

RULE CLARIFICATION

ASSESSMENT APPROACH FOR REPORTING HIGHER EX-POST EMISSION REDUCTIONS

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SUMMARY

Gold Standard requires that a comparison of SDG impacts achieved (*ex-post*) vs estimated at the time of design certification (*ex-ante*) for a given monitoring period is presented in the monitoring report. Any change in SDG impacts in *ex-ante* vs *ex-post* shall be justified. This document outlines the approach to be followed by the Validation/Verification Bodies (VVBs) when *ex-post* emission reductions (SDG 13) are consistently reported above the *ex-ante* estimations and the underlying cause may have a direct influence on project's investment analysis *e.g.*, IRR applied for project additionality demonstration.

1| Scope and Applicability

- 1.1.1 | As per the [Principles and Requirements](#), paragraph 5.1.26, the VVB assesses the Monitoring Report and all supporting evidence and documents during verification. Where applicable, the factors causing higher *ex-post* reduced/avoided GHGs emission, as compared to *ex-ante* estimated values, are identified in the monitoring report and verified in the corresponding verification report.
- 1.1.2 | This document clarifies the process and requirements for VVBs and Reviewers for treating instances where the project consistently reports higher *ex-post* emission reductions. The underlying factor may have implications on project investment analysis conducted for additionality demonstration at design certification.
- 1.1.3 | This rule clarification applies to projects that applied investment analysis options for additionality demonstration at the time of design certification under any version of the Gold Standard.
- 1.1.4 | This rule clarification doesn't apply to Land Use and Forestry projects.

2| Assessment process and requirements

- 2.1.1 | The VVB shall validate the cause of the increase in *ex-post* emission reductions as reported in the monitoring report by the project developer.
- 2.1.2 | The VVB shall assess in detail whether a cause of variation in emission reduction¹ is one of the variables that was considered to have a material impact and was included in the sensitivity analysis for investment analysis. For example, emission reduction change is due to a higher Plant Load Factor (PLF), among other factors. Due to its material impact, i.e., more than 20% of total project revenue, PLF was included in sensitivity analysis for investment analysis purposes.
- 2.1.3 | The VVB shall assess whether the change in variable value is within the range of variation (i.e., +/- 10%) applied for sensitivity analysis
- If yes, no further assessment is needed. The VVB may conclude that the change in variable value is within the expected range of variation. Therefore, monitored and verified emission reductions may be issued.
 - If no, the verifying VVB shall raise a Forward Action Request (FAR) at the time of first reported instance for further investigation, as applicable. The FAR remains valid throughout the crediting period to keep track of the issue throughout the crediting period.

¹ Ex-post annual emission reductions during a monitoring period that are reported higher than the ex-ante annual ex-ante emission reductions (ERs) as per the latest version of the registered PDD. Should the monitoring period not be equal to a crediting year, the equivalent annual ERs shall be calculated.

- 2.1.4 | For projects that fall under para 2.1.3 b category, the emission reductions will be capped to the upper bound of the sensitivity analysis range for the monitoring period (annual emission reductions values) in which the higher ex-post emission reduction were reported. The remaining emission reductions that are over and above the upper bound of the sensitivity range may be claimed by the project developer during the next issuance if the change in variable value was found to be temporary.
- 2.1.5 | If the project reports higher emission reduction due to the same cause in consecutive monitoring periods or a later monitoring period, further analysis shall be conducted at the second or future instance when higher ex-post emission reduction is reported. The VVB shall request project developer to perform a root cause analysis of the variation to determine whether the variation is systematic² and if concluded yes, then assess its impact on investment analysis i.e., if investment analysis still holds valid with change in variable value.
- 2.1.6 | The project developer shall revisit the investment analysis by updating only the value for the concerning variable that caused higher emission reductions. No other changes for any other parameter, including investment cost, applied for investment analysis at the time of design certification shall be allowed. For example, if the PLF value applied for investment analysis is found inaccurate, the IRR assessment should be revisited by applying the new/appropriate PLF values only.
- 2.1.7 | The root cause analysis shall consider the entire operational period of the project has operated and, where applicable, account phased implementation of the project.
- 2.1.8 | The VVB shall validate the analysis. The VVB should assess in detail whether the variation is reasonable in the project context. Past trends from the same project or similar projects in the same area may serve as a guide to determine the validity of the assumption for the identified variable.
- 2.1.9 | The VVB shall provide its opinion on the suitability of the applied assumption for investment analysis for the identified variable presented for additionality demonstration as per the below guidelines-
- If the analysis confirms that the project would not have crossed the applied benchmark, VVB may issue a positive verification opinion. In such cases, the PDD shall also be updated following the relevant provisions of [Design change requirements – Gold Standard for the Global Goals.](#)

² Systematic in nature is a change in variable values that is persistent in time. For example: a wind farm's plant load factor may have increases and decreases over time. These variations are considered temporary. However, if the average plant load factor since the beginning of operation of the plant is higher than assumed value for PLF at the time of validation, this is considered a systematic increase.

- If the analysis confirms that the project would have crossed the applied benchmark, the VVB shall issue a negative verification opinion. No GSVERs will be issued to the project for the corresponding and future monitoring periods. The verification opinion shall be submitted to the GS, and it would be made public. The project may be deregistered in consultation with TAC and may not be eligible for revalidation or re-registration.

Document Revision History

Version number	Release date	Description
Version 1.1	03/01/2025	Removed references to certification body
Version 1.0	04/07/2022	Initial version