



PCIA Webinar: An Introduction to the Gold Standard September 8, 2011

Speaker

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Questions and Answers

Q1: Have any efforts been made to include medical data in the baseline surveys?

A1: Health impacts are considered in the baseline for assessing sustainable development, but the information comes from qualitative surveys (e.g., local stakeholder consultations). Further developments could examine quantitative surveys, but there is a trade-off in terms of monitoring costs, which should remain reasonable such that they do not compromise the viability of the project.

Q2: A quality cook stove lasts for many years. If a cook stove offsets one-ton of carbon per year and lasts 10 years, how are those ongoing credits addressed?

A2: The project developer can choose between two different crediting periods: (1) a 7-year crediting period that is renewable twice (21 years total) or (2) one 10-year crediting period.

Q3: Is there an estimate of costs for the entire process, including the two DOE's?

A3: The price for the entire process depends on many factors, including, but not limited to, project size, project location, and project type. For new Gold Standard applicants, there are no cash fees from The Gold Standard Foundation. In lieu of cash fees, The Gold Standard takes 2% of every VER issuance or 1.5% of every CDM credit labeled with The Gold Standard's high quality seal. Pricing for validation and verification also depends on the factors listed above, and will also be subject to the level of experience of the DOE. Micro-scale projects, including projects under the Community Focused Micro-Scale Scheme, may elect for internal validation and verification, which significantly reduces transaction costs *and* cost uncertainty due to the fixed fees and time saved (e.g., no negotiating or contracting with a DOE). For more information, please see our website.

Q 4: I have heard that there are changes in the CDM process that will shorten the process - I know we are talking about GS here, but do you have any information on this?

A4: The CDM Executive Board has taken several initiatives to shorten the registration and issuance timeline and to streamline the process, including:

- revision of the project registration and CER issuance procedures (e.g., the timelines for completeness check, registration/verification review, etc.);
- revision of the procedures for the registration date, allowing the effective date of registration to be the date on which a complete request for registration has been submitted; and
- guidance on the demonstration of additionality for micro-scale projects.

For further details of these revisions, the report "CDM Reform 2011 Verification of the progress and the way forward" can be accessed at following link:

<http://enviroscope.iges.or.jp/modules/envirolib/upload/3327/attach/cdmreform2011.pdf>.

Q5: Can an NGO directly apply for GS?

A5: Yes, NGOs can work with The Gold Standard in several ways. NGOs can apply to be part of The Gold Standard's NGO Supporter Network. NGOs can also be project proponents, project owners or project developers.

Q6: Once the stove project gets registered how and who does the monitoring and evaluation over a period of time?

A6: The project developer performs the monitoring. The DOE performs the verification to ensure that the project is operating in accordance with the Project Design Document and the Monitoring Plan.

Q7: How do you find buyers for the VER credits?

A7: There are several ways to find buyers for VER credits. Sellers can list their credits for sale on the Carbon Trade Exchange (www.carbontradeexchange.com), or the seller can work with a broker. The seller can also contact The Gold Standard to have the credits advertised in The Gold Standard newsletter or on The Gold Standard's website.

Q8: Is there a cost difference between CER and VER certifications?

A8: It depends. The Gold Standard requires the use of UNFCCC-certified auditors, which are the same auditors who perform the validation and verification of CDM projects. However, as mentioned above, price is determined by project size, project location, project type and the level of experience of the DOE. Most notably, the Gold Standard rules for micro-scale projects significantly reduces transaction costs and makes small project viable where they would not be under the CDM.

Q9: Does the Gold Standard take into consideration how revenues are distributed in local communities or have any requirements along this line?

A9: No. The Gold Standard does not currently consider how revenues are distributed to the local community when certifying a project. However, the project developer must demonstrate that there was a transparent process to educate the end-user that they would be giving up the ownership of the credits, and that the end-user knowingly agreed to transfer ownership of the credits to the project owner.

Q10: There was a reference to water purification projects. Can you elaborate?

A10: The Gold Standard VER methodology “Technologies and Practices to Displace Decentralized Thermal Energy Consumption” contains a methodology for safe water provisions with zero emissions technology (e.g., ceramic filters versus the boiling of water with non-renewable wood or charcoal). The ‘Sustainable Deployment of Lifestraw Family Water Filters Project’ in Kenya is a representative illustration of a water purification project. This domestic energy efficiency project is deploying 1-million point-of-use microbial water treatment systems to 4-million people from low-income families. The system can filter up to 18,000 liters of EPA-quality drinking water, enough to supply a family of 5 with clean drinking water for 3 years. In addition, the Lifestraw product decreases the use and demand for firewood to boil water, reducing the direct release of CO₂ emissions and the hazards associated with firewood collection. It is estimated that this project will generate more than 2-million emission reductions per year.

Q11: How volatile is the Voluntary Carbon reduction Market compared with the CDM Market?

A11: The voluntary carbon market has significantly matured in the last several years. Developments such as The Carbon Trade Exchange have improved the transparency and liquidity of the voluntary carbon market, but there is still further room for growth. By contrast, and not unexpectedly, the infrastructure to support the CDM market rapidly developed to coincide with the regulations. However, the CDM market has recently faced some volatility in pricing and investment given the political uncertainty around the Kyoto Protocol. The voluntary carbon market, and in particular the market for The Gold Standard, has not experienced the same type of fluctuation. The market for Gold Standard credits has remained healthy and robust because The Gold Standard is perceived as the lowest risk certification standard due to its rigorous project cycle, which includes monitoring, reporting and verification (MRV) for co-benefits.

Q12: Since CDM may expire by end of 2012, how this will impact the GS?

A12: The Gold Standard is paying close attention to developments in the CDM. However, it is a common misconception that the CDM will expire at the end of 2012. In fact, the CDM will continue to operate beyond 2012 through the European Union’s Emissions Trading Scheme, which will operate through 2020 and allow offsets from CDM projects in Least Developed Countries, but its full mandate for that time period remains unclear pending the outcome of COP 17. The Gold Standard will also continue to operate in the voluntary market regardless of what happens with the CDM.

Q13: What are the relative advantages and disadvantages of trying to secure carbon credits in Sub-Saharan Africa vis-à-vis India?

A13: If the Kyoto Protocol expires at the end of 2012, then there are registration deadlines for CDM projects that are not located in Least Developed Countries. These registration deadlines can be found on the CDM website. There are no such registration deadlines for projects located in Least Developed Countries because the EU ETS will accept CERs from those countries, likely through 2020.

Q14: How do we register for COP-17?

A14: Please visit http://unfccc.int/meetings/cop_17/items/6070.php.

Q15: What is black carbon reduction?

A15: Black carbon has recently received attention as a major contributor to global climate change. Black carbon particles absorb sunlight and give soot its black color. In contrast to CO₂, black carbon remains in the atmosphere for only a few weeks, so cutting its emissions would have an immediate effect on the rate of global warming. Moreover, reduced exposure to black carbon provides public health co-benefits.

Q16: How would black carbon potentially be included in the offset? Would you have to measure it?

A16: Black carbon is tricky to measure appropriately on a project basis. The Gold Standard is following research in this area to properly make a future determination as to how black carbon would be included and measured in the offset.

Q17: Why do carbon credits for cook stove projects sell at a premium?

A17: In addition to the strong environmental benefits, cook stove projects also deliver significant co-benefits, including improving indoor air pollution, improving respiratory health, creating jobs and improving the local economy, and supporting women's issues. Although a Gold Standard wind or hydroelectric project has undergone the same rigorous project cycle as a Gold Standard cook stove project, many buyers prefer cook stove projects because of the strong co-benefits and will thus pay a premium for these credits.

Q18: Should a small project consider GS?

A18: Yes, small projects should look first to The Gold Standard for project certification because we have made the most inroads in streamlining the certification process, including the reduction of transaction costs for small projects. In particular, small projects should consider the benefits of our Micro-scale Scheme or our Community Focused Micro Scale Scheme. Please see our website for more information on these schemes.

Q19: How will small projects and producers in developing nations take advantage of the Gold Standard?

A19: See A18.

Q20: How will the possible termination of the Kyoto Protocol beyond 2012 affect the price of the Gold Standard credits?

A20: The Gold Standard believes that the termination of the Kyoto Protocol may increase the prices for GS CERs from Least Developed Countries due to demand from the EU ETS. Because a gap in the Kyoto Protocol will probably give rise to many more bilateral agreements, The Gold Standard also believes that prices for GS VERs will remain stable or increase due to demand from buyers for projects that can guarantee the delivery of co-benefits to the project's host community. The Gold Standard is the only certification standard that requires the monitoring, reporting and verification of the project's co-benefits, and, therefore, we are the only standard that can provide that guarantee.

Q21: The methodology to verify energy efficiency projects is very controversial, as it is hard to measure what is not used. How does the Gold Standard's cook stoves methodology deal with this issue?

A21: This is a common criticism that is not specific to energy efficiency projects. This issue is dealt with at the methodology level where the baseline must be properly defined and supported by evidence that it will remain valid over the course of the crediting period. Other factors that must be addressed include, but are not limited to, service equivalence, leakage and rebound effects.

Q22: What are the qualifications of the UNFCCC?

A22: Please see the UNFCCC's website, located at <http://unfccc.int/2860.php>.

Q23: What is the time frame to get a project certified with the Gold Standard

A23: The time frame to complete The Gold Standard certification process depends on many factors, including the project type, the project size, the project location and the experience of the project developer. For maximum efficiency, we recommend good communication with your Regional Manager in order to resolve questions or issues as soon as possible.

Q24: Have cook stove projects been successfully registered under the Community-Focused Micro-scale scheme? If so, can you discuss what their methodology was/or is their PDD documentation available for viewing?

A24: There has been one cook stove project successfully registered under the Community Focused Micro-Scale Scheme. You can find all of the publically available documentation for GS997 on The Gold Standard Registry, located <http://goldstandard.apx.com>. For easy access to this documentation, please click on "Public Reports" and "VER Projects" and then search by Project ID Number.

Q25: If there is no methodology for cook stove projects in the Community-Focused Micro-scale scheme, do you have any tips for proposing methodologies simpler than those for bigger projects?

A25: The Community Focused Micro-Scale Scheme uses the same cook stove methodology, but the procedures for the CFMS project cycle are simplified to reduce transaction costs. For example, under the CFMS, the project developer can submit both a streamlined methodology for approval and the project documentation at the same time. However, when capacity allows, The Gold Standard wants to release a streamlined version of the cook stove methodology for micro-scale projects, which would include conservative by-default factors and standardized baselines.

Q26: Have any cook stove projects been successfully registered under the Community-Focused Micro-scale scheme? If so, can you discuss what their methodology was/ or is their PDD documentation available for viewing?

A26: See above.

Q27: In the February 2009 Istanbul meeting, Matt Spannagle proposed a simplified methodology for cook stove projects under the Community-Focused Micro Scale scheme. Can you provide an update on this methodology? When are we going to be able to apply it to our micro-scale projects?

A27: The development of this methodology is on hold until The Gold Standard can gather better information around issues such as nonrenewable biomass default factors and other types of data. Any updates will be announced on our website.

Q28: What is meant by DOE?

A28: A DOE, or Designated Operational Entity, is a project auditor who has been certified by the UNFCCC. The auditor performs the validation and verification of the project.

Q29: Especially given the possible premium price post-2012 for CERs, does GS make recommendations for suggested projects to move to CDM when appropriate?

A29: No. Project developers can take advantage of post-2012 price premiums by developing a Gold Standard CDM projects. These projects command a premium above the CER price because they guarantee the delivery of co-benefits to the project's host community. In addition, The Gold Standard's voluntary project cycle provides many benefits not available to CDM project developers, including access to Regional Managers for assistance throughout the project cycle and faster certification time.

Q30: What is your experience on price difference of the carbon credits generated from the regular GS project and micro scale scheme?

A30: As discussed above, credit pricing depends on many factors. An important factor not mentioned in previous answers is how far along the project is in the project cycle when the credits are sold. For example, if the credits are sold at a very early stage, (e.g., before registration) then the buyer may want a lower price to account for the risk that the project may not issue credits. Alternatively, if the credits are sold at a later stage (e.g., after the project has been registered) then there is more certainty that the project will issue credits, so the buyer may be willing to pay a higher price to account for the lower risk. Accordingly, it is not possible to discern price differentials between a "regular" GS project and a micro project. Every project must go through the same rigorous certification process.

Q31: Is there any quota per year or per country for micro scale scheme or we can develop as many as possible?

A31: There is no quota, but The Gold Standard strives for regional diversification. For more information, please see the rules governing micro-scale projects in The Gold Standard Requirements and The Gold Standard Toolkit.