

TEMPLATE

DEVIATION REQUEST FORM

PUBLICATION DATE **11.04.2021**

Version **5.0**

A. To be completed by Gold Standard

1 | Decision

1.1 | Date – 13/06/2023

1.2 | Decision

The deviation request is not approved.

The projects located in the countries eligible under [Renewable Energy Activity Requirements](#), and supplying electricity generated to another country can claim emission reduction product/claim under GS4GG only if the project developer can demonstrate that a certain amount of electricity generated from the project is also supplied to the host country (Lao PDR in this case).

The project developer shall document the deviation request, its implications, and GS' decision in the appropriate section of the GS PDD.

The validating 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 report.

SustainCert shall review both the project developer'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_441	
Date of decision	13/06/2023	
Precedent (YES/NO)	No	
Precedent details	NA	
Date of submission	29/05/2023	
Project/PoA/VPA	Project	ID – GSXXXX
	<input type="checkbox"/> PoA	ID – GSXXXX
	<input type="checkbox"/> VPA	ID – GSXXXX
Project/PoA/VPA title	600MW Wind Power Project in Lao PDR by Monsoon Wind Power Company Limited	
Date of listing	-	
GS Standard version applicable	-	
Date of transition to GS4GG (if applicable)	-	
Date of transition to Gold Standard from another standard (e.g. CDM) (if applicable)	-	
Date of design certification/inclusion (if applicable)	-	
Location of project/PoA/VPA	Host country(ies): Least Developed Country (LDC) – Lao PDR	
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	-	
Status of the project/PoA/VPA	<input checked="" type="checkbox"/> New <input type="checkbox"/> Listed <input type="checkbox"/> Certified design <input type="checkbox"/> Certified project	
Title/subject of deviation	Request for Deviation to be eligible with Gold Standard	
Specify applicable rule/requirements/methodology, with exact paragraph reference and version number	Para 2.1.3 of GS4GG Renewable Energy Activity Requirements, Version 1.4	

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Specify the monitoring period for which the request is valid (if applicable)	Start date - End date -
Submitted by	Contact person name: Sira Khamklai Email ID: sira@impactelectrons.com
	Organisation: Monsoon Wind Power Company 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:

**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):

Project Overview

The Monsoon Wind Power Project (the "Project") is located in Sekong and Attapeu province in the south of Lao PDR, close to the Lao-Vietnam border with the total capacity of 600MW. The Project will not only be Lao PDR's first wind power project, but also the largest wind power plant in South-East Asia and the first cross-border wind power project in Asia.

Impact Electron Siam ("PD") initiated the Project in 2012 by conducting a wind resource evaluation in Lao PDR to locate suitable areas for a wind project. PD has placed significant emphasis on community support, implementing development programs that aim to ensure local communities benefit from the Project. Additionally, the Project will adhere to the heightened environmental, social, and gender standards set by development finance institutions, thus promoting the adoption of exemplary practices for wind power in Lao PDR.

The Project has entered into the Concession Agreement ("CA") with the Government of Laos ("GoL") on 1 December 2022 and the Power Purchase Agreement (the "PPA") with Vietnam Electricity ("EVN") on 12 July 2021. Currently, the Project has achieved financial close and is under construction.

All generations from the Project will be sold to Vietnam under the PPA. The Project will construct 22-kilometer dedicated transmission lines from its location to the border of Laos and Vietnam. EVN will construct its own 44-kilometer transmission lines from Than My substation in Vietnam to connect with the Project's transmission lines at the border. Once operational, the Project will generate approximately 1,707 GWh per year of green electricity and expect to save reduce annual greenhouse gas emissions by

approximately 1,300,000 tons¹ of carbon dioxide or 34mm tons over 25-year project life. The Project undertakes a non-recourse project financing package led by the Asian Development Bank (ADB).

The following table shows the high-level detail of the Project.

Technology	Wind power
Capacity	600MW
Annual generation	1,707GWh (P50)
Location	Sekong and Attapeu province in the South of Lao PDR
Notice to proceed	15 March 2023
Target COD	30 December 2025
Offtaker	Vietnam Electricity
PPA tenor	25 years
Tariff	US Cent 6.95 per kWh
Concession agreement tenor	25 years
Project cost	USD 938 mm
Project finance lead arranger	Asian Development Bank

Details of Deviation

According to the Gold Standard Renewable Energy activity requirements v1.4, clause 2.1.3, Renewable Energy projects connected to national, or a regional electricity grid must be located in either a;

- a. Least Developed Country (LDC), Small Island Developing State (SIDS) or a Land Locked Developing Country (LLDC) or
- b. Low Income and Low Middle-income country where the penetration level of the proposed Renewable Energy Technology type is less than 5% of the total grid installed capacity, at the time of the first submission to preliminary review

In the case of the Project, it is in a unique situation. The Project is located in Lao PDR, which qualifies as an LDC. However, it connects to the EVN's grid in Vietnam, a Low Middle-income country. The uncertainty arises as to whether the Project fully complies with clause 2.1.3 due to this connection.

¹ Considering grid emission factor of Vietnam of 0.8 tons of CO2 emission reduction per megawatt-hour of electricity

Additionally, as of May 2023² the wind power technology penetration in Vietnam stands at 6.26%, which slightly exceeds the 5% threshold outlined in the Gold Standard requirements. This penetration is a result of the existence of 5,059MW wind power projects connected to the grid, in comparison to the total national grid installed capacity of 80,704MW.

In light of these considerations, we refer to clause 2.1.6 of the activity requirements, which allows for exceptions to be made under exceptional circumstances. These circumstances include situations where a project serves impoverished beneficiaries at preferential electricity rates or is located in a conflict zone. We firmly believe that the Monsoon Project meets the criteria for an exceptional circumstance.

The implementation of the Monsoon Project promises to deliver substantial benefits to the local communities and all stakeholders involved. Through our comprehensive development programs, we are committed to ensuring that the project's benefits flow directly to the affected communities. Moreover, the project will adhere to the enhanced environmental, social, and gender requirements set by development finance institutions, aligning with best-practice approaches to renewable energy in Lao PDR.

In light of the aforementioned exceptional circumstances and the anticipated positive impact of the Monsoon Project, we kindly request the Gold Standard Secretariat's consideration and approval of our deviation request. We firmly believe that this Project has the potential to make a significant contribution towards sustainable development, poverty alleviation, and climate change mitigation in the region.

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

**Guidance* If required by SustainCERT or Gold Standard for this particular deviation, please add here the VVB's opinion.*

N/A

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² Source: <https://www.nldc.evn.vn/FullNewsg/200/Cong-suat-huy-dong/default.aspx>

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 will provide a substantial source of clean renewable energy supply to Vietnam to help meet the country's growing energy demand and for Lao side, it provides social and economic benefits to the country in the form of employment, improved infrastructure, increased regional connectivity, and revenues through collection of royalties, lease payments, and taxes through the CA.

The Project presents exceptional circumstances that warrant a deviation from the standard requirements, as it offers numerous benefits to the region, contributes to sustainable development, and uplifts the local community. The following details further support the deviation request.

1. Benefit to the Region:

a) The first cross-border wind farm promoting regional connectivity:

The Project establishes a milestone by being the first cross-border wind farm, facilitating regional connectivity and will help to unlock Lao PDR's significant untapped wind resource potential. This initiative paves the way for international investors and developers to engage in business ventures in Laos, fostering economic growth and collaboration of the country.

b) Investment in common infrastructure:

The Project is not only focused on its own development but also aims to foster the growth of other renewable energy projects in the region. As part of this commitment, the Project will invest in a 2,000MW 500 kV transmission lines that connect to Vietnam's grid. While the Project itself will utilize only 600MW of this capacity, it will leave a substantial 1,400MW available for other projects in Laos that seek to export power to Vietnam. This approach not only encourages collaboration and resource sharing but also stimulates the development of additional renewable energy initiatives in the area. By providing a pathway for other projects to access the Vietnamese market, the Project contributes to the overall growth and diversification of renewable energy in the region.

c) Carbon emission reduction in Vietnam:

The Project plays a crucial role in mitigating greenhouse gas emissions in Vietnam by displacing electricity generation that would otherwise come from EVN's coal-fired power plants. Preliminary estimates indicate that the project's clean and renewable energy supply is expected to reduce carbon dioxide emissions by approximately 1.3 million tons annually. By offering a sustainable alternative to coal-based electricity, the Monsoon Project contributes significantly to Vietnam's efforts in meeting its growing energy demands while addressing climate change challenges. This reduction in greenhouse gas emissions aligns with global climate goals and promotes a cleaner and more sustainable energy transition in Vietnam.

2. Benefit to the Community:

a) Competitive electricity rate for Vietnam

With the tariff of the Project at US cent 6.95 per kWh, the Project will deliver a competitive electricity rate, the same as hydro cross border tariff in Vietnam grid. In comparison, the average purchased tariff for all sources for the first three months of 2023 is US cent 7.9 per kWh, while domestic wind farms in Vietnam have a tariff of US cent 8.5 per kWh³. This will lower the average electricity prices charged to residential in Vietnam and benefit people in Vietnam.

³ Source: https://www.erav.vn/tin-tuc/t542/evn-dang-mua-dien-gia-bao-nhieu-.html?zarsrc=30&utm_source=zalo&utm_medium=zalo&utm_campaign=zalo#:~:text=Th%C3%B4ng%20tin%20t%E1%BB%AB%20T%E1%BA%ADp%20%C4%91o%C3%A0n.ch%C6%B0a%20%C4%91%C6%B0%E1%BB%A3c%20%C4%91i%E1%BB%81u%20

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b) Economic contribution to the poorest region in Laos:

The Project spans across 68,000 hectares, impacting 23 villages and over 11,900 individuals in Sekong and Attapeu, which are identified as the poorest regions in Laos. With an average annual income of just LAK 1,272,593 or \$864 per family and a total of 2,761 families⁴, the need for transformative initiatives is evident. To address this, our dedicated community development budget of \$1.1 million per year, approximately over 45% of the total income of all families in the affected area, will be utilized to implement programs that uplift the community, improve livelihoods, and foster sustainable social impact. Furthermore, the Government of Laos stands to benefit financially from a 1% royalty fee on the Project's revenues each year.

c) Community Development Programme (CDP)

Under the Concession Agreement (CA), the Monsoon Project will implement a comprehensive Community Development Programme which is also endorsed by ADB. This program aims to enhance and create lifetime skills for community members in the concerned villages, focusing on three key areas: economy, health, and education. The table below summarizes the impact of our CDP

Category	Before CDP	After CDP
Economy	<ul style="list-style-type: none"> Limited employment opportunities, primarily roadside convenience stores Reliance on coffee production, and handicrafts 	<ul style="list-style-type: none"> Enhancing agricultural landscape for self-sufficiency and commercialization Providing seeds and livestock for long-term consumption Introducing terrace farming techniques

⁴ Based on Environmental and Social Impact Assessment (October 2022) available on https://www.adb.org/sites/default/files/project-documents/55205/55205-001-esia-en_23.pdf

	<ul style="list-style-type: none"> • Low-income levels, below the poverty target set by the government (\$700 per family vs \$500 average income per family in the area) 	<ul style="list-style-type: none"> • Supporting cultivation of marketable plants • Establishing a Research/Training/Marketing center to develop agribusiness skills and enhance product quality for export
Health	<ul style="list-style-type: none"> • Limited access to healthcare services, especially in remote villages • Lack of health awareness and preventive measures • Inadequate water facilities and sanitation practices • Common diseases such as cold, malaria, and diarrhea 	<ul style="list-style-type: none"> • Making health education and basic medical equipment accessible to all community members • Restocking medical kits and improving water facilities for clean and reliable water supply • Cooperating with district health units for regular check-ups and preventive measures • Renovating health centers and constructing public bathrooms to address sanitation challenges
Education	<ul style="list-style-type: none"> • Inadequate infrastructure and resources, high student-to-teacher ratios, and overcrowded classrooms • Limited facilities and temporary structures • Equal enrollment rates between female and male students, but quality hindered 	<ul style="list-style-type: none"> • Renovating schools, upgrading classrooms, and providing educational resources • Building dormitories with cafeterias to improve student accommodation • Establishing educational funds to support initiatives and offering scholarships to colleges • Organizing foreign language classes taught by volunteers and annual sports competitions with sports gear provided

Through the implementation of these initiatives, the Monsoon Project aims to improve economic conditions, access to healthcare, and quality of education for the community, fostering long-term sustainable development.

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

**Guidance* If required by SustainCERT or Gold Standard for this particular deviation, please add here the VVB's opinion.*

N/A

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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):

The deviation request will not only have a positive impact on the project but also enhance its financial returns significantly. Without potential revenues from selling carbon credits, the return on equity for the project falls significantly below the expected return according to the Methodological Tool Investment Analysis from the Clean Development Mechanism. The table below highlights the return comparison:

	Equity IRR (%)
The Project	9.37%
Group 1 in Lao PDR	15.10%
Group 1 in Vietnam	12.79%

By obtaining additional revenues, the Project will not only increase its own income but also contribute to the revenues of the Government of Laos through a 1% royalty fee based on the Project's revenues.

Through the Community Development Programme under the CA, the Project is expected to achieve the following seven Sustainable Development Goals (SDGs):

- SDG 1 (No Poverty) – The Project ensures lasting food and job security for the local community by improving the agricultural landscape for self-sufficiency and commercialization.
- SDG 3 (Good Health and Well-being) – The Project makes health education, awareness, and basic medical equipment accessible to all community members through provisions such as health center supplies, clean water facilities, and public bathrooms.
- SDG 4 (Quality Education) – The Project creates opportunities for students to succeed in school and pursue higher education.
- SDG 5 (Gender Equality) – The Project promotes gender equality in the work environment, including initiatives such as technical internships for women and

implementing gender inclusion policies that support the hiring, retention, and promotion of female staff.

- SDG 7 (Affordable and Clean Energy) – The Project generates 1,707 GWh/annum of clean electricity, contributing to the goal of affordable and clean energy.
- SDG 8 (Decent Work and Economic Growth) - The Project creates local employment opportunities during both the construction and operation phases.
- SDG 13 (Climate Action) – The Project contributes to climate change mitigation by reducing greenhouse gas emissions in Vietnam.

It is important to note that the deviation request has no impact on the project design, the assessment of safeguarding principles, emission reductions, SDG impacts, or data quality. The request fully complies with the requirements, ensuring accuracy, completeness, and adherence to the GS4GG Principles and requirements.

In conclusion, approving the deviation request will not only enhance the Project's financial viability but also enable the development of more impactful projects in the future. The request aligns with the project's SDG objectives and reinforces its commitment to sustainable development and climate action.

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

**Guidance* If required by SustainCERT or Gold Standard for this particular deviation, please add here the VVB's opinion.*

N/A

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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.)*

Version number	Release date	Description
5	11.04.2022	Additional information added: <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 Guidance on VVB opinion
4	14.01.2021	
3	16.07.2020	
2	03.05.2018	
1	01.07.2017	Initial adoption