

The Gold Standard Foundation
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From
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Honorable Board Members of the Gold Standard Foundation,
Dear Mr. Schlup,

Taking reference to and building upon the protocol of the meeting between project developers and the Gold Standard on the 11th of December 2009 at a side event of the COP/MOP in Copenhagen, the Project Developer Forum would like to raise an important issue regarding GS project development and associated timelines.

The Project Developer Forum recognizes the tremendous efforts by the Gold Standard Foundation, which have contributed to the label's leading position with regards to ensuring high quality and sustainable development in the carbon market. Given the workload and lack of resources in the past, we consider the achievements by the Gold Standard Foundation to be remarkable. However, the increasing number of GS projects and the growing visibility of the standard as a whole, leads to higher demands regarding the accountability of the standard. Even though the GS Foundation has increased its staff significantly, we still experience many delays and unpredictable or long waiting times. This is a particularly delicate issue, as it is extremely important for us to be able to calculate and manage timelines, because we are dependent on a quick and effective issuance of credits. If each development step in the project cycle is delayed, or delayed without appropriate schedule notification, then it is impossible to plan appropriately. Planning is an essential component of effective work and cash flow forecasting and absolutely crucial for fulfilling and satisfying commitments towards final buyers.

We would like to elaborate on the different bottlenecks below:

1. Pre-feasibility Assessment process: there is no given timeline by Gold Standard on how long such an assessment will take. So far we have experienced periods of up to six months. This is particularly crucial as according to the GS rules, a VER project cannot start validation before the pre-feasibility assessment is received. In addition, for CDM projects, it is efficient to conduct the two validations (CDM and Gold Standard) in parallel to reduce doubling up on work and avoid the higher fees. We are aware of the fact that there is a possibility to opt for the fast-track procedure. However we feel that this procedure is only a backup option as we;

¹ Hiller, Martin (Board President, WWF International), Osterkom, Marianne (Board Member, REEEP), Raubenheimer, Steve Thorne (Board Member, SouthSouth North), Salter, Liam (TAC Chair, Reset OnlineChina), Sonntag O'Brien, Virginia (Board Member, UNEP REN21), Wiener, Daniel (Board Member, Swiss Regional Government).

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- a) have to pay the same fees as for the normal PFA process for a service that does not take place as we write the PFA on our own, and
 - b) cannot be sure that during the registration review process topics will not be addressed again, therefore leading to more delays on a project that is already at a more advanced stage of the project lifecycle and at a project stage where potential request for changes are not as easily implemented.
2. Registration process: We acknowledge that the first registration review period is fixed by the GS rules to eight weeks. However we have experienced that the actual review report is issued by the GS beyond the initial eight week period. So the eight week period is in fact a nine or ten week period. An even more crucial challenge for us is that after completion of the official review period, the so called "review rounds" start. This process is no longer streamlined. For a project developer it is unclear how long it may take for the GS to reply to our responses. It has become extremely unpredictable as to when one can expect registration of a project.
 3. Issuance process: So far the delays during issuance haven't been as severe as for those actions which occur earlier in the development process. However we fear that this is mainly due to the few issuance requests so far and that, as soon as these requests also increase, the delays might eventually also be at issuance level.

We strongly believe that the GS should commit to timelines within its review processes in order to impart more stability and confidence to the GS development process. Project developers could then rely on procedures and deadlines and would therefore be able to plan accordingly.

We are aware of the fact that this commitment may be difficult in regards to resource availability at the Gold Standard Foundation. However we are also convinced that it is a necessary step for the GS in order to maintain its reputation and leading position in the carbon market.

Therefore we suggest adopting a similar approach as the UNFCCC: timelines for review requests and responses. This would mean that both the GS and the project proponent/developer would commit to provide answers within a certain timeframe.

A proposal on such timelines is shown in the table below:

| | Initial review period* | Potential review rounds** |
|---------------------|-------------------------------|----------------------------------|
| LSC | 2-weeks | 1 week |
| PFA | 4-weeks | n/a |
| Registration | 8-weeks | 2 weeks |
| Issuance | 3-weeks | 1 week |

* Maximum time gap between the submission by project participants to the GS and the formal reply by the GS

** Applies to both the GS and project proponents, defining the maximum time gap between submission and reply

In addition to the focus on timelines, we would also like to address another issue related to GS's role in the review period. We are worried to realize that almost every project now faces at least two rounds of GS feedback with an increasing number of requests and comments. Thus, the review period rather resembles a "second validation" which is putting the DOE's work into question. We acknowledge that there are only few GS experienced DOEs and that there is a high need for DOE trainings on the one hand. But on the other hand, we are also of the opinion that the roles of DOE and GS should be more clearly defined to prevent unpredictable and endless review rounds. Therefore, we also suggest the following principle:

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The GS PFA and the registration period should focus on completeness and special GS eligibility criteria. We also suggest that after the initial review period and after GS has provided the project proponent/developer with initial feedback and potential request for clarification, GS shall not be allowed to raise new or additional requests in a subsequent review round. New issues shall only be raised if they directly concern a clear impact on the project's environmental integrity or the responses provided by the project proponents.

Additionally we would like to suggest that potential requests from TAC as well as NGOs or other sources can only be raised in the provided timeframes and that such requests should be limited to issues within the direct area of influence of the project. This is important in order to maintain transparency and communication flow.

We look forward to hearing from you soon in order to find a solution for these crucial points in the implementation of GS projects.

Sincerely,



Martin Enderlin
Chair of the PD Forum