



DEVIATION REQUEST FORM

PUBLICATION DATE **14.1.2021**

Version **4.0**

A. To be completed by Gold Standard

1| Decision

1.1 | Date – 25/02/2022

1.2 | Decision

The applied deviation is partially approved. The PD must ensure that:

1. No issuance is claimed for the first crediting period which ended on 20/07/2017.
2. Design certification renewal of the project is successfully completed as per the requirements of GS4GG (including the demonstration of Ongoing Financial Need) along with its transition to GS4GG. Please refer to para 3.1.3 of latest version of [Transition requirements](#).
3. Subsequent Verifications that occur after transition shall take into account the GS4GG Requirements. (Para 3.1.9, Transition requirements). Please note that as per the requirements of para 5.1.46 of [Principle and Requirements](#), no issuance can be claimed for a period of delay in design certification renewal.

The PD shall document the deviation request, its implications, and GS' decision in the appropriate section of the GS PDD and Monitoring Report (for the relevant MP). The

verifying VVB shall, through appropriate means at its disposal, evaluate the Project's compliance with the above-mentioned conditions and provide its opinion in the Validation/Verification Report.

SustainCert shall review both the PD's response and the VVB's assessment/opinion of the same and take appropriate steps.

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_196	
Date of decision	25/02/2022	
Precedent (YES/NO)	No	
Precedent details	N/A	
Date of submission	24/10/2021	
Project/PoA/VPA	Project	ID – GS726
	<input type="checkbox"/> PoA	ID – GSXXXX
	<input type="checkbox"/> VPA	ID – GSXXXX
Project/PoA/VPA title	KAYABUKU HEPP	
Location of project/PoA/VPA	Turkey	
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/164	
Status of the project/PoA/VPA	<input type="checkbox"/> New <input type="checkbox"/> Listed <input type="checkbox"/> Certified design <input type="checkbox"/> Certified project	
Title/subject of deviation	Issuance of VERs from CP1 and Revalidation under GS4GG	
Specify applicable rule/requirements/methodology and version number	ACM0002 version 12.1.0	
Specify the monitoring period for which the request is valid (if applicable)	Start date	End date
Submitted by	Contact person name: SILA DURAN	
	Email ID: sila@sekansdanismanlik.com	
	Organisation: Sekans Danışmanlık	
	Project participant: Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
Validation and Verification body (VVB opinion shall be included, where required by the applicable	Yes <input type="checkbox"/> NO <input type="checkbox"/> If yes; VVB name:	

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

3.1 | Description of the deviation:

Guidance 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):

KAYABUKU HEPP is a registered small, low - impact hydro project that is looking for issuing its VERs. When the PO aimed to start works for the verification process for its project, she recognized that the Project lost its past rights and had to go under revalidation first to realize any issuance. The Project’s crediting period has ended on Jul 20, 2017. The PO has contracted a new consultant to proceed and is seeking for GS Approval to go under revalidation as Sustaincert suggested.

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

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3.2 | Assessment of the deviation:

Guidance 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 project has been developed as a VER project accounting for GS financing and revenue from carbon credits which are essential for the feasibility of the project as well as supporting the sustainable development parameters.

During the first crediting period of the project, low demand for VERs and a sharp decrease in VER prices caused PO to wait and cumulate its VER rights to actualize in the future as the PO considered the costs of consultancy, DOE and issuance fee. During this period, the PO could not benefit from carbon revenue as budgeted which affected the company's balance of payments negatively, however, the financing cycle of the project was based on long term investment as the financial analysis was done until 2029. And carbon revenue hold its place and importance while it was awaited for the optimum time. The PO pursued and attempted to issue the VERS, during the gap time, however cost of issuances (consultancy, DOE and sale costs) was not covered by the expected VER revenues.

Considering the USD/TRY exchange rate fluctuation between 2013-2020, it has become viable and more profitable for Project Owner to carry on with the additional registration and verification expenses, even hiring a new consultant. It shall be noted that the certification fees and revenues are in US Dollars and USD had tripled its value against local currency¹, where CPI of 2013 was 7.40% and only raised to 14.60% in 2018².

While postponing (and hoping for) the carbon revenue and compensating the gap with electricity sales and receding any profit, the PO was not aware of that they lost their past rights and would not benefit from the VERs of the past generation as they don't have any know-how and did not receive any warning on that issue from their carbon project partners.

Additionally, the Project Owner did not know that there was a probability to loose their rights if they did not go under verification before the crediting period end date. As the PO intended to initiate works to issue the VERs, the COVID measures have started in 2020 and the PO had to slow down all actions and they could not realize physical site visit which would enable them to issue VERs from CP1.

¹ https://evds2.tcmb.gov.tr/index.php?evds/serieMarket/#collapse_2

² <https://legalbank.net/belge/enflasyon-oranlari-tefe-ufe-tufe-oranlari/3225950/>

The Project Owner requests to continue its project cycle and have the opportunity to secure carbon revenue.

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

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3.3 | Impact of the deviation:

**Guidance* 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):

During this time, the project owner has continued to monitor all parameters which were validated and approved during the design certification. To secure carbon finance, the Project Owner continued its monitoring activities internally in the same manner as the projects was being verified.

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

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3.4 | Documents:

**Guidance* 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.)*