

Application of the Oeko-Institut/WWF-US/ EDF methodology for assessing the quality of carbon credits

This document presents results from the application of version 3.0 of a methodology, developed by Oeko-Institut, World Wildlife Fund (WWF-US) and Environmental Defense Fund (EDF), for assessing the quality of carbon credits. The methodology is applied by Oeko-Institut with support by Carbon Limits, Greenhouse Gas Management Institute (GHGMI), INFRAS, Stockholm Environment Institute, and individual carbon market experts. This document evaluates one specific criterion or sub-criterion with respect to a specific carbon crediting program, project type, quantification methodology and/or host country, as specified in the below table. Please note that the CCQI website [Site terms and Privacy Policy](#) apply with respect to any use of the information provided in this document. Further information on the project and the methodology can be found here: www.carboncreditquality.org

Sub-criterion:	1.1.2 Consideration of carbon credits before project implementation and restrictions on the eligibility of existing projects
Carbon crediting program:	GS
Assessment based on carbon crediting program documents valid as of:	30 June 2021
Date of final assessment:	20 May 2022
Score:	Regular projects: 5 Retroactive projects: 2

Contact

info@oeko.de
www.oeko.de

Head Office Freiburg

P. O. Box 17 71
 79017 Freiburg

Street address

Merzhauser Straße 173
 79100 Freiburg
 Phone +49 761 45295-0

Office Berlin

Borkumstraße 2
 13189 Berlin
 Phone +49 30 405085-0

Office Darmstadt

Rheinstraße 95
 64295 Darmstadt
 Phone +49 6151 8191-0

Assessment

Indicator 1.1.2.1

Relevant scoring methodology provisions

The methodology assesses whether a carbon crediting program requires project owners to publicly document their intent to register a project the time that can lapse after the investment decision before any form of public documentation of the intent of using carbon credits must be made. The scores are applied as follows:

The program requires public documentation of intent of registering a project:	Score
Before the decision to proceed with the project is made	5
Within six months after the decision to proceed with the project is made	2
No such requirement, or more than six months are allowed to pass after the decision to proceed with the project is made	1

Information sources considered

- 1 Gold Standard for the Global Goals, Principles & Requirements, Version 1.2 (October 2019)
<https://globalgoals.goldstandard.org/101-par-principles-requirements/>
- 2 Gold Standard for the Global Goals, Community Services Activity Requirements, Version 1.2
https://globalgoals.goldstandard.org/standards/201_V1.2_AR_Community-Services-Activity-Requirements.pdf
- 3 Gold Standard for the Global Goals, Land Use & Forests Activity Requirements, Version 1.2.1
https://globalgoals.goldstandard.org/standards/203_V1.2.1_AR_LUF-Activity-Requirements.pdf
- 4 Gold Standard for the Global Goals, GHG Emissions Reduction & Sequestration Products Requirements, Version 2.0
https://globalgoals.goldstandard.org/standards/501_V2.0_PR_GHG-Emissions-Reductions-Sequestration.pdf

Relevant carbon crediting program provisions

Provision 1 Source 1, sections 4.1.25 – 4.1.28 “Stakeholder Consultation & Engagement”, pages 12-13: “All Projects shall conduct Stakeholder Consultation and an ongoing engagement process. The Stakeholder Consultation shall be conducted in accordance with the requirements outlined in this section and Gold Standard Stakeholder Consultation & Engagement Requirements.

The Stakeholder Consultation shall comprise of a minimum of two rounds of consultation including one mandatory physical meeting and one stakeholder feedback round lasting for at least two months and these consultations shall be open to anyone wishing to attend.

The Project Developer shall identify and inform all relevant (local, affected and interested) stakeholders, including relevant local and national authorities, the Gold

Standard Secretariat and all Gold Standard NGO Supporters active in the host country of the Project.

The Stakeholder Consultation shall be conducted prior to the start date of the Project. If the Consultation is conducted after the start date, the Project Developer shall provide further explanation of how comments received during the consultation are taken into account and implement a Grievance Mechanism in line with the Stakeholder Consultation & Engagement Requirements.”

Provision 2 Source 1, sections 4.1.39 – 4.1.42 “Project Start Date”, pages 14-15: “The Project start date is the earliest date on which the Project Developer has committed to expenditures related to the implementation of the Project. This does not include the purchase or option to purchase the land upon which a Project is intended to take place.

Examples of the start date may include the date on which contracts have been signed for equipment or construction/operation services required for the Project. Minor pre-project expenses, such as the contracting of services/payment of fees for feasibility studies or preliminary surveys, shall not be considered in the determination of the start date as they do not necessarily indicate the commencement of implementation of the Project. For distributed technology projects, the start date is the date of implementation of the first unit under the project.

Note that the Project start date definition and requirements may differ under certain Activity or Product Requirements.

The project start date and the stakeholder consultation date determines the project as

(a) Regular Projects, for which the Stakeholder Consultation (1st round) has been conducted before the Project Start Date.

(b) Retroactive Projects, for which the Stakeholder Consultation (1st round) is conducted after the Project Start Date.”

Provision 3 Source 1, section 4.1.49 “Prior Consideration”, page 17: “The following requirements are applicable for the demonstration of prior consideration of revenues from Gold Standard certification for standalone projects:

(a) Regular projects are exempt from any kind of prior consideration of revenues from Gold Standard certification checks.

(b) Retroactive projects shall submit the required documents for preliminary review (time of first submission) within one year of the project start date. Retroactive Project submitted at a date later than one year from the project start date will not be eligible for Gold Standard certification.

(c) The prior consideration rule is also applicable to a Project that undergoes a design change. A project with a Certified Design requesting to include a new technology/measures shall submit the request for approval of design change to Gold Standard within one year of the start date of the proposed technology/measures (design change component). If the developer fails to submit the request for approval

within one year, the design change component shall not be eligible for Gold Standard Certification.”

Provision 4 Source 4, section 7.1.3 “Financial Additionality & Ongoing Financial Need – GSVER projects”, page 7: “If the stakeholder consultation for the Project was conducted after the start date of the Project, the Gold Standard reserves the right to require that the Project Developer demonstrate the revenues from carbon credits were seriously considered in the decision to implement the Project. Evidence to support carbon revenue consideration and continuous actions may include contracts, draft versions of Project information, correspondence with financial institutions or other stakeholders, minutes and notes of Board/Management meetings, agreements or negotiations with auditors, publications in newspapers.”

Provision 5 Source 3, section 3.1.15 “Principle 5 – Financial additionality & ongoing financial need, page 16: “For retroactive cycle projects, the Project Developer shall demonstrate that:

(a) the revenues from Gold Standard Certified SDG Impact Statements or Products, such as GSVERs, were seriously considered in the decision to implement the project, AND

(b) there was continuous interest in Certified Impact Statements or Products for the project in parallel with its implementation.

Evidence to support the prior consideration can include contracts, draft versions of project information, correspondence with financial institutions or other stakeholders, minutes and notes of meetings, agreements or negotiations with auditors, publications in newspapers.”

Assessment outcome

The carbon crediting program is assigned the following scores:

Regular projects: 5

Retroactive projects: 1

Justification of assessment

The carbon crediting program’s requirement to conduct stakeholder consultations before the project start date—defined as the earliest date on which the project developer has committed to expenditures related to the implementation of the project (Provision 2)—qualifies for a score of 5 as it includes a requirement to notify the Gold Standard Secretariat of the stakeholder consultation (Provision 1), which is interpreted as a notification of intent.

However, the program’s provisions allow for project developers to conduct stakeholder consultations after the project start date if they submit projects as retroactive projects. This creates an exception to the above provision. Retroactive projects must be submitted within one year after the project start date for preliminary review, but there is no time limit defined for when the stakeholder consultations must take place within this year (Provision 3).

The carbon crediting program applies higher scrutiny to retroactive projects by requiring them to submit evidence that revenues from carbon credits were seriously considered in the decision to implement the project (Provisions 3, 4 and 5).

Project proponents must submit the required documentation for the preliminary review (which is the time of first submission) within one year of the project start date (Provision 3).

The program accepts contracts, draft versions of project information, correspondence with financial institutions or other stakeholders, minutes and notes of Board/Management meetings, agreements or negotiations with auditors, publications in newspapers as evidence for prior consideration (Provision 4 and 5).

The indicator requirements specify that project owner must document their intent of using carbon credits publicly. The carbon crediting program does however also accept non-public information such as correspondence with financial institutions, agreements, or negotiations with auditors as evidence for prior consideration. The provisions are therefore assessed not to fully meet the requirements of the indicator.

The program provisions are therefore scored as follows:

Regular projects: 5

Retroactive projects: 1

Indicator 1.1.2.2

Relevant scoring methodology provisions

The methodology assesses whether carbon crediting programs place a limit on the time that can lapse after a mitigation activity starts reducing or removing emissions for a project to be eligible under the program. If the program has any restrictions in place, it receives an upgrade of 1 score point to the score received under indicator 1.1.2.1 otherwise this score is retained.

The program has time restrictions until when validation or registration needs to be completed for projects that already started the mitigation activity	Upgrade to score received under indicator 1
Yes	+1 score point
No	No change

Information sources considered

- 1 Gold Standard for the Global Goals, Principles & Requirements, Version 1.2 (October 2019)
<https://globalgoals.goldstandard.org/101-par-principles-requirements/>
- 2 Rule Update, Retroactive Projects Eligibility (22.10.2018)
<https://globalgoals.goldstandard.org/retroactive-projects-eligibility/>

Relevant carbon crediting program provisions

- Provision 1 Source 1, section 5.1.1, page 19: “Gold Standard for the Global Goals Project Certification is based on a five year renewable certification cycle, with key features as follows:
- (a) All Projects must LIST with the Gold Standard by undertaking a Preliminary Review and uploading Key Project Information, draft Project Design Document and completed Stakeholder Consultation Report.
- (b) Projects may then seek Gold Standard Certified Design status by successfully completing Validation (within two years of the date of Listing) and a subsequent Design Review.[...]”
- Provision 2 Source 1, section 5.1.16, page 23: “The Project shall complete Validation (defined as the date of submission of Validation Report by the VVB) within two years of successful listing of the project.”
- Provision 3 Source 1, section 4.1.49 “Prior Consideration”, page 17: “Retroactive projects shall submit the required documents for preliminary review (time of first submission) within one year of the project start date. Retroactive Project submitted at a date later than one year from the project start date will not be eligible for Gold Standard certification.”
- Provision 4 Source 1, section 5.1.51, page 28: “Retroactive Projects shall submit for Preliminary Review within one year of the Project Start Date.”
- Provision 5 Source 2, page 1: “According to the Gold Standard for Global Goals Principles & Requirements 3.4.7.4 Retroactive Projects shall submit for Preliminary Review within 1 year of the Project Start Date. The following exceptions have been introduced through this Rule Update:
- 2.1 Requirement for retroactive projects applying the methodology Retrofit Energy Efficiency Measures in shipping
- Considering the unique nature of the shipping sector activities and the intricate methodology requirements for data collection, the prior consideration requirements have been revised for retroactive project applying the methodology “Retrofit Energy Efficiency Measures in shipping”. The projects applying this methodology can submit the required documents to Gold Standard for preliminary review within two years of its start date. This rule change is applicable with effect from the date of publication.
- 2.2 Requirement for Land-use & Forest Activities
- The Land-use & Forest Activities as defined under Gold Standard for the Global Goals – Land-use & Forests Activity Requirements can be submitted for preliminary review within five years of the project start date. This rule change is applicable with effect from the date of publication.”

Assessment outcome

The program receives an upgrade of 1 score point to the scores received under indicator 1.1.2.1. This leads to the following overall scores for this sub-criterion:

Regular projects: 5

Retroactive projects: 2

Justification of assessment

The above documentation specifies that the carbon crediting program has time restrictions until when validation or registration needs to be completed for all projects. The program therefore receives an upgrade of 1 score point to the score of 1 received for retroactive projects under indicator 1.1.2.1 resulting in a combined score of 2 for this sub-criterion. For regular projects no upgrade applies as the program provisions already received the maximum score of 5 for indicator 1.1.2.1.