

RULE UPDATE:

ANNEX B - REQUIREMENTS AND GUIDELINES TO TRANSITION REGISTERED CDM PROJECT TO GS-VER PROJECT

BACKGROUND:

A key objective for Gold Standard in carbon markets is to drive the adoption of best practice for the highest levels of environmental integrity and contributions to sustainable development. Best practice Clean Development Mechanism (CDM) projects -- those that also gain Gold Standard certification -- are at risk of failure as a result of complex dynamics, changes and delays of intergovernmental negotiations if they do not have access to alternative markets, such as the voluntary carbon market. This undermines climate action that is needed more urgently than ever.

Due to these risks, Gold Standard received requests from CDM projects developers to either issue Gold Standard VERs rather than Gold Standard labels for CERs while maintaining a valid CDM registration, or to transition from a CDM project to a Gold Standard VER project. Recognising the need to simplify and expedite the process for CDM projects to transition to Gold Standard for Global Goals and support continuity of best practice projects, Gold Standard has updated the GHG Emission Reduction and Sequestration Product Requirements, expanding the scope of eligibility and providing further guidance to help project developers.

With the publication of this rule update, the Annex B of the GHG Emission Reduction and Sequestration Product Requirements shall be read as follows.

ANNEX B – REQUIREMENTS & GUIDELINES TO CONVERT CERS TO GS VERS OR TRANSITION CDM PROJECTS TO GOLD STANDARD FOR GLOBAL GOALS

The [GHG Emission Reduction and Sequestration Product Requirements](#) provides the following two options to issue Gold Standard VERs for a CDM project:

1.0 Option 1 - Convert CERs to Gold Standard VERs

This option provides flexibility by enabling CDM projects the choice of converting GS CERs to GS VERs while maintaining a valid CDM registration status.

Eligibility requirement:

- The project activity is one of the eligible project types for issuance of Gold Standard VERs (refer to [section 2.4 of GHG Emission Reduction and Sequestration Product Requirements for eligible project types](#))

Process to convert GS CERs to GS VERs:

- CDM projects shall be registered as Gold Standard CDM projects by fulfilling the Gold Standard for Global Goals requirements.
- A Gold Standard CDM project shall have CERs issued by the CDM Executive Board and labelled by Gold Standard.
- The project shall transfer the newly issued CERs to the Gold Standard Swiss CDM Registry Account.
- The Gold Standard will retire the transferred CERs and the associated labels.
- On payment of the relevant fee and retirement of the CERs, Gold Standard will issue an equivalent number of GS VERs to the project in the Gold Standard Impact Registry.

2.0 Option 2 – Transition CDM Project to Gold Standard for Global Goals

This option allows CDM projects to transition to Gold Standard for Global Goals for issuance of GS VERs.

Eligibility requirement:

- The project activity is one of the eligible project types for issuance of Gold Standard VERs (refer to [section 2.4 of GHG Emission Reduction and Sequestration Product Requirements for eligible project types](#))
- The project activity shall be deregistered by the CDM Executive Board upon the project developer's request to voluntarily deregister the project activity
- The evidence of deregistration shall be provided prior to submission for Design Review under GS4GG (projects may submit for Preliminary Review with deregistration pending)¹

Process to transition CDM project to Gold Standard for Global Goals:

¹ CDM activity de-registration form can be accessed at the following link - https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20170831155834872/Reg_form27v3.pdf

- The CDM project shall follow GS4GG project registration cycle i.e., submission under regular or retroactive project category, as applicable, and proceed to listing, validation and then design certification as per the process.
- The CDM project may opt for combined Design Certification, conducting both the first Verification and Performance Review under GS4GG at the same time. The VVB may combine site visits and consider their Reports concurrently.
- CDM projects that are already undergoing the Gold Standard CDM application process can switch completely to GS VER at any point. The project shall de-register from CDM and can continue from the stage at which the GS CDM project was at, while applying the switch.

3.0 Other requirements and guidelines

Financial Additionality & Ongoing Financial Need:

- Refer to [Section 3.0](#) of [GHG Emission Reduction and Sequestration Product Requirements](#) for [Financial Additionality & Ongoing Financial Need](#) requirements

Methodology and tool version:

- Refer to [Section 4.0](#) of [GHG Emission Reduction and Sequestration Product Requirements](#) for [Eligible Methodologies](#) and tool associated requirements.
- Auditors are required to validate the updated Project Design Document (PDD) for gaps between the latest version of the methodology and the version with which the project was registered under the CDM.

Contributions to SDG:

- Sustainable Development Goal contributions shall be demonstrated for the representative baseline situations of the project activity. If the project specific baseline information does not exist anymore, the assessment shall be carried out, if justified, using representative example cases or based on documented evidence. For example for an improved cookstove activity the assessment shall be carried out based on households that are still representative of project baseline situation i.e., using baseline cookstoves and are of same socio-economic circumstances of the project technology users; for a renewable energy activity the assessment can be based on documented evidence related to the project activity, which can provide sufficient information to justify the selected SDG contributions. In all situations, the sustainable

development assessment shall be based on auditable and verifiable documentation and convincing arguments based on representative circumstances.

Crediting period:

- Refer to [Section 5.0 of GHG Emission Reduction and Sequestration Product Requirements](#) for [Crediting cycle & Issuance](#)
- The CDM project can claim the remaining CDM crediting period under GS4GG, but no more than the maximum crediting years allowed under relevant GS4GG activity requirements.
- The CDM project will be eligible for retroactive crediting for a maximum of two years prior to the date of Gold Standard registration. However, the total crediting period of the project shall not exceed the standard crediting period allowed under relevant GS4GG activity requirements.
- The CDM project shall follow the GS4GG crediting cycle after transition to GS4GG. For example, if a project was registered with 7-year renewable crediting period and 3 years of the ongoing crediting period had been issued under CDM. The project can claim 2 more years under GS4GG and then the project will need to undergo the renewal of the crediting period. after issuing for total 5 years (3 years with CDM and 2 years with GS) i.e., once it's reached the maximum crediting years per cycle allowed under GS4GG.

4.0 Switching back to CDM at a later stage:

- A de-registered CDM project that makes a transition to GS VER can switch back to CDM at a later stage provided that the project developer signs an emission reduction acquisition agreement ([ERAA Template](#)) with Gold Standard to ensure that the project activity under consideration will not claim more than standard crediting periods allow.

RELATED DOCUMENTS:

GHG Emission Reduction and Sequestration Product Requirements	01.03.2018	1.1
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