

TO WHOM IT MAY CONCERN

Basel, July 5th 2007

Gold Standard Rules and Procedures **Updates and Clarifications**

- EFFECTIVE IMMEDIATELY -

Purpose and status of this document

This document serves as a clarification to the existing rules and procedures of the Gold Standard (Gold Standard Project Developer Manual for CDM (GS CER) and Gold Standard Project Developer Manual for Voluntary Offset Projects (GS VER). It is effective immediately and should be considered an integral part of the Gold Standard rules and procedures that are acknowledged and accepted through the signature of the Gold Standard Terms and Conditions.

The GS TAC has announced that an updated version of the Gold Standard manuals will be available October 1st, 2007, which will be followed by regular half-yearly updates.

1. Crediting options in the Gold Standard for CDM and Voluntary Offsets schemes

The rules setting the basis for crediting under the Gold Standard follow the principle of conservativeness and the general conclusion of the Gold Standard Technical Advisory Committee that excessive crediting will limit availability of carbon finance for new entrants.

Crediting for Gold Standard CDM projects

The rules of the CDM apply.

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Crediting for CDM projects undergoing retroactive registration to the Gold Standard

Retroactive crediting for all projects submitting documentation **after August 31st 2007** is only possible for a maximum of two years prior to the date of registration to the Gold Standard. For each year credited retroactively, a separate verification report documenting compliance with the Gold Standard reporting criteria (particularly on critical Sustainable Development Indicators) must be provided.

Crediting for VER projects undergoing retroactive registration to the Gold Standard

Retroactive crediting for all projects submitting documentation **after August 31st 2007** is only possible for a maximum of two years prior to the date of registration to the Gold Standard. For each year credited retroactively, a separate verification report documenting compliance with the Gold Standard reporting criteria (particularly on critical Sustainable Development Indicators) must be provided. The earliest start date for retroactive crediting is January 1st 2006

Gold Standard VER Crediting for reductions pre-CDM registration

Gold Standard VERs for emissions reductions prior to CDM registration can be recognised under the following conditions:

- If the amount of pre-registration GS VERs is smaller than 25% of the expected annual CER volume to be generated, GS VERs will be issued without any further assessments. Verification of these credits can happen at the point of the first verification of CERs.
- If the amount of pre-registration GS VERs is larger than 25% of the expected annual CER volume to be generated, GS VERs will be issued on a case by case basis. Project developers will need to demonstrate that without GS VERs, significant (>10%) decreases in IRR or NPV would incur and that under these conditions the project would not have been commissioned (using the additionality assessment).

Crediting periods different from 1*10 and 3*7 years

No different crediting periods than 1*10 or 3*7 years are permitted.

Project proponents can decide when to opt-in for Gold Standard crediting within the overall crediting period by submitting a Gold Standard-compliance verification report to the Gold Standard.

Project proponents can also opt-out of Gold Standard crediting within the overall crediting period. Opt-out is final and means the project cannot further be communicated as Gold Standard project.

Crediting under different VER standards

Projects registering under the Gold Standard commit to not claim credits over and above the crediting period they are registered to under the Gold Standard from other independent or proprietary VER standards, neither before or after the Gold Standard crediting period. The Gold Standard status will immediately be withdrawn from projects which are found to be following, or have followed, this practice and the Gold Standard reserves the right to take legal action against or publicly announce such practices.

Gold Standard VER crediting for excess reductions in a CDM project

For a (Gold Standard) CDM project, it is not possible to claim GS VERs for emission reductions generated over and above what is already credited for under the CDM, e.g. in the case where achieved reductions are exceeding the maximum cap set by CDM SSC procedures.

Separate project elements not covered by the CDM may claim Gold Standard VERs if they are validated as a separate Gold Standard VER project (and pass the Gold Standard additionality test separately).

Gold Standard VER Crediting for projects producing RECs

Gold Standard VERs for projects producing and selling RECs is not permitted. For methane-to-energy projects, RECs production and sale is possible for the energy part if no GS VERs are sought apart for the methane captured.

Gold Standard VER Crediting for projects in Annex I countries

Gold Standard VER recognition for projects in Annex I countries are possible under the following conditions:

- Emission reductions prior to 2008 and considered in the additionality assessments from the outset
- Crediting periods do not exceed those under the compliance mechanisms, with the exceptions as listed above
- GS VERs are backed by AAUs retired

Gold Standard VER crediting for non-Kyoto gases GHG reductions from energy projects

Further research in the eligibility of non-Kyoto gases to generate Gold Standard VERs is currently being conducted; a decision will be taken in the next Gold Standard Technical Advisory Meeting on August 9th 2007.

2. Adaptation of GS VER SSC thresholds to CDM thresholds

Gold Standard VER thresholds for SSC projects are adapted to those of the CDM. The new threshold is 60'000 VERs p.a. for SSC projects.

3. Changes to Terms and Conditions

Acceptance of Terms and Conditions

In reference to section A. I and II. of the Gold Standard Terms and Conditions the following clarification is made:

„The legal owner of the project can delegate all dealings with the Gold Standard mentioned in this document to an appointed third party. Such a delegation must be communicated to the Gold Standard in writing.“

Use of Gold Standard logo

In reference to section A. IV. of the Gold Standard Terms and Conditions the following clarification is made:

„The Gold Standard logo, when used as described hereafter, must always be used in its entirety and as depicted below. Exceptions are possible with prior notification and approval of the Gold Standard.“

Claiming Gold Standard Applicant Status

In reference to section B. of the Gold Standard Terms and Conditions the following clarification is made:

„e) Projects publicly claiming Gold Standard applicant status and fulfilling the conditions as listed under a) – d) above must register their project in the Gold Standard Project Database. Public claims are all those communications that are not categorised as confidential through written agreements with counterparties.“

4. Gold Standard VER Registry

Guidelines for a GS VER Registry are currently under development and will be followed by a tender process for the provision of GS VER Registry provision services. Until a Gold Standard approved registry has been approved GS VERs are issued with provisional serial numbers under the condition that these will be transferred to the first approved GS VER Registry.

5. Clarification – Gold Standard registration for CDM projects

Registration of projects to the Gold Standard CDM stream is contingent on the registration by the UNFCCC. Registration of projects rejected by the CDM EB to the GS VER stream may be possible and will be evaluated on a case-by-case basis, considering the reasons for rejection by the CDM EB.

6. Clarifications – Gold Standard VER stream

- For GS VER projects outside national territories a suitable national institution must be informed and the selection of the institution must be justified for the DOE.
- SSC-WG and MethPanel approved methodologies are only accepted for the Gold Standard VER stream if they have not subsequently been rejected by the CDM EB.

7. Clarifications – Project types

- Renewable Energy for Transport is eligible for the Gold Standard
- PoAs in the fields of Renewable Energy and demand-side energy efficiency are eligible to the Gold Standard.

- For biomass projects, resource competition must be monitored with suitable Sustainable Development Indicators and be included in the Monitoring Plan.
- Methane-to-energy projects on palm oil plantations (AM0013 and similar) must address the question whether the primary activity of palm oil production is increasing pressure on primary forests.
- For LFG-to-energy projects, a minimal utilisation threshold for methane usage of 65% averaged over one year has been set. The monitoring plan must provide for a transparent assessment of this condition, and the methodology how it is monitored must be described.

8. Clarifications – Gold Standard Stakeholder Consultation

Duration of Main Stakeholder Consultation

The 60-day period during which stakeholders must be able to make comments on the GS-PDDs during the main stakeholder consultation can be in parallel to the validation process. Validation can be concluded at the earliest 60 days after commencement of the main stakeholder consultation.

Soliciting Comments during Stakeholder Consultations

Comments in both consultations must be solicited *actively and through suitable tools and channels*; however, project proponents are not responsible for receiving comments from all stakeholders contacted.

Involving Gold Standard NGO supporters

Gold Standard NGO supporters with offices in the respective host countries as well as national Gold Standard NGO supporters must be involved in the stakeholder consultations in any case. Contact information can be requested through info@cdmgoldstandard.org and will be available through the Gold Standard website later this year.

International Stakeholder Consultation under GS VER stream

An international stakeholder consultation as in the CDM is not required for projects under the GS VER stream.

9. Gold Standard VER stream, micro project validation

- A decision on whether DOE validation/verification is necessary will be taken within 10 working days after payment of the respective fund contributions.
- Project proponents selected for DOE validation/verification are obliged to select a DOE through a competitive bidding process. The Terms of References must secure validation/verification of the project to the usual standards and to the Gold Standard Rules&Procedures.
- The Gold Standard may appoint a different DOE to perform validation/verification than the one proposed by the project proponent.

10. Gold Standard SSC-CDM-PDD and CDM-PDD formats

Gold Standard PDDs adapted to the most versions of UNFCCC-approved PDD formats will be available by October 1st 2007.

In the meantime, project proponents are advised to add Gold Standard-specific information in Annexes or to check with their DOE about the format preferred by the DOE and the responsible DNA.

11. Clarification – Use of DOEs for retroactive registration and verification

- Projects registering retroactively to the Gold Standard can use the same DOE for validation of the additional Gold Standard requirements as well as for the retroactive verification of the Gold Standard relevant Sustainable Development Indicators.
- This is contingent on the DOE performing retroactive validation/verification being the same that initially validated the project.
- For future verification, the DOE verifying GS requirements must be different from the initial validating DOE if the project is large-scale.

12. Clarification – Previous Announcement Check

Examples for documents suitable to satisfy the previous announcement check are e.g. Board minutes of the „Go“-decision together with the business plan approved.

If projects have been previously abandoned, reasons for that decision and the valid business plan of that point in time should be provided.