



GREEN-E CLIMATE ENDORSEMENT OF GHG PROJECT CERTIFICATION PROGRAMS
Electronic Comment Form

GHG Project Certification Program: Voluntary Carbon Standard
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Comments

TerraPass supports the inclusion of the Voluntary Carbon Standard 2007 in the Green-e Climate Standard's Partner Programs. We have not found any aspects of the VCS which are inconsistent or in violation of the Green-e Climate Standard.

Our limited comments below reflect difficulties in interpreting the interplay between the two standards (VCS and Green-e Climate) with regard to the Timing Test. On this point, we request an interpretation by the Green-e Board.

1. Comments addressing VCS conformance with Green-e Climate Standard (please cite section of standard and the specific procedure/requirements in the endorsed program):

We are uncertain how to interpret apply the different Timing Tests in the Green-e Standard and in the VCS 2007.

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The VCS 2007 Timing Test (VCS Section 5.2.1, Project Start Date) states:

The project start date for the VCS 2007 shall not commence before 1 January 2002.

Projects shall not be validated against the VCS 2007 before 19 November 2007.

The VCS 2007 validations shall be completed within two years of the project start date, or within 1 year of 19 November 2007, whichever is later.

Taken together, we interpret these requirements as follows:

- 1) Projects with start dates between Jan. 1, 2002 and November 19, 2006 must be validated between November 19, 2007 and November 18, 2008.
- 2) Projects with start dates after November 19, 2006 must be validated within two years of the project start date.

By comparison, the Green-e Climate Standard's Timing Test Specifies:

*GHG reductions will only be eligible for this program if they are from projects that became operational on or after January 1, 2000. The assumption is that any project that became operational before this date was not induced by the existence of the GHG reduction market. **Projects that have been operational for five years without selling emission reductions or becoming validated and producing verified and certified emission reductions according to a Partner Program's requirements do not pass the timing test** (coloring added).*

We interpret the red-colored text to mean that within five years of their online date, projects with must either (1) sell emission reductions created in any manner and with any public or private standard; or (2) become validated according to a Partner Program and produce certified reductions, even if those certified reductions have not been sold.

As we interpret these two tests together, it is first apparent that the second Green-e eligibility opportunity – to become eligible by validating a project under a Partner Program standard – cannot be achieved by Voluntary Carbon Standard projects with start dates during 2002 and much of 2003, since VCS 2007 Validations could not be achieved within the 5-year timeframe (since the program was so recently launched). Therefore, it appears that to be eligible under Green-e Climate, VCS projects with 02-03 online dates must have sold credits under some other standard or means, within 5 years of their online date.

Is this a correct interpretation? We are aware of projects with online dates in this timeframe which otherwise appear to meet all requirements of Green-e Climate and the

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VCS, including financial additionality *and* showing a clear intent to sell carbon credits by obtaining verified emission reductions under other standards, but which did not actually sell those credits within the timeframe.

As we engage with project owners, it is apparent that the carbon trading market is, even now, quite new and somewhat confusing – especially to project owners acting without “professional project developers” tasked with obtaining carbon credit revenue streams. Some project owners we’ve spoken with have been uncertain as to the best means of obtaining value for their credits, and as such have hesitated to sell them. The widely varying prices for carbon credits over the past year have increased their discomfort. We are uncertain whether the sale of such credits is a critical factor, or whether verifying and registering them at a time when no Partner Programs were available, is sufficient (we note that sale of Partner Program credits is not required within any timeframe to qualify).

In sum, we seek clarification on the Green-e Climate eligibility of VCS projects with online dates in 2002 and early 2003; are they excluded if they meet all criteria of both standards, including registered carbon credits (for example under the Chicago Climate Exchange), if they did not sell those credits within five years of the online date?

2. Other Comments:

We appreciate the opportunity to comment on eligible Partner Programs and look forward to the final list.