

GOLD STANDARD PROCEDURES FOR APPROVAL OF DESIGN CHANGES

1. Applicability of procedures on design changes

These procedures relate to material and permanent design changes. Design changes are considered material and permanent if at least one of the following aspects of a project is affected: additionality, scale of the project,¹ validity/applicability of the applied methodology, stakeholder consultation, and sustainable development criteria. Changes must be reflected in the project documentation.

These procedures do not apply to requests for deviation from or changes to the monitoring plan of a registered Project Design Document (PDD). However, these procedures do apply to changes in the monitoring plan caused by material and permanent design changes for which approval is requested.

2. Design changes occurring before registration

Any request for approval of a design change that occurs prior to or during registration review must be reviewed and validated by the Validation DOE. The project documentation and the Validation Report shall be revised accordingly before submission (or re-submission) for registration review.

For VER projects only, Gold Standard rules allow for the consideration of several potential design scenarios in the project documentation, as long as all aspects of each potential scenario are discussed in a satisfactory way. For example, additionality shall be demonstrated for each one of the potential scenarios, and stakeholder inputs must be gathered for each potential scenario. Other relevant aspects include the scale of the project, the validity/applicability of the applied methodology, and the assessment of sustainable development criteria (safeguarding principles and indicators). All potential scenarios must be validated by the DOE and the actual scenario must be chosen before the first verification.

Stakeholder feedback on design change: Project participants (PP) shall discuss if there is a need to conduct a stakeholder consultation with respect to changes that are to occur or occurred in the project design/location/specifications. Whenever design changes include the extension of the project boundaries to new sites or the selection of different sites from those that had been envisioned at the time of registration, relevant stakeholders from these locations shall be invited for comments as per The Gold Standard guidelines. For example, design changes in a wind power project that has increased its capacity to new locations or modified the microsite plan of wind turbines to include different locations compared to the one envisioned at the time of Local Stakeholder Consultation or pre-feasibility assessment, may call for another physical meeting to collect feedback from stakeholders not included in the earlier stakeholder meetings.

¹ The scale of the project is not only defined by the maximum power generation capacity for power projects and maximum threshold of energy savings for energy efficiency project, but also refers to the volume of emission reductions from a project.

3. Design changes occurring after registration

The guidelines apply in the case when a PP alerts The Gold Standard about a design change with respect to a project that has been registered, or in case the DOE contracted to perform the verification identifies that the project has not been implemented according to the registered PDD at the time of verification.² The DOE shall identify and inform the PPs of any concerns related to the conformity of the project and its operation with the registered PDD.

The procedures are also applicable if the permanent changes have occurred after the implementation of the project as per the registered PDD and issuance of credits have also taken place.

4. Request for approval of design changes for a project

PPs are required to submit a request for approval for material and permanent changes to a project. The PP must submit the request to The Gold Standard Secretariat prior to making the changes, or, at the very latest, prior to request for issuance. In the latter case, however, PPs must be aware that negative feedback from stakeholders or reviewers may lead to the rejection of any future issuance request unless the design is revised appropriately, which may be problematic when implementation has already occurred.

The following information/documents should be submitted as a part of the request for approval:

- a. For Version 1.0 projects: revised PDD and/or revised Gold Standard Annex highlighting the changes in the project in track-change mode, and a memo highlighting the design changes and discussing impact(s) of the changes on the relevant aspects of the project.
- b. For Version 2.0 and onwards: revised Gold Standard Passport and revised PDD highlighting the changes in track-change mode, and a memo highlighting the design changes and discussing impact(s) of the changes on the relevant aspects of the project.
- c. Any other additional supporting documentation (for example, Environmental Impact Assessment conducted in relation to the changes in the project, etc.)

5. Preparation of revised documentation

The revised documentation should include an assessment of the impact of the design changes with respect to all the aspects below (a to g). The design change memo submitted at the time of request for approval shall discuss these in a concise way:

- a. Additionality: Changes may impact the validity of investment analysis or barrier analysis established at the time of project registration, thus affecting the additionality of the project. This would typically be the case when:

² The Gold Standard will not conclude the verification until the request for approval of changes has been approved.

- I. Changes affect the output capacity due to an increased installed capacity or an increased number of units, or installation of units with lower capacity or units with a technology which is less advanced than that described in the project documentation.
- II. Components are added or the ones considered are extended.
- III. Sites are removed or added in the context of a project registered with multiple-sites.
- IV. Actual operational parameters within the control of PPs are associated with different values than previously expected, affecting the determination of the emission reductions and the IRR calculation.

PPs must therefore discuss the effect of design changes on the validity of the demonstration of additionality and provide all required justifications.

Within an investment analysis, all but the parameters affected by the design changes shall be given the same values as in the demonstration provided at the time of registration review.

If the demonstration relies on a barrier analysis, PPs shall discuss why the barriers still remain valid despite the design changes.

- b. Scale of project: PPs shall discuss to what extent the design changes affect the scale of the project as per The Gold Standard Requirements, under clause III.e.2. If the defined upper threshold for micro or small-scale activities is exceeded, related rules are no longer applicable to the project and PPs shall revise the project documentation accordingly.
- c. Applicability of methodology: PPs shall discuss whether the original methodology is still applicable, or whether another methodology shall be used. The same analysis shall also be conducted with respect to the selected baseline scenario. When a project has not been implemented as described in the registered project documentation, the applicability and application of the baseline methodology with which the project has been registered shall be re-assessed.
- d. Stakeholder feedback on design change: PPs shall discuss if there is a need to conduct a stakeholder consultation with respect to changes that are to occur or have occurred in the project design/location/specifications. Whenever design changes include the extension of the project boundaries to new sites or the selection of different sites from those that had been envisioned at the time of registration, relevant stakeholders from these locations shall be invited for comments as per Gold Standard guidelines. For example, design changes in wind power projects increasing their capacities to new locations or modifying the microsite plan of wind turbines involving different locations compared to the one envisioned at the time of registration may call for a physical meeting to include the feedback of stakeholders who were not included in the earlier stakeholder meetings.

PPs can choose to invite comments electronically or through a physical meeting, but will be required to justify the same. To the extent possible, PPs shall conduct the complementary consultation prior to the start of construction/implementation of the affected components.

- e. Sustainable Development Assessment: PPs shall discuss any necessary revision in the scores of the 12 Sustainable Development (SD) indicators³ following the design changes. The same should be done with respect to the level of risk for the 11 Safeguarding Principles of the Do-No Harm Assessment.⁴ The Sustainable Development Assessment shall be conducted with respect to the new changes and/or new baseline scenario as per the new project design.

Changes in the project location or the extension of the project boundaries definitely call for a re-assessment of the SD criteria. So does a significant change of scale of the project even if located on the same site. If a new Environmental Impact Assessment (EIA) is required as per the local legislation, the SD assessment shall take into account the new elements provided, including potential new mitigation and/or compensation measures to put in place.

- f. Sustainable Development Monitoring Plan: PPs shall discuss whether there is a need to prepare a revised sustainable development monitoring plan to accommodate any changes and/or comments from the local stakeholders. This can potentially include new mitigation measures as per a revised EIA or new comments by stakeholders. Changes in the scores of the SD indicators due to the new project design can also lead to a revision of the sustainable development monitoring plan. The changes in the scores of the SD indicators shall be assessed as per the sustainable development assessment guidance discussed above.
- g. Legislation. PPs should also discuss the need for new approvals/licenses from the environmental and/or regulatory agencies.

6. Evaluation of the request for approval

Upon receipt of the request for approval, The Gold Standard Secretariat first conducts a 'completeness' check to confirm whether all the necessary information and documentation has been submitted.

Upon payment of the design change request fee, the Secretariat then proceeds with a preliminary evaluation of the request for approval in order to assess whether:

- a. An opinion on the impacts of the design changes with respect to points a to g above shall be performed by either the Validation DOE or Verification DOE (post-registration validation), or
- b. The Gold Standard conducts the assessment of the design changes on its own.

Under case 'a', the PPs shall contract the Validation DOE or Verification DOE to perform a review of the design change memo and the revised project documentation submitted to The Gold Standard. The DOE must provide an opinion on each one of the points a to g discussed. The DOE shall assess how the affected data/information in the registered project documentation have been derived, and validate if the assumptions underlying this original data/information are correct. The revised project

³ PPs are not required to conduct a blind scoring of SD matrix again, the changed score(s) will be the result of a self-assessment taking into account feedback from the stakeholder consultation.

⁴ Gold Standard Version 1.0 projects are not required to include discussion on Do No Harm Assessment.

documentation, the design change memo, and the DOE's opinion shall be submitted to The Gold Standard for review. Once approved, both documents will be uploaded in The Gold Standard Registry as amendments to the project documentation and the Validation Report.

Under case 'b', The Gold Standard proceeds to the review of the submitted design change document without further involvement of a DOE. The revised documentation and the design change memo once approved will be uploaded in The Gold Standard registry as an amendment of the project documentation.

In all cases above, approval or rejection may occur directly after submission of the necessary documentation or after rounds of review necessary to close all requests for clarification or corrective action, if any.

Approval of the request for design changes as proposed by the PPs allow for subsequent requests for issuance.

Rejection of the request for design changes prevents any request for issuance unless the previous design is recovered or an alternative, acceptable design change is submitted.

Once a decision has been made, The Gold Standard Secretariat will communicate it to both the PPs and the DOE that was involved in the assessment of the design changes.

The revised version of the complete project documentation shall then be applicable for all future requests for issuance.

7. Fees

Design change requests are reviewed upon payment of a fee, applicable as follows:

- a. For micro-scale, small-scale and large-scale standalone projects: a fee of 0.1 USD per credit over one year of incremental annual average emission reductions (difference of annual average emission reductions before and after the design change), with a minimum fee of 500 USD in all cases.
- b. For Programme of Activities (PoA): a fee of 0.1 USD per credit over one year of incremental annual average emission reductions for each one of the activities, with a minimum fee of 500 USD overall.