

TEMPLATE

DEVIATION REQUEST FORM

PUBLICATION DATE **11.04.2021**

Version **5.0**

A. To be completed by Gold Standard

1 | Decision

1.1 | Date – dd/mm/yyyy

30/05/2023

1.2 | Decision

The applied deviation request is approved and PD can claim issuances from 11/04/2022, considering the clarification provided at <https://goldstandardhelp.freshdesk.com/support/solutions/articles/44002227020-how-is-the-crediting-period-applied-to-projects-poas-cpas-that-have-already-completed-5-of-the-7-year>.

"A transition project that has completed 5 years of its valid crediting period under CDM shall submit the transition request together with the Crediting Period renewal request. The second crediting period under GS4GG will start from the transition approval date. Such projects/CPAs can request for retroactive issuance (maximum of 2 years from date of request for preliminary review + time period between preliminary review and transition approval) applying the version of the methodology with which it is registered under the CDM."

The PD must ensure that a continuity in the Project's monitoring activities is maintained, and PD is able to justify that no monitoring gaps exist (especially for SDG parameters) within the Monitoring Period(s). However, if gap(s) exist, the project shall justify that conservative approach(es) have been applied in line with section 3 of the Deviation Approval Requirements and Procedures (version 1.2) and overarching GS principles (as applicable).

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 validating/verifying VVB shall, through appropriate means at its disposal, evaluate the Project's compliance with the above-mentioned conditions and provides 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_427	
Date of decision	30/05/2023	
Precedent (YES/NO)	Yes	
Precedent details	DEV_244	
Date of submission	19/05/2023	
Project/PoA/VPA	Project	ID – GS3511
Project/PoA/VPA title	49.5 MW Sachal Wind Power Project, Jhampir	
Date of listing	05/09/2014	
GS Standard version applicable	Gold Standard for Global Goals	
Date of transition to GS4GG (if applicable)	23/09/2018	
Date of transition to Gold Standard from another standard (e.g. CDM) (if applicable)	14/10/2022	
Date of design certification/inclusion (if applicable)	11/08/2016	
Location of project/PoA/VPA	Pakistan	
Scale of the project/PoA/VPA	<input type="checkbox"/> Microscale <input type="checkbox"/> Small scale <input checked="" type="checkbox"/> Large scale	
Gold Standard Impact Registry link of the project/PoA/VPA	https://registry.goldstandard.org/projects/details/609	
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	Delay validation on Renewal crediting period of the 49.5 MW Sachal Wind Power Project, Jhampir (CDM 10162, GS 3511)	
Specify applicable rule/requirements/methodology, with exact paragraph reference and version number	Para. 5.1.45 and Para. 5.1.46 GS4GG Principles and Requirements (version 1.2, published in Oct 2019); Para 6.5, Annex B, GHG Emissions Reduction & Sequestration Product Requirements (version 2.1)	
Specify the monitoring period for which the request is valid (if applicable)	Start date 11/04/2022 End date 30/03/2023	
Submitted by	Contact person name: Muhammad Amir Email ID: pd@sedlpk.com	

	Organisation: Sachal Energy Development (Pvt) Limited
	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: VVB Staff name(s):
Any previous deviations approved for the same project activity/PoA/VPA(s)?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

3 | Deviation detail

3.1 | Description of the deviation:

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

The project has been registered as GS CDM on 11/08/2016, with the fixed 10-yr crediting period (11/04/2017-10/04/2027). Since the commercial operation of the project 11/04/2017, the project has GS CERs issuance for the 1st monitoring period (11/04/2017-28/02/2019) and 2nd monitoring period (01/03/2019-30/09/2020) in year 2020 and year 2022 respectively.

On 26/08/2022, the project submitted transition request from GS CDM to GS VER scheme. During the transition review, it's mentioned that PD shall contract VVB for re validation and request CP renewal of 11/04/2022 to 10/04/2027 under 5-yr project cycle. After transition approval on 14/10/2022, the project developer immediately entrusted Applus+ for the CP renewal and submitted the validation report of CP renewal on 31/03/2023.

During the 1st round CP renewal review by SC team, a FAR was raised on 03/05/2023, ie.
“Verifying VVB shall consider the delay in renewal of the crediting period for the next monitoring period. The project can issue credits starting from the first submission date; i.e. 31/03/2023.”

We kindly request the Gold Standard to re-assess and withdraw this FAR, considering the continuous GS CDM activity of the project since the beginning of the project development. The delayed GS renewal does not have any material impact on project 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 project, in case GS VERs issuance from 11/04/2022 to 30/03/2023 is rejected.

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

Not applicable.

3.2 | Assessment of the deviation:

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

In this FAR, the certification team refers to paragraph 5.1.46 of the Principles and Requirements (version 1.2), 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 project to avoid gaps in the documentation and to avoid the possibility of hiding any non-project 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 very beginning of the project development.

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

Date	Event
22/04/2016	CDM registration
11/08/2016	GS registration
11/04/2017	Commercial operation of the project
18/09/2018	Transition from GS version 2.2 to GS4GG approval
02/03/2019	GS MR and CDM MR (1 st MP 11/04/2017-28/02/2019) submitted
20/04/2020	GS CERs issuance (1 st MP) approval
03/01/2021	GS MR and CDM MR (2 nd MP 01/03/2019-30/09/2020) submitted
23/02/2022	GS CERs issuance (2 nd MP) approval
26/08/2022	Transition request from GS CDM to GS VER scheme submitted
14/10/2022	Transition from GS CDM to GS VER scheme approval
31/03/2023	Validation on CP renewal (5-yr project cycle under GS4GG) completed

It could be seen that, the project owner has been seeking for GS CDM monitoring, certifications and issuances continuously since the commercial operation of the project. In terms of GS SDG monitoring (incl. the continuous grievance mechanism) the project never stopped in being active.

Prior to transition from GS CDM to GS VER scheme for this project, the project has fixed 10-yr crediting period under GS CDM from 11/04/2017 to 10/04/2027. No need to have CP renewal under GS CDM structure and therefore, the project developer was not aware of CP renewal by 10/04/2022 (end of 1st CP) as per Gold Standard Principles & Requirements para 5.1.45. In this case, in later Aug 2022 when

project developer would like to have transition from GS CDM to GS VER scheme and got the SC opinion to have CP renewal for the 2nd CP (11/04/2022-10/04/2027), the deadline 10/04/2022 has been passed. Nevertheless, the project developer initiated the CP renewal immediately and entrusted Applus+ for the re-validation of CP renewal and submitted the validation report on 31/03/2023, which is less than 6 months after transition approval on 14/10/2022.

The delay on the project renewal under GS was not at all on purpose from our side. Moreover, in our opinion, this delay does neither harm at any moment the project compliance with existing GS4GG monitoring requirements nor will it have any negative impact on the quality of project data provided on both Carbon and SDG elements of this project.

In addition, GS allows a maximum of two years retroactive crediting prior to the project first submission as per para 6.4.1 GHG Emissions reduction and Sequestration Product Requirements v2.1. In our opinion, the project renewal under GS could be seen as some kind of a project design approval (enters into next certification cycle). Based on our project timeline (see the table above), this project has been seeking for carbon verification and issuances continuously. Consequently, the two years retroactive crediting prior to the project first submission 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):

Not applicable

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 VERs issuance during the period 10/04/2022 to 30/03/2023.

During this period, the monitoring is conducted in line with the approved monitoring plan in the approved registered PDD. 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 project are not changed;

- SDG indicator monitoring has been carried out for the period (10/04/2022 - 30/03/2023), which could be verified from NTDC jointly monthly meter reading records, project operation logbook, etc;
- Emissions reductions are not affected, which are calculated based on monitoring parameters in line with registered monitoring plan and follow CDM methodology ACM0002;
- Monitoring frequency is not changed, the monitoring is carried out annually since the first issuance of the project; data quality is also not affected.
- The project 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”.

In addition, the project involves 107million USD foreign loan. Due to the increasing exchange rate (USD to Pakistan Rupees), which has increased from 103 to 280 in the past 5 years, see following figure for the fluctuation of exchange rate (USD to Pakistan Rupees) ¹:



therefore, the project owner Sachal has suffered a lot loss from the repayment of the USD loan. And the situation would continue in the following subsequent years. The repayment period is 10 years with 20 semi-annual installment payments (year 2017 to year 2027). In such situation, the project owner relies on carbon revenue to cover part loss due to the increasing exchange rate. Without the GS VERs issuance for the monitoring period (10/04/2022 to 30/03/2023), it will threaten the continuous operation of the project.

¹ <https://www.google.com/finance/quote/USD-PKR?sa=X&ved=2ahUKewjSx8LF7tf9AhUimVYBHYCICgYQmY0JegQIBhAd&window=5Y>

The project urgently requests the Gold Standard's help and we appreciate Gold Standard to approve the deviation request.

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

Not applicable.

3.4 | Documents:

No	File Name	Remarks
1	NTDC jointly monthly meter reading records (Apr 2022 to Apr 2023)	Confidential
2	Project operation logbook (Apr 2022 to Apr 2023)	Confidential
3	GS3511_GS4GG Transition Review_Final_14102022.pdf	Confidential
4	20230331 Screenshot - Submission project renewal under GS	
5	GS3511 Design Renewal Review_R1_26042023	Confidential
6	Increasing exchange rate (USD to Pakistan Rupees) from 103 to 280 in the past 5 years	Google link

Version number	Release date	Description
5	11.04.2022	<p>Additional information added:</p> <ul style="list-style-type: none"> - date of listing, design certification, transition - standard version - specific reference to a requirement deviated from - any previous deviations/design changes approved <p>Guidance on VVB opinion</p>
4	14.01.2021	
3	16.07.2020	
2	03.05.2018	
1	01.07.2017	Initial adoption