

Project Procurement Standard

Version: June 2008

This document presents the procurement standard for all carbon offsetting projects under the myclimate label. It provides a summary of all applicable standards and templates.

For more information contact:
Thomas Finsterwald, Carbon offset manager
thomas.finsterwald@myclimate.org
Tel: +41 (0)44 500 4350.

1. Eligible projects

myclimate generally accepts projects that fall into categories that are defined in the CDM Gold Standard Annex 7, this includes;

- **Renewable Energy** - (Photovoltaics, Solar Thermal electricity and heat, Ecologically sound biomass, biogas and liquid biofuels, wind, Geothermal, Small low impact hydro with size limit of 15 MW) and
- **End use energy efficiency improvements** (industrial energy efficiency, domestic energy efficiency, efficiency in the transport sector, efficiency in the public sector, efficiency in the agricultural sector and efficiency in the commercial sector).

Projects reducing methane emissions are accepted only if they significantly contribute to sustainable development or if the captured methane is energetically used. Carbon sink measures such as afforestation / reforestation and projects reducing greenhouse gases other than CO₂ and methane are not accepted.

Projects shall be pursuing registration under

- the Kyoto Protocol's Clean Development Mechanism. preferably including an additional registration under the Gold Standard (see Section 1.a.) or
- the Gold Standard in case of VER projects (see Section 1.b.)

1.a. Projects registered under the Kyoto Mechanisms

myclimate accepts CDM / JI projects which must conform to the guidance and regulations issued by the UNFCCC (see <http://cdm.unfccc.int/> for latest regulations and guidance). In addition, and of particular interest to myclimate are projects that also meet the Gold Standard criteria (see <http://www.cdmgoldstandard.org>) and undergo the Gold Standard registration procedure. Early vintage emission

reductions (i.e. reductions that have been achieved prior to registration) are only accepted by myclimate if they are certified under the Gold Standard.

1.b. Projects that comply with the Voluntary Gold Standard

myclimate has the following two requirements for VER projects;

- Minimum size of 10 000 tonnes of CO₂eq reduced per year
- VER projects are only accepted if they comply with the Voluntary Gold Standard.

Projects that have been rejected as CDM projects based on additionality or double counting issues will not qualify as VER projects.

The Voluntary Gold Standard has the following requirements;

- all VER projects must pass an additionality test as defined in the current CDM “Tool for the demonstration and assessment of additionality”,
- VER projects must exhibit sustainability benefits, such as health improvements or local economy support, in addition to greenhouse gas emission reductions
- All relevant local and regional stakeholders as well as the Gold Standard community have to be consulted during the project development
- The preparation of the PDD should be based on a methodology accepted either by the CDM Executive Board (or its Meth Panel and SSC WG), the UNDP MDG Carbon Facility or the Gold Standard Technical Advisory Committee (GS TAC)
- Any project, regardless of its size can be developed as a VER project even if the host country has not ratified the Kyoto Protocol
- Projects are validated and verified by an accredited DOE,

2. Steps to develop a myclimate project

All myclimate projects must be developed according to the following standardized procedure in order to guarantee the generation of high-quality emission reduction certificates (available templates are printed in bold);

Step	Responsible	Activity / document
1. Project Design		
a. Project Idea	project developer	
b. Project Idea Note (PIN)	project developer / (and if needed) myclimate	Overview and core information about the project Project Idea Note PIN
c. Pre-Screening	myclimate	According to formalized procedure.
d. Business Plan	project developer / investor	Financial architecture of the project, feasibility report.
e. Due Diligence	myclimate	Risk assessment focusing among others on the experience and trustfulness of the project developer, investor and contract partners, project management, country and the technology.
f. Memorandum of Understanding (MoU)	myclimate and project owner	Signature of Memorandum of Understanding including the commitment of both sides to implement and market the project activity as a climate protection project.
g. Project Design Document (PDD)	project developer / (and if needed) myclimate	Completion of the Project Design Document PDD (CDM PDDs, GS VER PDD)
h. Emission Reduction Purchase Agreement (ERPA)	myclimate and project owner	Signature of the Emission Reduction Purchase Agreement ERPA (CERSPA or standard myclimate VER ERPA is used as template)
2. Project Validation and Implementation		
2.a. Validation / registration	<i>see below under Kyoto / Voluntary GS Projects</i>	
2.b. Implementation	project developer / project engineer	Implementation of project.
3. Project Monitoring and Verification		
3.a. Monitoring	project developer / (and if needed) myclimate	Periodical project monitoring according to Monitoring Report.
3.b. Maintenance	project developer / project engineer	Periodical project maintenance.
3.c. Verification / Certification	<i>see below under Kyoto / Voluntary GS Projects</i>	

The process is slightly different for projects registered under the Kyoto Mechanisms and VER projects.

2.a. Projects registered under the Kyoto Mechanisms

Projects must be implemented according to CDM Project Cycle defined by the UNFCCC. More information about the project cycle can be found at <http://cdm.unfccc.int/>. The following diagram illustrates the steps involved in CDM project development. For information about JI project development refer to the Kyoto Protocol and Marrakech Accords on the UNFCCC website (<http://unfccc.int>)

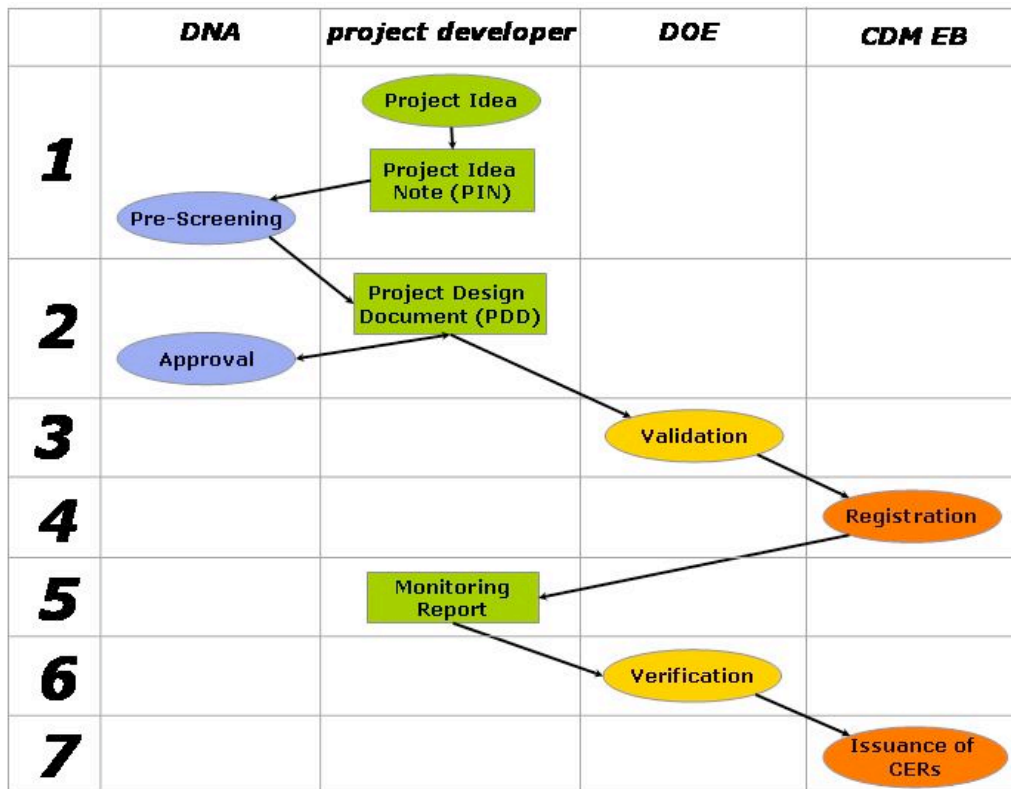


Figure 1 – Project Cycle under the Kyoto Mechanism (CDM)

CER = Certified Emission Reduction DNA = Designated National Authority
DOE = Designated Operational Entity EB = Executive Board

2.b. Voluntary Gold Standard Projects

Voluntary Gold Standard projects are defined above. Their development follows the CDM process with the following exceptions:

In this case project registration and issuance of certificates (VERs) is not conducted by the CDM Executive Board but by the Gold Standard. The Designated National Authority (DNA) is informed but does not have to approve the project.

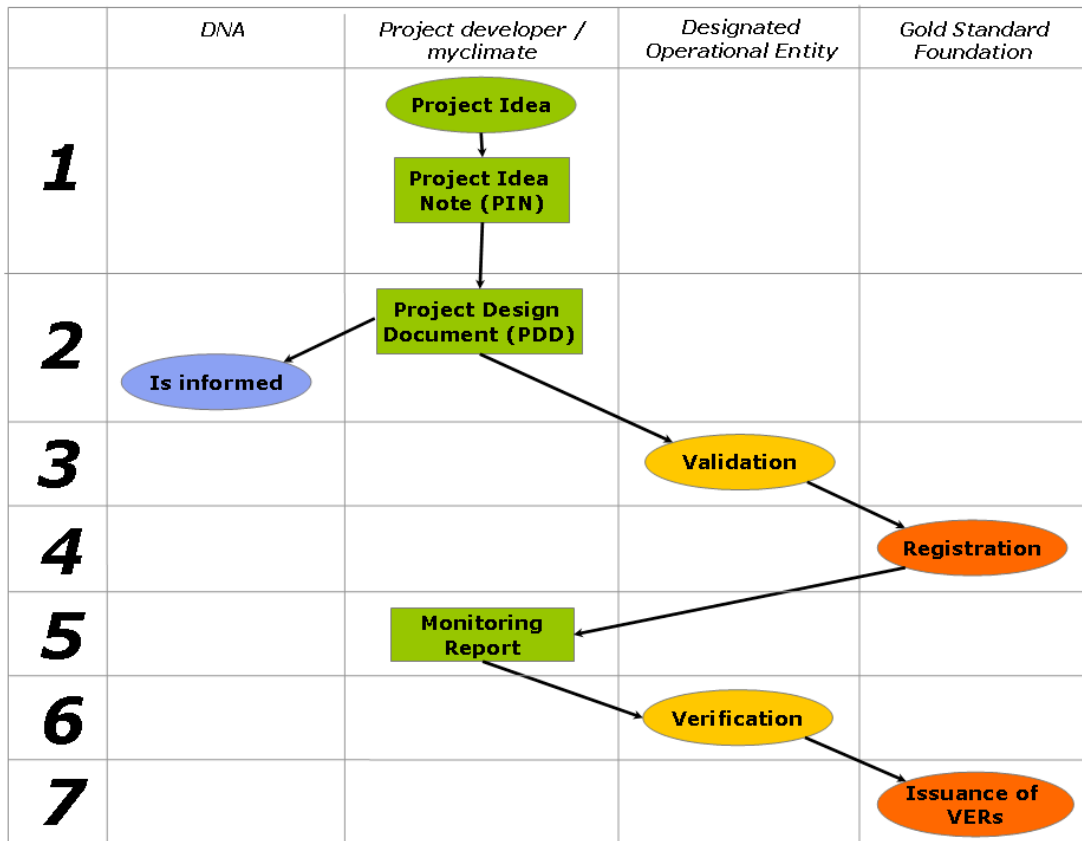


Figure 2- Voluntary Gold Standard project cycle

VER = Verified Emission Reduction DNA = Designated National Authority

3. Terms

In general myclimate will only purchase emission reductions on delivery, i.e. after certification of the CERs / VERs. In justified cases where emission reduction selling before project start is economically vital, myclimate is prepared to make upfront payments which will be counted against determined amount of Emission Reductions. For upfront payments a specific due diligence is performed and securities are required.

A project will be assessed against milestones defined with the project proponent (e.g. securing finance, ordering equipment for construction, completing licensing etc). Should it become clear that a project will fall behind a schedule, a deadline will be set for the milestone. Should the project fail to meet the milestone within the given time, the project will be removed from the portfolio and held in the pipeline until the milestone has been achieved.

All terms such as guarantee, payment conditions, ER price and general obligations will be defined in the Emission Reduction Purchase Agreement in accordance with the specific necessities and possibilities of the project participants.

4. Additional documents

- Standard PIN template
(www.myclimate.org/download/myclimate_PIN_template.doc)
- Myclimate Standard MoU (available on request)
- CDM-PDD / Gold Standard CDM-PDD / Gold Standard VER-PDD
(http://cdm.unfccc.int/Reference/PDDs_Forms/PDDs/index.html) and
(<http://www.cdmgoldstandard.org/materials.php>)
- CERSPA (Certified Emission Reductions Sale and Purchase Agreement) and standard myclimate VER ERPA (<http://www.cerspa.org> ; VER ERPA is available on request)