

HOW TO CONVERT GOLD STANDARD CERs TO GOLD STANDARD VERs

The Gold Standard Secretariat developed this guidance document in response to requests received by the developers of Gold Standard-labelled Clean Development Mechanism (CDM) projects about how they may issue Gold Standard VERs rather than Gold Standard labels for their CERs.

Background

The Gold Standard Foundation's (GSF's) goal in carbon markets is to drive the adoption of best practice among compliance and voluntary projects. If best practice projects fail due to the complex dynamics of intergovernmental negotiations, then whether this issue is temporary or permanent, GSF's mission is not well served. Therefore, if a solution can be found that maintains the optionality of projects under the CDM but offers access to a stronger market for those that meet GSF's requirements, it should, in principle, be adopted.

The Gold Standard believes that the option to convert a GS CDM project to a GS VER project should be available to those project developers that wish to do so. The Gold Standard has not historically chosen to interfere with the commercial decisions of project developers, other than to encourage the adoption of its best practice approach. Further, in the absence of a meaningful secondary market price, CER projects may fail if they do not have access to alternative markets. Where projects meet Gold Standard requirements, we are confident that they are not only additional (i.e. they truly require carbon income to be viable) but also that they deliver wider sustainable development goals. In this context, CDM projects meeting Gold Standard requirements are precisely those that most deserve to continue operating.

Instructions

- CDM projects that want to issue GS VERs should first be registered as GS CDM projects by fulfilling The Gold Standard's requirements.
- These projects should then have CERs issued to the project by the CDM Executive Board after which they should apply for CER labelling by GSF.
- The project must then transfer the newly issued CERs to the Gold Standard's Swiss CDM Registry Account. GSF will then retire the CERs and the associated labels.
- On retirement of the CERs and payment of the relevant fee, GSF will issue an equivalent number of GS VERs to the project.

Fees

- For projects that select the Cash-Per-Credit fee structure:
 - the cost of converting and issuing is a total of \$0.30 per credit, made up of \$0.10 on registration or issuance of GS CER labels and a further \$0.20 on issuing the GS VERs.
 - Further issuances of GS VERs will be charged at the prevailing VER cash-per-credit issuance fee (currently \$0.30).

- For projects that select the Share of Proceeds fee structure:
 - If the project hasn't issued for the first time, a fee of \$0.10 is payable for registration of the CER labels, and a further \$0.20 will be payable on issuance of the VERs. No SoP deduction will be made on first issuance.
 - For projects that have already issued previously, on the next issuance under the conversion, GSF will deduct 1.5% of the GS CERs that are labelled, and on issuance of the GS VERs, a further 0.5% of the VERs will be deducted (so that in total, 2% of the issued amount of VER credits are deducted).
 - Further issuances will be subject to the prevailing VER SoP deduction rate.