

## 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](http://www.carboncreditquality.org)

Sub-criterion:	<a href="#">1.1.1 Eligibility of mitigation activities that are triggered by legal requirements</a>
Carbon crediting program:	<a href="#">GS</a>
Assessment based on carbon crediting program documents valid as of:	<a href="#">30 June 2021</a>
Date of final assessment:	<a href="#">20 May 2022</a>
Score:	<a href="#">Efficient cookstoves: 5</a> <a href="#">Establishment of natural forest: 2.4</a> <a href="#">Landfill gas utilization:</a> <ul style="list-style-type: none"> <li>· <a href="#">With CDM TOOL02: 2.4</a></li> <li>· <a href="#">With CDM TOOL32: 1</a></li> <li>· <a href="#">Micro-scale projects under the Gold Standard renewable energy activity requirements: 1</a></li> </ul>

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# Assessment

## Plausibility of existence of legal requirements

### Relevant scoring methodology provisions

"This methodology first assesses whether it is plausible that the relevant project type is or will be legally required in the relevant geographical area. For some project types and geographical areas, such as the use of efficient cookstoves in least developed countries, it may be very unlikely that any relevant legal requirements exist or will be introduced during the crediting periods. In this case, the provisions of the carbon crediting program regarding legal requirements are not relevant and a score of 5 is assigned to this sub-criterion. Otherwise, the scoring depends on the carbon crediting program's provisions regarding legal requirements."

### Assessment outcome

For both landfill gas utilization and establishment of natural forest it is deemed possible that legal requirements exist that could require their implementation. The scoring for these project types therefore depends on the carbon crediting program's provisions regarding legal requirements (see assessment of indicators 1.1.1.1 and 1.1.1.2 below).

For efficient cookstoves it is deemed very unlikely that legal requirements could exist that require their implementation. The project type is therefore assigned a score of 5 for this sub-criterion.

### Justification of assessment

Landfill gas utilization: In many countries, landfills are subject to pollution control regulations. This includes air pollution, soil protection and water regulations amongst others. While this does not automatically make landfills subject to specific regulations that require collection and destruction or utilization of landfill gas, the general regulatory environment for the project type makes it plausible that it could be legally required.

Establishment of natural forests: While it is unlikely that general legislation exists that directly mandates the establishment of natural forests it is plausible that in some cases natural forest is established in response to legal mandates. This can occur for example if barren land is designated as a protected area (e.g., in form of national park) and due to the protection, the land is overgrown by natural forests.

Efficient cookstoves: There are no known cases where a legal requirement requires the use of efficient cookstoves.

## Indicator 1.1.1.1

### Relevant scoring methodology provisions

The methodology evaluates whether the program provisions address how to treat mitigation activities that are legally required and whether a program allows for the registration of mitigation activities that are required by an existing and enforced legally binding mandate. The scores are applied as follows:

<b>Carbon crediting program requirement</b>	<b>Score</b>
The program's provisions exclude from eligibility mitigation activities that are required to be implemented due to existing legal requirements, regardless of whether the legal requirements are enforced or not.	5
The program's provisions exclude mitigation activities from eligibility that are required to be implemented due to existing legal requirements but allow for exemptions from this provision where the legal requirements are systematically not enforced and non-compliance is widespread in the country.	3
The program's provisions do not specifically address this matter, or the program allows mitigation activities to be registered that are required to be implemented due to existing and enforced legal requirements.	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, Land Use & Forests Activity Requirements, Version 1.2.1  
[https://globalgoals.goldstandard.org/standards/203\\_V1.2.1\\_AR\\_LUF-Activity-Requirements.pdf](https://globalgoals.goldstandard.org/standards/203_V1.2.1_AR_LUF-Activity-Requirements.pdf)
- 3 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](https://globalgoals.goldstandard.org/standards/501_V2.0_PR_GHG-Emissions-Reductions-Sequestration.pdf)
- 4 Gold Standard for the Global Goals, Renewable Energy Activity Requirements, Version 1.3  
<https://www.goldstandard.org/project-developers/standard-documents>
- 5 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](https://globalgoals.goldstandard.org/standards/201_V1.2_AR_Community-Services-Activity-Requirements.pdf)

### Relevant carbon crediting program provisions

- Provision 1 Source 1, section 4.1.8, page 9: “The Project shall define both the Baseline and Project Scenarios. These are defined as follows:
- (a) Baseline Scenario: The Baseline Scenario is defined as the reasonable, conservative scenario that would exist in the absence of the project. While setting the Baseline Scenario, the Project Developer shall consider the relevant applicable legislation and how effectively these are enforced.
- (b) Project Scenario: The Project Scenario is defined as the scenario that will exist once the Project is implemented and operational.”
- Provision 2 Source 1, section 4.1.11, page 9: “For Projects seeking Certified Impact Statements and/or Products, Gold Standard rules allow for the consideration of several potential design scenarios in the project documentation, as long as all aspects of each potential scenario are discussed in a satisfactory way. For example, additionality shall be demonstrated for each one of the potential scenarios, and stakeholder inputs must be gathered for each potential scenario. Other relevant aspects include the scale of the project, the validity/applicability of the applied methodology, and the assessment of sustainable development criteria including Safeguarding principles assessment. All

potential scenarios must be Validated by the VVB and the actual scenario must be chosen before the first Verification.”

Provision 3 Source 1, section 4.1.47, page 16: “All Gold Standard Projects seeking the issuance of Gold Standard Certified Impact Statements or Products shall be demonstrated to be additional, meaning that their impact in terms of climate security (mitigation or adaptation) and sustainable development are beyond those that would have occurred in the absence of the certified Gold Standard project. In specific Project types, the application of the Requirements in this section is determined under the relevant Activity Requirements and Product Requirements.”

Provision 4 Source 1, section 4.1.48, page 16: “Gold Standard Projects shall use either a UNFCCC-approved or a Gold Standard-approved additionality tool to demonstrate project additionality, with the exception of specific Activity or Product Requirements as stated in the relevant documentation. Where appropriate under specific Activity Requirements, small-scale Gold Standard Projects can use the latest version of the CDM “Methodological Tool - Demonstration of additionality of small-scale project activities” to demonstrate additionality”

Provision 5 Source 2, sections 3.1.13 & 3.1.16, pages 16ff.: “The project shall demonstrate additionality as per the Principles & Requirements, or GHG Emissions Reduction and Sequestration Product Requirements, as applicable.

The project shall apply one of the following options to demonstrate project additionality:

(a) Option 1 - CDM Tools

i. A/R project: Shall apply the latest version of the A/R CDM ‘Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities’. The CDM specific terms of the A/R CDM additionality tool (tCERs, A/R CDM project, etc.) shall be interpreted in the context of Gold Standard. The ‘Guideline on the assessment of investment analysis’ and the ‘Guidelines for objective demonstration and assessment of barriers’ can be used.

(b) Option 2 – Positive List

i. A/R Project: Shall meet requirements (a), (b) and (c) in the list below and at least one of the requirements from (d) to (g) to apply option 2.

(a) The project is located in a Least Developed Country (LDCs) or in a region with a recent UNDP Human Development Indicator below 0.8. AND

(b) The project shall have no intention of creating a forest for the commercial use of the timber or nontimber forest products. AND

(c) The project activities shall not be mandatory by any law or regulation, OR if it is mandatory, it shall demonstrate that these laws or regulations are systematically not enforced. AND

(d) The project is located in a region with a mean annual precipitation of less than 600 mm. OR

(e) The soil pH of the planting area is less than 4.0. OR

(f) The planting area is planted with minimum 5 different native tree species in mixed stands, covering at a minimum 50% of the planting area. OR

(g) The project area is located in a country or region with a recent UNDP Human Development Indicator below 0.5, OR in a Small Island Developing State (SIDS)”

Provision 6 Source 4, “Principle 5 – Financial Additionality & Ongoing Financial Need”, sections 4.1.5 and 4.5.2, page 9: “Projects seeking the issuance of Certified Impact Statements or Products (for example GS VERs) shall demonstrate financial additionality and Ongoing Financial Need in accordance with Principles & Requirements unless mentioned otherwise in the Product Requirements.

Project and VPAs, where applicable may refer to valid CDM Tool 32: Methodological tool: Positive list of technologies to demonstrate additionality. Under no circumstances should deemed automatic additionality conditions imply an exemption from the Gold Standard eligibility criteria related to the technology types.”

Provision 7 Source 4, “Principle 5 – Financial Additionality & Ongoing Financial Need”, section 4.5.4, page 10: “An eligible Microscale project that meets any one of the criteria below shall be deemed additional:

a. The project is located

i. In a Least Developed Country (LDC), Small Island Developing States (SIDS) or Land Locked Developing Country (LLDC) or in a special underdeveloped zone (SUZ)<sup>14</sup> of the Host Country. OR

ii. In a host country or part of the host country different from those defined above, provided that the Project Developer can demonstrate that project implementation will essentially benefit poor communities. The Project Developer shall seek approval from Gold Standard providing a detailed description as to how the activity will benefit poor communities.

b. The project is supplying electricity to regional or national grid; however, convincing evidence can be provided to demonstrate that project implementation will significantly improve access to electricity for the local communities, households or SMEs.

c. The project involves the installation of Solar Photovoltaic and Solar Thermal electricity generation, off-shore wind, marine technology, household rooftop wind turbine of size up to 100 kW or biomass integrated gasification combined cycle.

d. Other renewable energy technologies or measures for which the CDM EB has adopted the host country recommendation<sup>16</sup>. The end date of the validity shall be before the time of first submission to Gold Standard OR approved by The Gold Standard as part of positive list.”

## Assessment outcome

Establishment of natural forest: 3

Landfill gas utilization:

- With CDM TOOL02: 3
- With CDM TOOL32: 1
- Micro-scale projects under the Gold Standard renewable energy activity requirements: 1

### Justification of assessment

The Gold Standard Principles and Requirements include a provision that project developers must consider the relevant applicable legislation and how effectively these are enforced when setting the baseline scenario. It is further stipulated that additionality shall be demonstrated for each one of the potential project design scenarios (Provision 1 and Provision 2).

Principle 5 of the Gold Standard Principles and Requirements reiterates this by stipulating that all projects must demonstrate impacts that are additional as compared to their baseline scenario and that project developers must either use a UNFCCC-approved or a Gold-Standard approved additionality tool to demonstrate project additionality (Provision 3 and Provision 4). Specific provisions are provided in the Activity or Product Requirements that apply for the project type. The assessment of these is outlined in the following paragraphs below.

*Establishment of natural forest:* The Gold Standard Land Use & Forests Activity Requirements provide two options to demonstrate additionality:

1. Application of the latest version of the A/R CDM Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities
2. Demonstrate that the project meets the criteria of the positive list defined in the Land Use & Forestry Activity Requirements (Provision 5).

Projects that use the A/R CDM combined tool receive a score of 3 (Refer to CDM assessment for a detailed justification).

To be eligible for the positive list, project activities must not be mandatory by any law or regulation, or if it is mandatory, it must be demonstrated demonstrate that these laws or regulations are systematically not enforced. This provision also qualifies for a score of 3.

The project type *establishment of natural forest* therefore receives a score of 3.

*Landfill gas utilization:* For landfill gas utilization, the renewable energy activity requirements apply. They refer to the provisions contained in the Principles & Requirements for demonstrating additionality as well as to the GHG Emission Reduction & Sequestration Product Requirements. This means that project developers can apply a UNFCCC-approved or a Gold-Standard approved additionality tool to demonstrate project additionality. Currently there are no specific Gold-Standard approved additionality tools (Provision 3 and Provision 4).

The most relevant UNFCCC-approved additionality tool for this project type is the combined tool to identify the baseline and demonstrate additionality (TOOL02). The provisions of this tool qualify for a score of 3 (See CDM assessment sheet for further details).

The renewable energy activity requirements further stipulate that project developers may also use a valid version of CDM TOOL32 Positive list of technologies which grants automatic additionality to

certain technologies, including landfill gas utilization projects, in case they meet certain criteria (Source 6). There is no requirement to demonstrate that project activities are not legally required in cases of additionality. Projects using CDM TOOL32 therefore are scored with 1 (See CDM assessment sheet for further details).

The renewable energy activity requirements also assign automatic additionality to microscale projects that meet certain criteria (Provision 7). Microscale landfill gas utilization project therefore are scored with 1. However, there are currently no registered microscale projects of this project type under the Gold Standard.

### Indicator 1.1.1.2

#### Relevant scoring methodology provisions

The methodology assesses the program provisions for changes in legal requirements.

<b>Program requirements if new legal requirements enter into force which require the mitigation activity to be implemented</b>	<b>Score</b>
The program immediately ceases issuance of credits when the new legal requirements enter into force, regardless of whether they are systematically enforced or not.	5
The program immediately ceases issuance of credits when the new legal requirements are systematically enforced.	3
The program ceases issuance of credits at the end of the current crediting period if new legal requirements entered into force, regardless of whether they are systematically enforced or not.	3
The program ceases issuance of credits at the end of the current crediting period if new legal requirements entered into force and if these are systematically enforced.	2
The program does not specifically address this matter or allows projects to continue to issue carbon credits for the remainder of the project lifetime.	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, Land Use & Forests Activity Requirements, Version 1.2.1  
[https://globalgoals.goldstandard.org/standards/203\\_V1.2.1\\_AR\\_LUF-Activity-Requirements.pdf](https://globalgoals.goldstandard.org/standards/203_V1.2.1_AR_LUF-Activity-Requirements.pdf)
- 3 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](https://globalgoals.goldstandard.org/standards/501_V2.0_PR_GHG-Emissions-Reductions-Sequestration.pdf)
- 4 Gold Standard for the Global Goals, Renewable Energy Activity Requirements, Version 1.3  
<https://www.goldstandard.org/project-developers/standard-documents>

#### Relevant carbon crediting program provisions

Provision 1 Source 1, section 5 “Project Cycle”, sections 5.1.45, 5.1.47 and 5.1.48, pages 27f.: “To maintain Gold Standard Certified Project status beyond five years, a Project must undergo Design Certification Renewal. This process shall begin (defined by the submission of a Renewal opinion by a VVB for Design Review to Gold Standard) no

later than the last date of current certification cycle. Note that review of the Design Certification Renewal may complete after the last date of current crediting period. In this case, the renewal date shall be the first day after the end date of the current certification cycle.

Design Certification Renewal follows the same process as Validation and Design Review (Design Certification) though the scope of assessment is limited to:

- (a) Changes in the Project as related to the General Eligibility Criteria
- (b) Incorporation of any relevant updates to the Gold Standard Requirements
- (c) Re-definition of Baseline Scenario and any impact of change on the Eligibility Principles, Criteria and Requirements
- (d) Any Gold Standard activity, product and methodology-specific Requirements
- (e) Demonstration of Ongoing Financial Need, where relevant – see Ongoing Financial Need

A five-year Design Certification Renewal cycle apply to all projects though some project types are allowed for automatic renewal for a given number of cycles and/or to remove the need for any or all of (a)-(e) above. Such exceptions are defined in applicable Activity and/or Product Requirements and/or Methodology.”

Provision 2 Source 2, “Principle 4 – Demonstration of Real Outcomes, section 3.1.12, page 15: Verification & Issuance review (Performance Certification): The performance review may take place either alongside or after Project Design Certification and must occur at least once during the 5-year Certification cycle.

- (a) AGR specific: The first Verification shall be completed either within two years of project start date or Project Design Certification, whichever is later.
- (b) A/R specific: Verification shall be completed at least every 5 years until the end of the crediting period.
- (c) According to the Principles & Requirements, all projects shall seek Crediting Period Renewal every 5th year. At the time of project renewal, The A/R and AGR projects shall update the baseline following the applied Impact Quantification Methodology requirements.

Provision 3 Source 4, “Principle 4 – Demonstration of Real Outcomes”, sections 4.4.3 – 4.4.4, page 9: “Projects shall mandatorily undergo Design Certification Renewal every 5 years as per Principles & Requirements.

The baseline shall be reassessed at the time of Crediting Period Renewal following the applicable methodology and Principles & Requirements.”

### Assessment outcome

The carbon crediting program is assigned a score of 1.



## Justification of assessment

The Gold Standard does not include general provisions that systematically check whether new legal requirements have come into force or have been enforced that would require the implementation of the project (Provision 1).

However, the Gold Standard has several provisions on assessing legal requirements in the context of redefining the baseline scenario at design certification renewal (Provisions 2 and 3). For some project types - i.e. where the baseline scenario is not undertaking any investment - a re-definition of whether the baseline scenario is in compliance with legal requirements - could implicitly have the same effect as an assessment whether the project would be required to be implemented due to legal requirements. If the baseline scenario is no longer plausible because of legal requirements, the updated baseline scenario may correspond to the project scenario, and hence carbon credits could no longer be issued to the project. In this way, a re-definition of the baseline scenario could partially rule out projects that would be implemented due to legal requirements.

Whether such provisions would be effective, however, also depends on whether the baseline scenario is reassessed or only the baseline emission calculation, and whether an update of the baseline leads to a conclusive assessment whether the project would be implemented due to relevant legal requirements.

In the case of a landfill gas utilization project, for example, it is possible that venting of methane is no longer permitted. In this case, it may be plausible that flaring or utilization of the landfill gas are the only other alternatives. This would, however, not entail an assessment of whether landfill gas utilization may be required due to other legal requirements (e.g. an obligation to provide a certain amount of electricity from renewable or waste sources).

In the case of a renewable power generation plant, an assessment of whether the baseline is consistent with legal requirements could be interpreted as checking whether the grid emission factor is still valid, without reassessing the baseline scenario. In this case, the compliance of the project with respective legal requirements would not be assessed.

In accordance with the Gold Standard Principles & Requirements projects must undergo a design certification renewal process every five-years that includes a step of re-defining the baseline scenario and any impact of change on the eligibility, principles, criteria and requirements (Source 1). It is unclear whether this step requires the reassessment of legal requirements per e.g. TOOL02 or if the application of the “CDM Methodological Tool – Assessment of the validity of the original/current baseline and update of the baseline at the renewal of the crediting period” is sufficient to comply with this provision. The provision is therefore scored at 1.

## Scoring results

According to the above assessment, the carbon crediting program achieves the following scores:

Indicator 1.1.1.1:

- Establishment of natural forests: 3
- Landfill gas utilization:
  - Projects using TOOL02: 3

- Projects using TOOL32: 1
- Micro-scale projects under the Gold Standard renewable energy activity requirements: 1

Indicator 1.1.1.2:

- Establishment of natural forests: 1
- Landfill gas utilization: 1

Applying the scoring methodology, this results in the following overall scores for sub-criterion 1.1.1:

- Efficient cookstoves: 5
- Establishment of natural forests: 2.4
- Landfill gas utilization:
  - Projects using TOOL02: 2.4
  - Projects using TOOL32: 1
  - Micro-scale projects under the Gold Standard renewable energy activity requirements: 1