



Climate

The Green-e Climate Standard Version 2.1

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1. 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 the Program is to reduce greenhouse gas (GHG) emissions by providing a credible consumer protection program for GHG emissions reductions sold in the voluntary GHG emissions reduction market. The Program will offer to certify GHG emissions reduction (offset) products that commit to follow the principles and requirements detailed in this Standard and the Green-e Climate Code of Conduct. Accordingly, purchasers of Green-e Climate Certified offset products (Certified Products) have a quality assurance that the GHG emissions 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 offset products under the Program commit to sourcing GHG emissions 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 endorsed by the Program as eligible sources of GHG emissions reductions (Endorsed Programs).

2. Governance

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

3. 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 (Green-e Climate Annual Verification Audit), and review by the Program Administrator of product disclosures and marketing materials to ensure that customers are informed of the project types, location, vintage and verification methodologies used to supply Seller's certified sales (Green-e Climate Marketing Compliance Review). The intent of these procedures is to verify that participating Sellers fully supply their customers with eligible GHG emissions reductions and that the sources of supply are consistent with product disclosures made to customers. A full list of ethical guidelines, certification categories, and disclosure and verification requirements that apply to Sellers of Green-e Climate Certified Products is contained in the Green-e Climate Code of Conduct.

4. Eligible Sources of GHG Emissions Reductions

GHG emissions reductions eligible to be included in the Program must be real, verifiable, permanent, and enforceable, and must not be counted towards any GHG emissions 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 GHG regulatory structure or cap-and-trade program.

Only GHG emissions 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.

5. 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 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 emissions reduction projects; (2) **contractual standards** for information disclosure and avoidance of double issuance and double sales of GHG emissions reductions; (3) **accounting standards** that specify consistent methods for quantifying baseline emissions and GHG reductions, and accounting for emissions leakage; and (4) **eligibility criteria** establishing project additionality and permanence.

Written materials demonstrating conformance with this Standard must be submitted for all GHG Programs seeking endorsement. 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(h) (Section 5.1.c[h]) and Principle 4(f) (Section 5.1.d[f]).
- **Voluntary GHG Cap-and-Trade Emission Allowance Programs** – Written materials must demonstrate conformance with all principles and criteria listed below, *except* Principle 3(e-h) (Section 5.1.c[e-h]), Principle 4(b) (Section 5.1.d[b]), Principle 4(d-e) (Section 5.1.d[d-e]), and Principle 5(a) (Section 5.1.e[a]).
- **Regulatory GHG Project Certification Programs** – Written materials must demonstrate conformance with all principles and criteria listed below:
 - i. Principle 1(a,e) (Sections 5.1.a[a,e])
 - ii. Principle 3(d-g) (Sections 5.1.c[d-g])
 - iii. Principle 4(c) (Sections 5.1.d[c])
 - iv. Principle 5(a-c,e) (Sections 5.1.e[a-c,e])

- **Regulatory GHG Cap-and-Trade Emission Allowance Programs** – Written materials must demonstrate conformance with all principles and criteria listed below:
 - i. Principle 1(a,e) (Sections 5.1.a[a,e])
 - ii. Principle 3(d,h) (Sections 5.1.c[d,h])
 - iii. Principle 4(c,f) (Sections 5.1.d[c,f])
 - iv. Principle 5(b,e) (Sections 5.1.e[b,e])

5.1 Principles

5.1.a 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) There is a documented process for 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.

5.1.b *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 safeguard impartiality and 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 online availability of documents summarizing the dispute.

5.1.c *Principle 3: Environmental Integrity of GHG Emissions Reductions*

GHG Program requirements ensure real, verified, permanent and enforceable GHG emissions 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, verified, permanent and enforceable GHG emissions reductions.
- c) GHG Program requirements specify that project development, verification and certification entities producing emissions 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 emissions reduction projects and GHG emissions reductions; and
 - ii) Accounting standards that specify consistent methods for quantifying and reporting baseline GHG emissions, project GHG emissions, GHG emissions reductions, and emission leakage.
- e) The GHG Program shall not issue credits for GHG emissions reductions which have not been verified in accordance with program requirements and Section 5.1.d of this Standard.¹

¹ In certain cases, certain projects, such as ozone depleting substances (ODS) destruction and composting activities, may receive immediate crediting of future avoided emissions, where the project immediately and permanently avoids future streams of GHG emissions as a result of an upfront intervention. Credits shall be issued only after such an intervention has occurred and the GHG emission reductions have been verified. Credits issued for future avoided emissions should be limited to emissions avoided over a defined time period based on conservative estimations of the time period over which emissions are avoided.

- f) The GHG 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 and other requirements. Crediting periods for non-sequestration projects may be: (1) up to 15 years for each period; and (2) renewed, with the total crediting period not to exceed 30 years. The total crediting period for sequestration projects may be up to 100 years, but must not be shorter than 20 years. Clear and sufficient justification must be provided for consideration of crediting period requirements that vary from these guidelines.
- g) The GHG Program shall define additionality and use applicable program rules and accepted methodologies to determine project additionality and ensure that the project is beyond business-as-usual. These methodologies and applicable program rules shall include:
- All tests listed in Table 1, AND
 - The Common Practice test AND the Financial/Investment test in Table 2, OR
 - The Common Practice test AND the Barriers test in Table 2, OR
 - One or more of the tests listed in Table 3.

Table 1: Project-independent Additionality Tests

Test	Test Description
Legal, Regulatory or Institutional Test	The GHG project must reduce GHG emissions below the level required by official policy, regulations, guidance, legal mandate, or industry standards. This requirement also applies in the case where official policy, regulations, guidance, legal mandate, or industry standards do not specifically address GHG emissions. ² GHG emissions 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 emissions reduction capacity added beyond that required by law in order to qualify.
Timing Test	GHG emissions reductions will only be eligible for this Program if they are from projects that became operational on or after January 1, 2000. ³ Projects that have been operational for five years without becoming validated or producing verified emissions reductions according to an Endorsed Program's requirements do not pass the timing test.

² Any GHG emissions 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 emissions reductions.

³ 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.

Table 2: Project-based/Project-specific Additionality Tests

Test	Test Description
Common Practice	The GHG project must not be “common practice” in the sector or region, compared with activities that produce the same products and/or services and that have received no carbon finance, and the project activity has not already diffused in the relevant sector and region and/or essential distinctions exist between the project and similar activities that have diffused in the relevant sector and region. ⁴
Financial or Investment Analysis	The GHG project activity must be economically or financially infeasible or unattractive without carbon revenue, and/or capital or investment return constraints exist that can be overcome with carbon revenue. ⁵
Barriers	The GHG project faces technology-related, institutional, organizational, cultural or social barriers that prevent its implementation and not the implementation of at least one project alternative, and which would be alleviated by carbon revenue or credit issuance by the GHG Program. ⁶

Table 3: Standardized or Performance Standard Additionality Tests

Test	Test Description
Performance or Emissions Benchmark or Threshold	A threshold/benchmark level or rate of GHG emissions or removals is set based on a level of performance that is significantly better than average for the industry or sector, and projects that have lower emissions or rates or higher removals than the threshold are considered additional.
Activity-, Practice-, or Technology-based	A specific practice, measure, technology, or condition, or a positive list of these, which are rarely or never implemented in the absence of a carbon offset market, are identified based on analyses of the market or sector, and projects employing a qualifying technology or practice are automatically considered additional.

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

5.1.d Principle 4: Validity and Verification of Emissions Reductions

GHG Program requirements ensure the validity of projects and proper verification of GHG emissions reductions.

- a) The GHG Program is administered by an independent entity (Program Administrator).
- b) The Program Administrator receives:

⁴ See CDM Tool01, Methodological tool: Tool for the demonstration and assessment of additionality, Version 07.0.0. Available online at: <http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-01-v7.0.0.pdf>.

⁵ *Ibid.*

⁶ *Ibid.*

- i) Evaluations of GHG emissions reduction projects that demonstrate the ways in which a given project meets project eligibility and other program requirements.
 - ii) Verification reports of GHG emissions reductions or removals at the project, prepared by an entity or entities that are independent of the project, and which meet the qualification guidelines of the GHG Program as specified in (c) below.
- c) The Program Administrator has appropriate guidelines that ensure oversight of and proper qualifications and impartiality for any third party entities involved in program administration, including in the execution of validation, 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) national, state, or provincial governmental accreditation programs; or,
 - iii) with the approval of the Green-e Board, broadly accepted professional accreditation programs.
- d) GHG Program shall include requirements for project monitoring and specifying the period of time for which GHG reductions/removals are verified (verification period) that are appropriate to project type, if appropriate and as needed to prevent and monitor projects for reversals, together with other mechanisms to ensure permanence. The GHG Program requires an initial on-site verification of GHG emissions reductions originating from all validated GHG projects, with subsequent on-site verification visits occurring at appropriate intervals throughout the crediting period based on project type. Programs not requiring on-site verification of emissions reduction projects must provide sufficient justification for why on-site verification is not needed.
- e) GHG Program may have separate and different provisions for the verification and certification of “small scale” projects. Where this is the case, these provisions must include credible program requirements regarding random sampling and auditing procedures.
- f) The Program Administrator 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.

5.1.e Principle 5: Disclosure and Avoidance of Double Sales and Double Issuance

The GHG Program includes measures to require disclosure and prevent double sales and double issuance.

- a) GHG Program requirements include contractual standards for information disclosure and avoidance of double sales and double issuance of GHG emissions reductions, including a system to identify and track the following information for each quantified GHG emissions 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 emissions reduction; and
 - v) clear ownership of reduction, indicated through provisions such as the existence of legal contracts and/or serial registration of GHG emissions reductions in an established GHG registry.
- b) Verification, certification and tracking systems are in place to prevent double issuance and double sales, and to ensure that projects and GHG emissions reductions are not registered more than once, including simultaneously in other GHG Programs.
 - c) Documentation on GHG emissions 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 issuance and double sales.
 - e) GHG Programs permitting renewable energy and/or energy efficiency projects in an area with a separate, active market for renewable energy or energy efficiency certificates (or similar commodities) (e.g. the U.S. or Canada) shall include program requirements which ensure that any renewable energy certificates or energy efficiency certificates associated with the renewable energy generation or energy efficiency being credited are fully and properly retired. If renewable energy, renewable energy certificates or energy efficiency certificates are transferred to or retired on behalf of an end-use customer to substantiate a GHG emissions reduction claim, the certificates must be fully and properly retired.

6. Project-specific Criteria

It is the intent of Green-e Climate to include in their entirety those GHG Programs that follow procedures to become endorsed and are approved by the Green-e Governance Board. However, where stakeholder comments reveal concerns relating to the eligibility of only a subset(s) of specific project types or protocols within a GHG Program, these will be relayed to the Green-e GHG Subcommittee and to the Board, whereupon the Board may choose to make only certain project protocols or project types under an Endorsed Protocol eligible, or to exclude certain protocols or project types from eligibility.

Additionally, this Standard enforces the following project-specific criteria:

6.1 Nuclear Power Projects

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

6.2 Hydropower Projects

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

- a) In the United States or Canada, only GHG emissions 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 is eligible:
 - i. The hydropower facility is certified by the Low Impact Hydropower Institute (LIHI);
 - ii. For Canadian hydropower facilities only, the facility is EcoLogo[®] certified; or
 - iii. The hydropower facility consists of a turbine in a pipeline or a turbine in an irrigation canal.

For facilities falling under i. or ii. above, only output generated during the period of LIHI certification or EcoLogo certification is eligible for Green-e Climate Certified sale.

- b) In the United States and Canada, the Green-e Governance Board will consider on a case-by-case basis GHG emissions reductions resulting from new incremental capacity on an existing dam, where the “new” output is equal to or less than 5 MW. The Program will not certify products sourcing GHG emissions reductions from new impoundments of water.⁷
- c) In countries other than the United States and Canada, GHG emissions reductions from hydropower projects are eligible if the capacity of the project is less than 10 MW.
- d) In countries other than the United States and Canada, for a “grouped” project, consisting of more than one instance of the project activity at multiple locations within a defined geographic boundary, which is certified as a group or program of activities under an Endorsed Program, the total capacity of the grouped project may exceed the 10 MW capacity limit given in Section 6.2.c above; however, no single instance of the project within the group shall exceed the applicable capacity limit.

6.3 Biomass Power Projects

For biomass power projects that utilize solid or liquid biomass, the GHG program must account for life-cycle impacts and secondary emissions associated with the biomass.

⁷ 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 Section 5.1.c (Principle 3), Table 1.

6.4 Forest, Agriculture, Land-use or Other Biological Carbon Sequestration or Conservation Projects

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:

- a) prevention of reversibility or non-permanence of GHG emissions reductions;
- b) reporting of any significant changes in biological carbon stocks or emissions; and
- c) direct sampling of biological carbon stocks and verification of emissions reductions or increases from changes in biological carbon stocks at appropriate intervals.

For forestry projects, a GHG Program shall additionally contain requirements regarding:

- d) required use of species that are native to the region in which the project is located, or justification regarding circumstances under which use of non-native species may be considered superior and does not significantly impact local biodiversity benefits.

6.5 Industrial Gas Destruction Projects

HFC-23 destruction projects are ineligible under this Standard.

7. Administration

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 Board with the following general recommendations.

- a) 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.
- b) 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, information about how the development of those methodological requirements meets the principles and criteria contained herein must be provided 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 Changes and Revisions to Endorsed Programs

Stakeholder consultation and Board endorsement is necessary for eligibility in the following cases:

- a) New⁸ project types⁹ are adopted/added under an existing Endorsed Program

In the following cases, to determine eligibility, staff will notify the Board of an update or change to an Endorsed Program, and the Board will determine if the change affects criteria in the Standard:

- b) Updates or changes to an Endorsed Program's requirements, rules, or governing documents
In this case, if the Board decides in the affirmative, stakeholder consultation and explicit Board endorsement of the updated Program is necessary. If it decides in the negative, the Board may make an endorsement without stakeholder consultation, or take no action and the current endorsement will stand.
- c) New versions of or new project methodologies under eligible project types, or new versions of project protocols under eligible project types
In this case, if the Board decides in the affirmative, it may choose to recommend public stakeholder consultation and explicit Board endorsement. If it decides in the negative, the Board may take no action, and the changed protocol/methodology or new methodology is eligible.

Unless otherwise specified, endorsements affect the version of the standard current at the time of endorsement and later.

7.3 Changes and Revisions to this Standard

This Standard is considered a dynamic document that may change over time to conform to changes in the GHG emissions reduction marketplace and policy changes that impact voluntary GHG emissions reductions. For any substantial changes to this Standard, the Program commits that:

- a) Stakeholders will be solicited in advance of Green-e Governance Board meetings for input on substantive policy change issues; and
- b) 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 emissions reduction markets.

⁸ "New" in this case means not previously assessed for eligibility by the Board.

⁹ A "project type" can include one or more project protocols or project methodologies.

Sellers of Green-e Climate Certified Products 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.¹⁰ Changes that are not limiting to Sellers of Green-e Climate 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.

8. Glossary

Additionality – A criterion applied to GHG emissions reduction projects stipulating that project-based GHG emissions 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 (See Section 5.1.c(g) for specific additionality requirements under this Standard).

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 CO₂ 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.

Business-as-Usual – A practice typically implemented by a given sector or industry, most frequently because it is the most cost-effective option available.

Carbon Dioxide Equivalent (CO₂e) – 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 CH₄, N₂O, SF₆, 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 emissions reductions that have been produced from an eligible GHG emissions 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 emissions 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.

¹⁰ This provision applies only to Sellers currently selling Certified Products and only for a period of one year while a transition to the new criteria is made.

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 emissions reductions. Once the crediting period for the baseline scenario expires, either no further GHG emissions 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 emissions reduction benefits.

Double Counting – A situation prohibited under Green-e Climate, inclusive of double selling, double issuance, and double claiming, in which the same GHG emissions reduction is counted more than once in a GHG registry, towards a regulatory or voluntary emissions reduction target, or by an end user.

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

Double Issuance – A situation prohibited under Green-e Climate in which GHG emissions reductions are issued at source, or along a transaction chain, more than once, or in which a singular GHG emission reduction or removal is monetized once as a GHG credit and a second time as a GHG allowance.

Endorsed GHG Project Certification Program (Endorsed Program) – A GHG Project Certification Program identified by the Green-e Governance Board as meeting the requirements set forth in this and related documents, and which has been endorsed by the Board as an eligible source of supply under the Green-e Climate Program.

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

Emission Allowance – Also Emission Permit. 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 Emission Allowance Program and Voluntary GHG Cap-and-trade Emission Allowance 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. Inter alia, the Subcommittee reviews written materials submitted for GHG Programs seeking endorsement by Green-e Climate and stakeholder comments on those materials, issues

recommendations regarding these materials to the Green-e Governance Board, reviews stakeholder comments on proposed revisions to Green-e Climate or its standards or program documents, 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 emissions reductions that originate from any gas that has been determined by the Intergovernmental Panel on Climate Change (IPCC) to have an anthropogenic radiative forcing effect on the atmosphere, including but not necessarily limited to the six principal GHGs included in the Kyoto Protocol: carbon dioxide, nitrous oxide, methane, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride (CO₂, N₂O, CH₄, HFCs, PFCs and SF₆).

GHG Emissions Reduction – A reduction, removal 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 one or more GHG emission allowance from an Endorsed Emission Allowance Program. GHG emissions reductions must originate from projects, or from emission allowances, that meet the principles and criteria contained in this document. They must meet the requirements of real, verifiable, permanent and enforceable. They may not be issued or sold to more than one end-user. They must be measured in units of carbon dioxide equivalent.

GHG Emissions Reduction Product (Offset Product, Offset) – A product comprised of quantified GHG emissions reductions. GHG emissions reductions contained in a GHG Emissions Reduction Product may originate from one or more types of GHG emissions reductions or GHG reduction projects, and must represent GHG emissions reductions that are not claimed or counted by any other entity. A GHG emissions reduction product may be used by an end-use consumer to claim GHG emissions reductions in an amount equivalent to the product's stated GHG emissions reduction value. GHG emissions reduction products are quantified in units 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 emissions reductions according to: (1) procedural and technical standards for the validation, monitoring, and verification of GHG emissions reduction projects; (2) contractual standards for information disclosure and avoidance of double issuance and double counting of GHG emissions reductions; (3) accounting standards that specify consistent methods for quantifying baseline emissions and GHG reductions, and accounting for emissions leakage; and (4) eligibility criteria including project additionality and permanence (see “Endorsed GHG Project Certification Program”).

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.

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

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

Leakage – An indirect and/or unanticipated change in GHG emissions reductions occurring 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 produces net GHG emissions reductions or removals, as well as other benefits, in accordance with its design.

Participating GHG Sellers – GHG Sellers that seek and earn certification under Green-e Climate of GHG emissions reduction products. Participating GHG Sellers must adhere to disclosure, contractual and marketing requirements contained in Green-e Climate Code of Conduct and other program documents.

Permanence – A requirement for GHG emissions reductions under this program. Entails that GHG emissions reductions must last in perpetuity, i.e., are not reversed, and that guarantees exist to ensure this.

Project Development Documents – Documents addressing a GHG emissions reduction 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 emissions reductions or removals from the project.

Real – A requirement for GHG emissions reductions under this program. Entails that quantified GHG emissions reductions represent actual emissions reductions and are not artifacts of incomplete or technically flawed accounting. In the case of project-based GHG emissions reductions, “real” emissions 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 emissions reduction projects and the creation of GHG emissions 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 and/or sectoral boundary. Such programs include the allocation to entities of tradable emission allowances or permits that represent the right to emit a specific quantity of GHGs.

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 or attributes associated with generating electricity from renewable energy sources. These certificates may be sold and traded, and allow the owner to legally claim to have purchased renewable energy. RECs incentivize 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 megawatt-hour of electricity it produces.

Third-party Independent Verification – A requirement of this program for: (1) the verification of quantified GHG emissions 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 emissions 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 emissions reductions, or that administer the Endorsed GHG Project Certification Program requirements.

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 emissions reductions.

Verified – A requirement for GHG emissions reductions under this program; entails that it has been demonstrated that GHG emissions reductions have been produced from a project.

Verification – (1) The review and approval of a specified quantity of GHG emissions 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 emissions 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.

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 emissions 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 emissions 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.