles assessment, SDG assessment, emissions reductions, monitoring frequency, data quality, potential risk or any other relevant aspect of the project. Please substantiate the impact assessment with relevant and verifiable data/information.

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

(a) Additionality

There will be no impacts on additionality. Ongoing financial need will be assessed in Design Certification Renewal to reassure that the Project requires the carbon credits revenues to invest in new technologies to continue the use of renewable biomass as fuel for the ceramic industry production.

(b) Project Scale

The project is still classified as small-scale category, according to UNFCCC and Gold Standard definitions:

- It generates less than 45 MWthermal and results in emission reductions of less

than 60,000 tCO₂e per year. The renewal of the crediting period will not alter the production of Ceará Bundled Project ceramics nor the emission reductions.

(c) Applicability of Methodology

The methodology AMS-I.E: Switch from Non-Renewable Biomass for Thermal Applications by the User, is still applicable to the project, as the Project Renewal will not alter the project design nor the production by this ceramic industry.

(d) Stakeholder Feedback on Project Design

A Stakeholders Consultation was conducted during the validation of the project. Project proponent concludes that there is no need to conduct a new stakeholder consultation since no changes would occur in the project design. Besides the formal centralized grievance mechanism, the ceramics owners have a very good relationship with surrounding communities and are open for any requests/complaints.

(e) Sustainable Development Assessment

The Sustainable Development Criteria Assessment was developed during validation, and will be reassessed in the latest Project Design Document template version, with SDGs contributions and outcome estimated. Safeguarding Principles Assessment will also be developed.

(f) Monitoring & Reporting Plan

In addition to including any parameters required by the new version of the applied methodology, assessment of SDG Impacts, Safeguarding Principles assessment and any other requirements of the GS4GG will be included in the PDD during re-validation of the project.

(g) Legislation

As there was no change in the project activity or methodology, the project is still complying with all environmental and regulatory laws of Brazil. All the ceramic industries included in the project have all the necessary licenses and approvals from the responsible agencies for the production of ceramic bricks.

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

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3.4 | Documents:

List of documents provided (note that once a decision has been made by Gold Standard, this deviation form along with supporting documents will be made public on the Gold Standard website. If any of the supporting documents are confidential, please indicate here to ensure they are omitted.)

- GS Passport v2.1.
- SSCPDD Ceará Renewable Energy Bundled Project v05
- GS-Validation Report _Ceara_Ver 3.1_09_03_2012_FINAL
- MR_Ceará Renewable Energy Bundled Project_01.12.2014_31.08.2017_v3
- 1042_Verification Report – 5th MR