

# **THE GREEN-E CLIMATE STANDARD**

## **VERSION 1.1**

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# The Green-e Climate Standard

## 1.0 Purpose

This is the Green-e Climate Standard (Standard). This document outlines the primary criteria for the Green-e Climate Program (Program). The purpose of this Program is to reduce greenhouse gas (GHG) emissions by providing a credible consumer protection program for GHG emission reductions sold in the voluntary GHG emission reduction market. Green-e Climate will offer to certify GHG emission reduction products that commit to follow the principles and requirements detailed in this standard. Accordingly purchasers of Green-e certified GHG products have a quality assurance that the GHG emission reductions they purchase are real, verifiable, permanent and enforceable, and are not claimed by or sold to any other party.

Participating GHG sellers that certify products under Green-e Climate commit to sourcing GHG emission reductions from eligible sources. This standard details the process and principles by which stakeholders and the Green-e Governance Board will determine which GHG Project Certification Programs and GHG Emission Allowance Programs will be included in this program as eligible sources of GHG emission reductions.

## 2.0 Governance

The Green-e Governance Board governs implementation of this and additional accompanying documents (provided on the program website: <http://www.green-e.org>) that together constitute the Green-e Climate Program. The Center for Resource Solutions (CRS) serves as the program administrator for this program and is responsible for implementation of this criteria document and the accompanying program documents. Certification under this program by CRS shall be implemented via contractual agreements between CRS and Participating Sellers.

## 3.0 Overview of Product Certification Requirements

Participating sellers that certify products in accordance with Green-e Climate commit to follow the requirements of the Program. These requirements include, but are not limited to, an annual independent audit of supply and sales, and review by the Program Administrator of product disclosures and marketing materials to insure that customers are informed of the project types, location, vintage and verification methodologies used to supply seller's sales. The intent of these procedures is to verify that Participating sellers

fully supply all of their customers with eligible GHG emission reductions and that the sources of supply are consistent with product disclosures made to customers.

#### **4.0 Eligible Sources of GHG Emission Reductions**

GHG emission reductions eligible to be included in this program must be real, verifiable, permanent, and enforceable, and must not be counted towards any GHG emission reduction caps specified in any mandatory local, state, national or international GHG regulatory structure or cap-and-trade program, or in any voluntary but legally binding cap-and-trade program.

Only GHG emission reductions certified by or according to the protocols of an Endorsed GHG Program (Endorsed Program) are eligible to be included in Green-e Climate certified products. The eligibility of potential Endorsed Programs will be determined by the Board following a stakeholder comment period and will be based on the Endorsed Program's conformance to the Principles outlined in this standard.<sup>1</sup>

#### **5.0 Principles for the Determination of Eligible GHG Programs**

*Program requirements and procedures* used by GHG Project Certification and Emission Allowance Programs (GHG Programs) must be determined by the Green-e Governance Board to conform to the principles and criteria set forth in this document prior to the listing of such programs as "Endorsed Programs."

*Program requirements and procedures* consist of: (1) **procedural and technical standards** for the validation, monitoring, and verification of GHG emission reduction projects; (2) **contractual standards** for information disclosure and avoidance of double-issuance and double-counting of GHG emission reductions; and (3), **accounting standards** that specify consistent methods for estimating baseline emissions, accounting for emissions leakage, and establishing project additionality.

Programs seeking endorsement must submit written materials that show conformance with the applicable criteria. The criteria apply differently to different types of programs as outlined below:

- **Voluntary GHG Project Certification Programs** – Written materials must demonstrate conformance with all principles and criteria listed below, *except* Principle 3(g) and 4(e), which pertain to GHG Emission Allowance Programs.

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<sup>1</sup> The eligibility of GHG reductions that will be created in the future for sale today will be addressed by the Green-e Governance Board when an Endorsed Program proposes a methodology to certify and verify such reductions.

- **Voluntary GHG Cap and Trade Emission Allowance Programs** – Written materials on these programs must demonstrate conformance with all principles and criteria listed below, *except* Principle 3(e-g), 4(b), 4(d), and 5(a), which pertain to GHG Project Certification Programs.
- **Regulatory GHG Project Certification Programs** – Written materials on these programs must demonstrate conformance with the principles listed below:
  - i. Principle 1(a) and 1(e)
  - ii. Principle 3(d-g)
  - iii. Principle 4(c)
  - iv. Principle 5(a-c, e)
- **Regulatory GHG Cap and Trade Emission Allowance Programs** – Written materials on these programs must demonstrate conformance with:
  - v. Principle 1(a) and 1(e)
  - vi. Principle 3(d) and 3(g)
  - vii. Principle 4(c) and 4(e)
  - viii. Principle 5(b, e)

## **Principles**

### ***Principle 1: Transparent Program Development***

**Procedures for the development of the GHG Program requirements invite broad participation by interested parties, are transparent and require public availability of information**

- a) A documented process and a record of the development of the program requirements.
- b) The public review phase of the program requirements includes public comment for a period of at least 30 days.
- c) Public comments are taken into account, and a publicly available written synopsis exists of how each material issue has been addressed.
- d) The process for the development of program requirements strives for participation by and consensus among interested parties:
  - i) GHG Program administrators invite the participation of parties with relevant expertise and those that are materially affected by the standard.
  - ii) GHG Programs that are membership-based have transparent program requirements, and a program requirement development process that allows

- participation by non-member parties that have relevant expertise and/or that may be materially affected by the program.
- iii) GHG Program administrators document the participation of parties in the program requirement development process.
  - iv) Records of development activities for program requirements are maintained.
- e) The approved program requirements are publicly available online.

***Principle 2: Balance and Impartiality***

- a) GHG Program administrators and governance bodies that develop and administer program requirements have rules and procedures in place to prevent conflicts of interest.
- b) Program requirements for the GHG Program include (or shall include by two years after the acceptance of the program as an Endorsed Program) a dispute resolution mechanism through which stakeholders may register questions regarding verified and certified projects that may not be in full compliance with the GHG Program requirements. The mechanism shall be designed to ensure a speedy and impartial resolution of substantive issues raised, and shall require the on-line availability of documents summarizing the dispute.

***Principle 3: Environmental Integrity***

**GHG Program requirements ensure real, verifiable, permanent and enforceable GHG emission reductions**

- a) GHG Program requirements have been developed and reviewed, and are periodically updated, through transparent and credible procedures conforming to the principles and criteria contained in this document.
- b) Processes or procedures are available to update GHG Program requirements if material issues are identified, in order to maintain the program's conformance with the principles of real, verifiable, permanent and enforceable GHG emission reductions.
- c) GHG Program requirements specify that project development, verification and certification entities producing emission reductions or allowances shall adhere to all applicable local, state and national laws and regulations.
- d) GHG Program requirements include explicit, transparent and credible:

- i) Procedural and technical standards for the validation, monitoring, and verification of GHG emission reduction projects and GHG emission reductions; and
  - ii) Accounting standards that specify consistent methods for estimating and reporting baseline GHG emissions and emission leakage.
- e) The program must have adopted a valid “crediting period” for qualifying projects, after which time the project must be reassessed for the appropriateness of its baseline scenario and its conformance with program additionality requirements. Crediting periods may be: (1) up to fifteen years; (2) ten years with the option of one renewal; or, (3) seven years with the option of two renewals. Biological carbon sequestration or conservation projects may permit crediting periods of up to fifty years or the lifetime of the project management plan, whichever is shorter. Clear justification must be provided for consideration of crediting period requirements that vary from these guidelines.
- f) The program shall define additionality and use accepted methodologies to determine project additionality and ensure that the project is beyond business-as-usual. These methodologies shall include all tests listed in Table 1.

**TABLE 1: REQUIRED ADDITIONALITY TESTS**

| <b>Test</b>                                    | <b>General Description of the Test</b>  |
|--|---|
| <b>Legal, Regulatory or Institutional Test</b> | The GHG project must reduce GHG emissions below the level required by official policy, regulations, guidance or industry standards. This requirement also applies in the case where official policy, regulations, guidance or industry standards do not specifically address GHG emissions. <sup>2</sup> <i>If the project does not reduce emissions beyond these levels, the assumption is that the only real reason for pursuing the project is compliance; the project or project activities, therefore, are not additional.</i> GHG emission reductions (from projects or parts of projects) that are not credited towards or used for regulatory or legal requirements are eligible under this standard as long as they meet all other requirements of the standard. Projects initiated to meet a regulatory target must demonstrate an emission reduction capacity added beyond that required by law in order to qualify. |
| <b>Timing Test</b>                             | GHG emission reductions will only be eligible for this program if they are from projects that became operational on or after January 1, 2000. <sup>3</sup> <i>The assumption is that any project that became operational before this date was not induced by</i>  |

<sup>2</sup> Any GHG emission reductions derived from renewable energy, renewable energy certificates or energy efficiency that occur due to a local, state, provincial or national law, regulation or other mandate are not eligible even if the local, state, provincial or national law, regulation or other mandate does not require the retirement of GHG emission reductions.

<sup>3</sup> On a case by case basis, projects with operational dates prior to 2000 may meet the timing test if it can be demonstrated with certainty to the Green-e Governance Board that such projects were induced in part by the existence or anticipation of the voluntary carbon market or for the purpose of reducing or displacing GHG emissions.

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|  | <i>the existence of the GHG emission reduction market.</i> Projects that have been operational for five years without selling emission reductions or becoming validated and producing verified and certified emission reductions according to an Endorsed Program’s requirements do not pass the timing test. <sup>4</sup> |
|--|--|

In addition, one or more of the tests listed in Table 2 must be included by the GHG Program:

**TABLE 2: ADDITIONAL ADDITIONALITY TESTS**

| <b>Test</b>   | <b>General Description of Test</b>   |
|---|--|
| <b>Common Practice and Financial Test (both required)</b>   | The GHG project must reduce GHG emissions below levels produced by “common practice” technologies that produce the same products and/or services as the GHG project;<br>AND one of the following: <ul style="list-style-type: none"> <li>the project or project activity must demonstrate that emission reduction funding is essential for the project to move forward; OR,</li> <li>if the project or project activity produces goods or services in addition to the GHG emission reductions, the project is not the least-cost option to produce those goods or services; OR,</li> <li>the project or project activity must demonstrate that it would have a lower than acceptable rate of return without revenue from the sale of GHG emission reductions.</li> </ul> |
| <b>Common Practice and Barriers Test (both required)</b>    | The GHG project must reduce GHG emissions below levels produced by “common practice” technologies that produce the same products and/or services as the GHG project;<br>AND the project or project activity must demonstrate that it faces one of the following: <ul style="list-style-type: none"> <li>significant implementation barriers, such as institutional, organizational, cultural or local resistance to new technologies; OR,</li> <li>a lack of infrastructure or institutional capacity to implement the project or project activity; OR,</li> <li>an irregular or uncertain supply of the resources required to implement the project or project activity.</li> </ul>   |
| <b>Technology Test and Performance Test (both required)</b> | The technology used in the project has been adopted by the GHG Program onto a list of technologies that fall within the top percentile(s) of net GHG emission rates for similar technologies and practices producing the same or similar goods or services, as defined by the GHG Program.   |

- g) Emission Allowance programs must demonstrate that the procedures for the establishment of a legally binding GHG emission reductions cap or target and the creation of emission allowances under the program resulted in the creation of real emission reductions.

<sup>4</sup> Emissions reductions may include renewable energy, renewable energy certificates, or energy efficiency certificates that incorporate GHG reduction benefits.

***Principle 4: Validity of Emission Reductions***

**GHG Programs ensure the validity of GHG emission reductions with respect to the program requirements**

- a) The GHG Program is administered by an independent entity (Program Administrator).
- b) The Program Administrator receives:
  - i) Evaluations of GHG emission reduction projects that assure the project meets project eligibility and other program requirements.
  - ii) Verification reports of GHG emission reductions.
  - iii) The independent entity (Program Administrator) must also either certify the verified GHG emission reductions based on a review and the approval of these verification reports, or require certification of the verified GHG emission reductions from an independent third-party entity as specified in (c) below.
- c) The GHG Program administrator has appropriate guidelines that ensure oversight of and proper qualifications and independence for any third party entities involved in program administration, including in the conduct of verification and certification procedures. These may include accreditation of such entities under:
  - i) international accreditation programs, including the International Standards Organization or the United Nations Framework Convention on Climate Change (UNFCCC);
  - ii) under national, state, or provincial governmental accreditation programs; or,
  - iii) with the approval of the Green-e Board, broadly accepted professional accreditation programs.
- d) The Program requires an initial on-site verification of GHG emission reductions originating from all validated GHG projects except those designated by program requirements as “small scale.” On-site verification must subsequently occur at minimum every five to seven years. Programs not requiring on-site verification of emission reduction projects must provide justification for why on-site verification is not needed. Provisions for the verification and certification of small scale projects must include credible program requirements regarding random sampling and auditing procedures.
- e) The Program Administrators of Regulatory and Voluntary GHG Cap and Trade Emission Allowance Programs receive annual, third party verified reports regarding capped entities’ conformance with the requirements of the cap or target.

***Principle 5: Disclosure and No Double Counting***

**The GHG Program includes measures to require disclosure and prevent double counting**

- a) GHG Program requirements include contractual standards for information disclosure and avoidance of double counting, double claiming, double sales and double issuance of GHG emission reductions, including a system to identify and track the following information for each quantified GHG emission reduction:
  - i) project information, including name, type and other information that allows identification of specific project;
  - ii) project location;
  - iii) year of initiation of project or project activities;
  - iv) date of creation of the quantified GHG emission reduction; and
  - v) clear ownership of reduction, indicated through provisions such as the existence of legal contracts and/or serial registration of GHG emission reductions in an established GHG registry.
- b) Verification, certification and tracking systems are in place to prevent double counting, claims, issuance and sales, and ensure that GHG emission reductions are not registered more than once.
- c) Documentation on GHG emission reduction projects, such as Project Development Documents and Verification Reports, or written synopsis of such documents, are publicly available for review.
- d) GHG Programs permitting projects that reduce indirect GHG emissions shall include clear and enforceable program requirements regarding avoidance of double counting.
- e) If renewable energy, renewable energy certificates or energy efficiency certificates are transferred to, sold to, or retired on behalf of an end-use customer the GHG emission reductions benefits associated with the renewable energy, renewable energy certificates or energy efficiency certificates are considered retired.

## **6.0 Green-e Climate Program Administration**

This standard is considered a dynamic document that may change over time to conform to changes in the GHG emission reduction marketplace and policy changes that impact voluntary GHG emission reductions. For any substantial changes to this Green-e Climate criteria document, the Program commits that:

- ❑ Stakeholders will be solicited in advance of Green-e Governance Board meetings for input on substantive policy change issues; and
- ❑ At least one year of notice (following the date of announcement of Board approval) will be granted to program participants before the substantive changes go into effect, unless a more timely change is necessary to respond to a significant and imminent problem threatening the integrity of voluntary GHG emission reduction markets.

Sellers of Green-e certified products under Green-e Climate may petition Green-e for an exemption from specific changes in the criteria if they can document current contracts or other conditions that prevent them from meeting the change.<sup>5</sup> Changes that are not limiting to sellers of Green-e certified products (i.e. will impose no burden on currently certified products) or that need to be implemented in the short term to accommodate external policy changes may take effect immediately upon Board approval.

Verification procedures for the Program shall ensure that Endorsed Programs and Participating Sellers meet all program requirements as set forth in this document and accompanying Program materials. Verification procedures shall be conducted according to these documents on an annual basis. In addition, the Program Administrator (CRS) will conduct a review of all certified product marketing materials (Marketing Compliance Review) biannually.

## **7.0 Additional Criteria**

### **7.1 Referenced GHG Project Protocols or Standards**

General GHG project protocols or standards or portions thereof are sometimes included by reference within the procedural and technical standards and/or accounting standards of specific GHG Programs. When GHG Programs being considered for Endorsed Program status include such referenced GHG project protocols or standards in their program requirements and procedures, the treatment of those referenced standards shall be left to the discretion of the GHG Subcommittee of the Green-e Board with the following general recommendations.

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<sup>5</sup> Note: This provision applies only to sellers currently selling GHG emission reduction products certified by CRS under this standard and only for a period of one year while a transition to the new criteria is made.

- Where a referenced GHG project protocol or standard that meets the principles and criteria contained in this document provides general procedural guidance that is further clarified by required procedures or methodologies contained in the procedural, technical and/or accounting standards of the applying GHG Program, no further review of the referenced GHG project protocol or standard by the GHG Subcommittee shall be necessary.
- Where a referenced GHG project protocol or standard contains detailed methodological requirements for direct use as the sole procedural, technical and/or accounting requirements of a GHG Program, the program must provide information about how the development of those methodological requirements meets the principles and criteria contained herein if the referenced GHG project protocol or standard and/or program from which the methodologies are drawn has not yet applied to and been endorsed by Green-e Climate.

## 7.2 Project-Specific Criteria

The intent of Green-e Climate is to include in their entirety those GHG Programs that follow procedures to become endorsed and are approved by the Green-e Governance Board. However, if stakeholder comments reveal concerns relating to only a subset(s) of specific project types within an applying GHG Program, these will be relayed to the Green-e GHG Subcommittee. The Subcommittee may in turn recommend for adoption by the Green-e Governance Board only that part of the project-specific criteria that meets the Green-e Principles listed above.

Nuclear power projects or project activities are ineligible under this standard.

GHG emission reductions from hydropower projects or project activities are limited under this standard. The following requirements govern the eligibility of GHG emission reductions from hydropower projects:

In the United States and Canada, only GHG emission reductions from new generation capacity on a non-impoundment or new generation capacity on an existing impoundment that meets one or more of the following conditions are eligible:

- a) the hydropower facility is certified by the Low Impact Hydropower Institute;
- b) the facility is a run-of-the-river hydropower facility with a total rated nameplate capacity equal to or less than 5 MW. Multiple turbines will not be counted separately and cannot add up to more than a 5 MW nameplate capacity; and/or
- c) the hydropower facility consists of a turbine in a pipeline or a turbine in an irrigation canal.

In the United States and Canada, the Green-e Governance Board will consider on a

case-by-case basis GHG emission reductions resulting from new incremental capacity on an existing dam, where the “new” output is equal to or less than 5 megawatts. Green-e will not certify GHG emission reductions from new impoundments of water.<sup>6</sup>

For all other countries, GHG emission reductions from hydropower projects are eligible if the capacity of the project is less than 10 MW.

If a GHG Program permits use of forest-based or other biological carbon sequestration or conservation projects, it shall contain, in addition, explicit, transparent and credible requirements regarding:

- i) prevention of reversibility or non-permanence of GHG emission reductions;
- ii) reporting of any significant changes in biological carbon stocks or emissions;
- iii) direct sampling of biological carbon stocks and verification of emission reductions or increases from changes in biological carbon stocks at appropriate intervals; and
- iv) required use of species that are native to the region in which the project is located, or justification that any non-native species used are superior to native species for generating concrete biodiversity benefits.

## 8. Glossary

**Additionality** – A criterion applied to GHG emission reduction projects stipulating that project-based GHG emission reductions may only be quantified if the project or project activity “would not have happened anyway” – i.e., that the project or project activity (or the same technologies or practices it employs) would not have been implemented in the project baseline scenario and/or that project activity emissions are lower than baseline emissions (See Section 4.0, Principle 3 for specific additionality requirements under this program).

**Baseline Emissions** – An estimate of GHG emissions, removals, or storage associated with a baseline scenario or derived using a performance standard.

**Baseline Scenario** – A hypothetical description of what would most likely have occurred in the absence of any considerations about climate change.

**Biological Carbon Sequestration** – The uptake and storage of CO<sub>2</sub> by plants or other organisms.

**Biological Carbon Stocks** – The carbon contained in identified forest biomass categories, such as above and below ground biomass, at a specific point in time.

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<sup>6</sup> In the hydropower requirements for projects or project activities in the United States and Canada, the term “new” refers to projects or project activities that meet the Timing Test as described in Principle 3, Table 1.

**Business-as-Usual** – A practice typically implemented by a given sector or industry, most frequently because it is the most cost effective option available to produce the service or good or to dispose of related waste products.

**Carbon Dioxide Equivalent (CO<sub>2</sub>e)** – The universal unit of measurement used to indicate the global warming potential of GHGs. Used to evaluate the impacts of releasing (or avoiding the release of) different GHGs. Conversion factors for CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, PFCs and HFCs must be based on Intergovernmental Panel on Climate Change reports.

**Certify** – (1) The review and approval of a verification report quantifying the number of verified GHG emission reductions that have been produced from an eligible GHG emission reduction project validated as meeting the project eligibility and other program requirements of an Endorsed GHG Project Certification Program. (2) The process of the review of a verification report and subsequent approval under Green-e Climate that a GHG emission reduction product offered by a Participating GHG seller meets all program requirements as specified in this and related Green-e Climate documents.

**Common Practice** – The predominant technology(ies) implemented or practice(s) undertaken in a particular region or sector.

**Conflict of Interest** – When a member of a governance body participates in a decision made by the body in which s/he, or the organization that s/he represents, has a material interest.

**Conservation Project** – A project that involves specific actions that prevent the imminent conversion of native forest to a non-forest use, i.e., residential or commercial development, grazing or agriculture.

**Credible** – Worthy of belief or confidence from a technical and procedural perspective; trustworthy.

**Crediting Period** – The time period over which baseline emission estimates, derived from a baseline scenario or performance standard, are considered valid for the purpose of quantifying GHG emission reductions. Once the crediting period for the baseline scenario expires, either no further GHG emission reductions are recognized for the project or project activity, or a new (revised) baseline scenario or performance standard must be identified.

**Double Claiming** – A situation prohibited under Green-e Climate in which more than one end-user claims the same GHG emission reduction benefits.

**Double Counting** – A situation prohibited under Green-e Climate in which the same GHG emission reduction is counted more than once in any of the following: a GHG registry, towards a regulatory or voluntary emission reduction target, by an end user.

**Double Sale** – A situation prohibited under Green-e Climate in which the same GHG emission reduction is sold to more than one party, resulting in a situation of double claiming or double counting.

**Double Issuance** – A situation prohibited under Green-e Climate in which GHG emission reductions are issued at source, or along a transaction chain, more than once.

**Eligible GHG Project Certification Programs** – A GHG Project Certification Program identified by the Green-e Governance Board as meeting the requirements set forth in this and related documents under Green-e Climate. Termed “Endorsed GHG Project Certification Program” once the program has been endorsed by Green-e Climate via the completion of a memorandum of understanding with CRS.

**Endorsed GHG Project Certification Program** – A GHG Project Certification Program that has been approved by the Green-e Board to participate in Green-e Climate and has contractual agreements in place with Green-e Program Administrators (CRS).

**Enforceable** – One of five requirements for eligible GHG emission reductions under this program. Entails that GHG emission reductions must be backed by contracts or legal instruments that define their creation and ensure exclusive ownership.

**Emission Allowance** – Also GHG Emission Allowance. A legal documentation of the right to emit a specific quantity of GHGs under a GHG Cap and Trade program. Sale or transfer of this right to the voluntary GHG market eliminates the right to emit the quantified amount within the designated Cap and Trade Program (see Regulatory GHG Cap and Trade Program and Voluntary GHG Cap and Trade Program).

**Emission Allowance Program** – The provisions of a GHG Cap and Trade Program governing all aspects of the determination of GHG emission limits, distribution of emission allowances, and oversight of the implementation of program requirements (see Regulatory GHG Cap and Trade Emission Allowance Program and Voluntary GHG Cap and Trade Emission Allowance Program).

**Governance Bodies** – Formally established boards or committees responsible for providing administrative oversight to GHG Project Certification and Emission Allowance Programs, including oversight of program administrators and/or secretariats.

**Green-e GHG Subcommittee** – A subcommittee of the Green-e Governance Board with primarily responsibility for the independent oversight of Green-e Climate. Reviews written materials from GHG Programs wishing to become endorsed by Green-e Climate and stakeholder comments on those materials. Issues recommendations regarding the materials to the Green-e Governance Board. Reviews stakeholder comments on proposed revisions to Green-e Climate and provides input on such revisions to the Green-e Governance Board.

**Green-e Governance Board** – An independent body with primary responsibility for the oversight of all Green-e Programs.

**Greenhouse Gas (GHG)** – Gases that trap heat in the atmosphere and are emitted through natural processes and human activities. Green-e Climate addresses GHG emission reductions that originate from the six principal GHGs included in the Kyoto Protocol, namely carbon dioxide, nitrous oxide, methane, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride (CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFCs, PFCs and SF<sub>6</sub>).

**GHG Emission Reduction** – Reductions, removals or the permanent storage of GHGs produced by: (1) projects or project activities that have been validated, verified and certified according to the program requirements of an Endorsed GHG Program; or, (2) the retirement of GHG emission allowances from an Endorsed Emission Allowance Program. GHG emission reductions must originate from projects or parts of projects, or from emission allowances, that meet the principles and criteria contained in this document. They must meet the requirement of real, verifiable, permanent and enforceable. They may not be claimed or registered by more than one end-user. Measured in metric tons of carbon dioxide equivalent.

**GHG Emission Reduction Product** – A product comprised of quantified GHG emission reductions. GHG emission reductions contained in a GHG Emission Reduction Product may originate from one or more types of GHG emission reductions or GHG reduction projects, and must represent GHG emission reductions that are not claimed or counted by any other entity. A GHG emission reduction product may be used by an end-use consumer to claim GHG emission reductions in an amount equivalent to the product's stated GHG emission reduction value. Quantified in metric tons of carbon dioxide equivalent.

**GHG Project Certification Program** – A program composed of program requirements, a program administrator and related governance entities that provides oversight for the production, verification and certification of GHG emission reductions according to: (1) **procedural and technical standards** for the validation, monitoring, and verification of GHG emission reduction projects; (2) **contractual standards** for information disclosure and avoidance of double-issuance and double-counting of GHG emission reductions; and (3), **accounting standards** that specify consistent methods for estimating baseline emissions, accounting for emission leakage, and establishing project additionality. Such programs are termed an “Endorsed GHG Project Certification Program” once such a program has entered into a memorandum of understanding with CRS.

**GHG Registry** – An organization that develops and manages a common GHG emissions reporting system for its members. Members report their GHG emissions by following accounting protocols and verification procedures developed by the GHG registry. Participation in a GHG Registry is voluntary. Examples include: The California Climate

Action Registry (CCAR), The Climate Registry (national) and the Environmental Protection Agency Climate Leaders Program.

**Independent** – Independent entails an absence of a financial interest in entities directly involved in the production of GHG emission reductions. A requirement for entities engaged in the development, verification and certification of GHG emission reductions, as well as the administration of GHG Program requirements.

**Indirect GHG Emissions** – GHG emission reductions that are a consequence of a project activity, but occur at a location outside the project boundary.

**Leakage** – An indirect and/or unanticipated decrease or increase in GHG emission reductions from a project outside of the project’s accounting boundary as a result of the project.

**On-site Verification** – An independent, third party assessment that a GHG project has been implemented as planned, that monitoring systems and procedures are in place and in compliance with those described in the project monitoring plan, and that the project provides GHG emission reduction and other benefits in accordance with its design.

**Participating GHG Sellers** – GHG Sellers that seek and earn certification under Green-e Climate of GHG emission reduction products that they transfer or retire through sales to customers. Participating GHG Sellers must adhere to disclosure, contractual and marketing requirements contained in Green-e Climate documents.

**Permanent** – One of five requirements for GHG emission reductions under this program. Entails that GHG emission reductions must last in perpetuity, i.e., are not reversed, and that guarantees exist to ensure this.

**Project Development Documents** – Documents or document summaries addressing a GHG emission reduction project, usually prepared during the development phase of the project, that report basic project information such as project type, location, baseline scenarios, requirements for the demonstration of additionality, accounting methodologies, monitoring plans and/or other information relevant to the production of GHG emission reductions from the project.

**Real** – A requirement for GHG emission reductions under this program. Entails that quantified GHG emission reductions represent actual emission reductions and are not artifacts of incomplete or technically flawed accounting. In the case of project- based GHG emission reductions, “real” emission reductions must meet the additionality criteria contained in this document.

**Referenced GHG Project Protocol or Standard** – A document outlining concepts, procedures and/or methodologies for the identification of GHG emission reduction projects and the creation of GHG emission reductions.

**Regulatory GHG Cap and Trade Emission Allowance Program** – An administrative approach used to control GHG emissions whereby a central authority – either a government agency or group of government agencies -- sets a limit or cap on the amount of GHGs that can be emitted within a defined geographic boundary. Such programs include the allocation to entities of emission allowances that represent the right to emit a specific quantity of GHGs. Entities may trade emission allowances.

**Regulatory GHG Project Certification Program** - A GHG Project Certification program that is governed and developed by governmental or intergovernmental bodies.

**Renewable Energy Certificate (REC)** – The property rights to the environmental benefits from generating electricity from renewable energy sources. These certificates may be sold and traded and the owner of the REC can legally claim to have purchased renewable energy. RECs incentivize carbon-neutral renewable energy by providing a source of revenue to electricity generated from renewable sources. A renewable energy provider is credited with one REC for every 1,000 kWh of electricity it produces.

**Small Scale Project** – A project producing less than 20,000 metric tons CO<sub>2</sub>e emission reductions per year.

**Third Party Independent Verification** – A requirement of this program for: (1) the verification of quantified GHG emission reduction benefits emerging from a GHG project validated according to the project eligibility and program requirements of an Endorsed GHG Project Certification Program; and (2) the review and approval of contractual arrangements and adherence to program requirements for all GHG emission reduction products certified under Green-e Climate. Verification must be conducted by an entity that is independent from any of the entities that developed, certify or sell the verified emission reductions, or that administer the Endorsed GHG Project Certification Program requirements.

**Validate/Validation** – The assessment and approval of documents describing a project's conformance with project eligibility requirements of a Participating GHG Project Certification Program, including, as applicable, information on project design, the baseline scenarios, the demonstration of additionality, and an appropriate monitoring plan. Validation of a project or project activity typically occurs prior to the verification of emission reductions.

**Verifiable** – This is a requirement for GHG emission reductions under this program. Entails that GHG emission reductions must result from projects whose performance can be readily monitored and verified.

**Verify/Verification** – (1) The review and approval of a specified quantity of GHG emission reductions as originating from a project validated according to the program requirements of a Participating GHG Project Certification Program. The process assures

that a given project meets all program requirements for the production of GHG emission reductions of a Participating GHG Project Certification Program. Includes the production of a verification report and may include on-site project inspections. (2) The review and approval that products certified under Green-e Climate meet the program requirements. Verification will take place on an annual basis. (3) In the case of Emission Allowance programs, refers to the review of reports regarding capped entities' conformance with the requirements of the cap or target.

**Verified GHG Reduction** – A GHG emission reduction that has been verified by an independent third party entity as produced under conditions meeting the program requirements of a Participating GHG Project Certification Program.

**Verification Report** – A report prepared by an independent third party entity, pursuant to a verification, which reports the findings of the verification process, including the quantity of GHG emission reductions that have been found to have been generated.

**Voluntary GHG Cap and Trade Emission Allowance Program** - A GHG reporting and trading system within which entities make a legally binding commitment to meet certain GHG emission reduction targets. Such a system may include the allocation to entities of emission allowances that represent the right to emit a specific quantity of GHGs. Entities may trade emission allowances.

**Voluntary GHG Project Certification Program** – A GHG Project Certification program in which participation is voluntary.