



# DEVIATION REQUEST FORM

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PUBLICATION DATE **11.04.2021**

Version **5.0**

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## A. To be completed by Gold Standard

### 1 | Decision

**1.1 | Date – 12/02/2024**

**1.2 | Decision**

a) The Deviation is partially Approved.

The delay in the Verification can be accepted but the PD shall note that the VVB shall not verify the monitoring period falling before two-year of the site visit date, in case of first site visit and three years of the site visit date, in case of follow up site visits (RU-Applicability of minimum site visit requirements by VVB Sec 2.2). Hence if the VVB site visit happens on 01/03/2024, the monitoring period shall not be before 28/02/2021.

b) The deviation is APPROVED. However, the PD shall note that this is not a permanent approval.

The PD must implement a process/procedure to ensure that in future, the Annual Reports are submitted each year and latest by end of the following year of a

monitoring period as stipulated in PRINCIPLES & REQUIREMENTS - Version 1.2 § 5.1.39 to 5.1.44. or any other version that supersede in future; independent of any status of the project.

Compliance of this decision shall be reflected in next Monitoring Report and, the verifying VVB, shall present in its Verification Report information on how the PD has complied with this decision as part of the assessment of the PD's management system.

**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)

Proposed changes to the monitoring of GS6503 'PNG Biomass Markham Valley AR Project':

- Reference CI 5.1.29 of Gold Standard Principles and Requirements version 1.2 October 2019. Delay of completion of first verification event from two years to 3 years 9 months from Design Certification (13<sup>th</sup> April 2020 referenced by supporting documents 1. 2020-04-13\_FINAL Design certification review report and 2. GS 6503 validation email 13042020) and subsequent extension of first monitoring period from 13/04/2022 to 31/12/2022. Monitoring period start date remains as PDD 26/01/2018.
- Reference GS Rule - CI 5.1.39 of Gold Standard Principles and Requirements version 1.2 October 2019 - Delay of submission of 2021 Annual Report

Currently PNG Biomass (formerly Markham Valley Biomass) is the Project Developer/Owner but Swiss Carbon Value have the Registry Account. This is in the process of being changed by PNG Biomass. (See Supporting Document 8. 20240105 T-PreReview-Cover-Letter PNG Biomass Limited Final copy dm signed v1 )

## 2| Background information

Registered project GS6503 'PNG Biomass Markham Valley AR Project' has a crediting period of 26/01/2018 – 26/01/2048 (30 years) from original South Pole PDD (Version 2 – 02/02/2020). The date of project design certification is 13/04/2020 and the project commenced implementation in 2016 (see supporting Document 3 – Planting Record). The methodology applied to this project is the Afforestation/Reforestation GHG Emissions Reduction & Sequestration Methodology version 1 (published in July 2017).

Section 5.1.29 of the Gold Standard Principles and Requirements version 1.2 October 2019 states: 'Verification must occur at least once during the five-year Certification cycle with the first certification completed within two years of project Implementation Date or Design Certification, whichever is later. The Project implementation date is defined as the date at which physical activity first becomes operational, for example,

the commencement of energy generation or start of distribution of household technology.'

This means, the first verification of this project should have been completed by 13/04/2022.

Following Santos merger with Oil Search in August 2021 (see supporting document media release 4. 210802\_Santos-agrees-proposed-merger-ratio-with-Oil-Search), and document 5. Company Extract-PNG BIOMASS LIMITED-1-69299) thereby changing the ownership of PNG Biomass, the project is currently undergoing design change. The proposed design change to the project involves transitioning the current rotational forestry silvicultural system to a conservation forest silviculture system and both removing a small part of the project area where PNG Biomass have been unable to secure land user agreements or leases with the landholders and expanding by a similar amount the eligible project area in areas where they already have land user agreements or leases. Under the current project design, the project was planned as a rotational forestry project with the wood produced to be sold to the PNG Biomass electricity generation plant (GS6502 PNG Biomass Markham Valley Energy Project). However, the biomass electricity plant will not be developed anymore and thus, the wood that was to be produced by the A/R project is no longer required. Therefore, in consultation and subsequent agreement with the landholders, the project will be converted from a rotational forestry project with a 7 year harvesting period, to a conservation forest project and expand into new areas within the Markham Valley with carbon revenues used to compensate landholders and support community development projects to ensure the long-term permanence of the conservation areas. Please refer to Design Change Memo, (supporting Document 6. GS6503\_PNG\_MVAR\_Design-Change-Memo v4 Final)

Deviation Reference Number	DEV_614	
Date of decision	12/02/2014	
Precedent (YES/NO)	NO	
Precedent details	NA	
Date of submission	15/01/2024	
Project/PoA/VPA	<input type="checkbox"/> Project	ID – GS6503
	<input type="checkbox"/> PoA	ID – GSXXXX
	<input type="checkbox"/> VPA	ID – GSXXXX
Project/PoA/VPA title	PNG Biomass Markham Valley AR Project	
Date of listing	23/08/2018 (see supporting Document 7. 2018-08-23_GS 6503 PNG 3rd Preliminary Review)	
GS Standard version applicable	Afforestation/Reforestation GHG Emissions Reduction & Sequestration Methodology, version 1 – Published in July 2017	
Date of transition to GS4GG (if applicable)	Not applicable	
Date of transition to Gold Standard from another standard (e.g. CDM) (if applicable)	Not applicable	
Date of design certification/inclusion (if applicable)	13/04/2020 (See supporting document 1. 2020-04-13_FINAL Design certification review report)	
Location of project/PoA/VPA	Papua New Guinea	
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	<a href="https://registry.goldstandard.org/projects/details/1735">https://registry.goldstandard.org/projects/details/1735</a>	
Status of the project/PoA/VPA	<input type="checkbox"/> New <input type="checkbox"/> Listed <input checked="" type="checkbox"/> Certified design <input type="checkbox"/> Certified project	
Title/subject of deviation	Extension of first monitoring period / completion of first verification. Delay in submission of 2021 Annual Report	

Specify applicable rule/requirements/methodology, with exact paragraph reference and version number	Gold Standard for the Global Goals Principles & Requirements v1.2, version 1.2 October 2019 section 5.1.29 and Gold Standard for the Global Goals Principles & Requirements v1.2, version 1.2 October 2019 section 5.1.39
Specify the monitoring period for which the request is valid (if applicable)	Start date 26/01/2018      End date 31/12/2022
Submitted by	Contact person name: Tau Homoka Email ID: Tau.homoka@santos.com
	Organisation: PNG Biomass Ltd (formerly known as Markham Valley Biomass Ltd)
	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):

Proposed changes to the monitoring of GS6503 'PNG Biomass Markham Valley AR Project':

- Delay of completion of first verification event from two years to 3 years 9 months from Design Certification (13<sup>th</sup> April 2020), and subsequent extension of first monitoring period

- Delay in posting 2021 Annual Report for 1/01/2021 to 31/12/2021 from required date of 31/12/2022 to actual date of 21/12/2023

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.*

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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 deviation complies with requirements as there has been no change to the project of growing sustainably managed forestry in the Markham Valley. The reasons for delay for both requests are due to matters outwith PNGB control, including loss of PPA for Power Plant (see supporting document 10. 20210324 Letter to MVBL PPA Cancellation) and need to repurpose the business (design change); Merger with Santos (PNGB new owner) and subsequent agreement of revised business; resurgence of COVID and requirement for staff and contractor vaccination. These are identified in the Timeline table below

Date	Event	Description
20/03/2020	COVID 19	All PNGB expats recommended to leave PNG 14. COVID19 - leaving PNG. Included Silviculture Manager, FTS Manager, Power Plant Manager, Mech Services Manager and document 17. 20200319 Memo - COVID-19 and Operational Expenditure
13/04/2020	Registration for GS GS6503 certified	Project registered for rotational Forestry Carbon (Markham Valley Biomass) Design certification validation commenced in May 2018. Epic Validation report issued to GS on 04/03/2020. Certification was undertaken outside of PNG
02/04/2021	Notification of retraction of PNG Power Limited (PPL) Power Purchase Agreement (PPA)	PPL rescinded Power Purchase Agreement (PPA), Document 10. 20210324 Letter to MVBL PPA Cancellation. No longer requirement for Trees for fuel (c 3500ha Planted)

26/04/2021	Change of Company name	Markham Valley Biomass changed name to PNG Biomass (26th April 2021)
01/06/2021	Limited return of Ex-pats.	Only 1 Ex-pat returned - Andrew Wood returned as General Manager see supporting document 12. RE_NCC Travel Submission - Andrew and Judy WOOD (MVBL)
01/06/2021	Due Diligence commenced for Oil Search merger with Santos	Reduction in Markham Valley tree planting/production
01/08/2021	Resurgence of COVID	Movement/Travel prohibition still in place Company requirements for vaccination of staff and contractors. Loss of key staff - uncertainty and vaccine refusal See Documents 18. Letter COVID-19 Vaccination Policy 19. Employee Vaccination Letter Attachments 20. 2019-2023 Employee Retention Data
01/11/2021	Commencement of PNGB Business repurposing	Planted trees - use and business planning
17/12/2021	Santos merger with Oil Search	See Document 4. 210802_Santos-agrees-proposed-merger-ratio-with-Oil-Search
		Development of repurposing business plan options
26/04/2022	Submission to Santos for Authority to Engage (ATE)	Business plan for development of forestry business (alternative native cabinet timber species) and for Carbon Sequestration (including also changing to native species).
30/06/2022	Submission to Santos for Authority to Commit (ATC)	Approval given to progress Carbon Sequestration and move from Rotational Forestry to Conservation A/R project. Supporting Document 13. 20220630 PNG Biomass - ATC (SS & JH executed)
01/07/2022	to 01/12/2022 - Business Plan repurposing Development	Delivery of proposals and business plan for Forestry and Carbon Sequestration
01/01/2023	New Business Commencement	Working on repurposed business for Carbon sequestration and integration with Santos
01/01/2023	Appointment of NatureCo	NatureCo consultants advising on Design Change and Verification Audit GS requirements
		Update and rework to Project Design Document, Monitoring Report and Design Change Memo
01/03/2023	Tendering of VVB	Request for proposals for role of VVB to the Project
01/04/2023	Modelling units	Execution of modelling units and measurement in plantations
10/05/2023	email Discussion on Project Developer with GS	Keith Black email 10052023document 16. Re_GS6503 PNG Biomass Markham Valley AR Project - Wood, Andrew (Andrew) - GS
12/05/2023	email Discussion on Project Developer with SustainCert	Karsh Patel email 12052023 document 15. RE_GS6503 Markham Valley A_R project - Wood, Andrew (Andrew) - SustainCert
02/05/2023	Appointment of VVB	EPIC Appointed as VVB
27/09/2023	Key documents issued to VVB	Documents uploaded to Sharepoint site
23/10/2023	Onsite Audit	Attendance in PNG for Audit
06/11/2023	Draft DVR findings issued	



2021 Annual Report

PNGB were delayed in issuing Annual Report 2021 and uploading documents due to repurposing of business and organisation of the first verification. PNGB owner (Santos) required to review all Project Documents and provide acceptance/sign off. As Santos had no procedures for authorization this was eventually delegated back to PNGB. Additionally, confusion existed as to Project Owner (with Swiss Carbon value being registry owner) and who was able to upload. This was resolved in December 2023 and PNGB have subsequently uploaded 2021 and 2022 Annual Reports.

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.*

Not Applicable

### 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):

There has been no 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.

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.*

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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"> <li>- date of listing, design certification, transition</li> <li>- standard version</li> <li>- specific reference to a requirement deviated from</li> <li>- any previous deviations/design changes approved</li> </ul> Guidance on VVB opinion
4	14.01.2021	
3	16.07.2020	
2	03.05.2018	
1	01.07.2017	Initial adoption