

The Gold Standard

Project Developer Forum Ltd.
100 New Bridge Street
UK London EC4V 6JA

Europe: +49 89 2351 9320-0
office@pd-forum.net
www.pd-forum.net

To owen.hewlett@goldstandard.org
info@goldstandard.org
From sven.kolmetz@pd-forum.net
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Subject **Gold Standard for the Global Goals Consultation,
including Claims Guidance Consultation**

CHAIRPERSON:
Sven Kolmetz
sven.kolmetz@pd-forum.net

CO VICE CHAIRPERSONS:
Philipp Hauser
Philipp.HAUSER@gdfsuezla.com
Christiaan Vrolijk
christiaanvrolijk@gmail.com

Dear Owen,

The Project Developer Forum (PD Forum) is a collaborative association and collective voice of companies and practitioners that are developing and financing greenhouse gas (GHG) emission reduction projects worldwide. The accumulation of in-depth technical knowledge and broad experience that our members have with global instruments such as the Clean Development Mechanism (CDM), Gold Standard (GS), Verified Carbon Standard (VCS), Joint Implementation (JI), and Climate Finance, as well as with country specific initiatives and NAMAs, make PD Forum a unique platform and stakeholder for discussions around the reform of existing, and the creation of new policies and mechanisms to mitigate climate change. The PD Forum has been instrumental in the development of the Carbon markets, particularly the UN's project-based Clean Development Mechanism (CDM) that linked to the EU Emissions Trading Scheme (EU ETS).

PD Forum members support the expansion of the Carbon market into the wider Sustainable Development Goals. We agree with the Gold Standard that the experience and the rigour of the Carbon market would be able to deliver many benefits in this area. We appreciate the opportunity to provide our inputs in these two consultations, and hope these prove to be constructive and help improve the new incarnation of the Gold Standard.

Before starting on the further development and implementation of the expanded Standard, we believe that GS should complete an assessment of the scale of any concrete demand for these additional benefits to be certified. While we instinctively feel there will be demand, and indeed we are already using the SDGs as the framework for co-benefits of our projects, we have seen little if any willingness to pay. The added value has therefore not been established, whereas additional costs are clearly going to be incurred, including for the Expert External Stakeholders. Also, any impacts being sold separately are likely to cannibalise on the price that the most interesting projects receive. Indeed, we fear that once the impacts are "stripped out" (and claimed separately if relevant), all that is left is just "plain vanilla" Carbon which will have no premium over the current market price for standard CER/VER. Clients are only interested in paying more for a project because that project achieved these benefits.

The proposal includes a requirement for registered projects (and programmes) to transition to the new Standard in the very near future, incurring significant additional costs for developers. We recommend that transitioning is voluntary for any projects already in the pipeline, using a sufficiently long grace period. In particular, it should not be demanded that any project transition before renewal of their crediting period. If the Standard is well developed, the benefit for projects to transition is likely to exceed the cost.

Given today's market prices, an effort to reduce transaction costs for project developers, rather than increasing complexity, would be greatly welcomed. Examples include allowing the application

of default factors permitted through the CDM (e.g. the application of a default factor for leakage for the TPDDTEC methodology), simplifying their methodologies, improving response timelines, and clearer procedures for updates of the Standard.

There is little provision for alignment with – or acceptance of processes used under – other standards, particularly the CDM and the future mechanism under the Paris Agreement. With the current limited premium in the market on GS credits, this is likely to lead to projects dropping the GS accreditation (we have already seen evidence of this amongst developers). Also, the proposed Standard suggests crediting periods of 5-years which does not align with other standards in the market.

Similarly, greater recognition that stakeholders are genuinely being consulted in many countries would be appreciated. In fact some countries have serious processes in place that must be followed, and which are not necessarily fully compatible with the GS proposed best practice, but without explicit recognition of the host country's process could lead to complications during validation of the projects.

In the proposed Standard, projects are required to demonstrate financial need both upfront, and on an ongoing basis. This introduces uncertainties for projects, which will no longer have a guarantee despite being registered. Any such re-assessment would need to be restricted to the time of renewal of the crediting period. We also propose that projects that are deemed automatically additional as per CDM guidelines should be exempted.

While the proposed safeguarding principles are good examples of best practice, the practicality of applying them and validating their application may be limited, particularly in some countries. Clearer guidance should be given, taking into consideration national circumstances.

The consultation document currently proposes that a CAR may be raised by any stakeholder. This is not appropriate. While we agree that involvement of stakeholders is important, it is the auditor who should be auditing projects, not stakeholders. Auditors will address stakeholder comments, including through CARs etc. if warranted.

We are looking forward to seeing the Gold Standard for the Global Goals operational.

Yours sincerely,



Dr. Sven Kolmetz
Chairman, Project Developer Forum