RESTART ENERGY DEMOCRACY CARBON STANDARD

Procedure For Developing and Reviewing Of New Methodologies

Date: 1st March 2024

Version 1.0

ABOUT US

RED Carbon Standard stands for Restart Energy Democracy Carbon Standard and is an independent governance body for the voluntary carbon market, first of this kind, from Romania. Our carbon standard aims at empowering people and giving value to their sustainable work helping to mitigate the impact of climate change. In a world where global players take the lead over national governments, and governments would like to centralize the power in their hands, we promote decentralization by being part of communities, people, and local project developers, and provide them with value capture in the form of tokenized carbon credits.

We certify green projects such as renewables, agriculture, forestry, energy efficiency, hydrogen, enabling them to get tokenized carbon credits and sell these carbon units worldwide on the RED Platform Application, using blockchain technology, thus actively contributing to the attainment of net-zero carbon emissions.

CORE VALUES

At RED, our core beliefs centre on the acknowledgment of God as the Creator of the Universe, Earth, and all life within it. At RED, we believe that God is the Creator of the Universe, the Earth, and its vegetation, and that God is the Source of all Life on Earth and in the Universe. We believe that we are all children of God, no matter what nationality, race, or gender. We also believe that God's Love for His children are so great that He sent His Son, Jesus Christ, to guide and save us.

It is, therefore, our responsibility to take care of the Earth and all living creatures on it, to preserve nature, flora, and fauna, and to act accordingly for mankind's perpetuity as we were empowered to do so: "So God created mankind in His image, in the image of God He created them, male and female....By the seventh day, God had finished the work He had been doing; so on the seventh day, He rested from all his work. Then God blessed the seventh day and made it holy because on it He rested from all the work of Creation that he had done."

It is important to understand our role on Earth and to remember that life is a blessing and a gift from God that we received from the beginning of the Earth. We believe that all scientific evidence and the Universe's order confess to the almightiness of God and His wonderful principles of life. Our values are based on maintaining the principles of life and its continuity: love, patience, humility, compassion, and happiness. We want to preserve these principles of life, protect our Earth, which is our home, and provide solutions for helping our neighbours using our advanced technology and science-based system.

We acknowledge that climate change affects us all, yet the rise of greenhouse gas

emissions caused by human activities is not the only cause of it; there are other relevant causes, such as the sun's energy intensity, which is out of humanity's control. We decided to focus on what we have the power to impact within our capabilities. We use technology to our benefit, and do not let it take control over us. We were endowed in respect of God's principles and values, and we do not consider ourselves gods who can change the well-defined path of the Earth or save the world.

Aligned with the United Nations Sustainable Development Goals (SDGs), we actively pursue these principles, integrating environmental protection with social and economic considerations. While we acknowledge the widespread impact of climate change, we focus on addressing what is within our power to influence, leveraging technology responsibly without succumbing to its control. We humbly accept our limitations, understanding that we cannot alter the Earth's course or single-handedly save the world.

Our aim is to provide future generations with a thriving home by aligning environmental protection with the timeless principles of life and continuity. We view sustainability not merely as a scientific concept but as a holistic approach that integrates ethical, social, and environmental considerations, in line with the objectives outlined in the SDGs.

GENERAL GUIDANCE

This document outlines the steps involved in reviewing and approving new methodologies and methodology tools, as well as revisions and updates to existing approved methodologies and tools. The review and approval process consists of two primary stages:

1. Submission of an Application Form summarizing the proposal for a new methodology or revision of an approved methodology. This is subjected to an eligibility check by the RED Carbon Standard and an expert group.
2. Upon approval of the Application Form, the draft of the new or revised methodology is submitted for a comprehensive review. The RED Carbon Standard expert group conducts a completeness check, the Methodology Expert Group members and independent subject matter experts conduct an in-depth review, followed by a 30-day public stakeholder consultation facilitated by RED Carbon Standard. Finally, the draft is submitted for the RED Carbon Standard Methodology Expert Group final approval.

In addition to outlining the methodology review and approval process, this document also provides essential guidance to key stakeholders, including methodology developers, project developers, members of the Methodology Expert Group, and other participants engaged in the overall process.

1. SCOPE, APPLICABILITY, AND INITIATION

1.1 Scope

This document serves as a comprehensive guide outlining the structured processes and best practices for the development and revision of methodologies and tools. This procedure is designed for methodology developers, Independent Validation and Verification Body and other relevant stakeholders.

The document will be regularly updated, and readers are advised to verify that they are utilizing the latest version available.

1.2 Applicability

This procedure is relevant to the formulation of new methodologies, alterations to approved methodologies and methodological tools, and the clarification process for applying an approved methodology under the RED Standard. Going forward, the term "methodology" will encompass both methodologies and methodological tools unless explicitly stated otherwise.

1.3 Initiation

Version 1.0 of this standard document comes into force on 01/07/2024.

2. PROCEDURE FOR DEVELOPMENT OF NEW METHODOLOGIES

RED Carbon Standard accepts two types of methodologies for approval: methodology that has not received approval under any other certification scheme or standard and methodologies that have already been approved or updated in the last seven years.

RED Carbon Standard accepts projects that will follow one of the UN-approved CDM methodologies. It will also accept public methodologies from other renowned standards and organizations, such as ISO, Gold Standard, World Bank, EBRD, IEA etc.

RED Carbon Standard will maintain the right to update and expand its methodologies.

The process outlined in this section guides the development of new methodologies, modules, and tools. The steps involved are described in Figure 1 “New methodology approval procedure”.

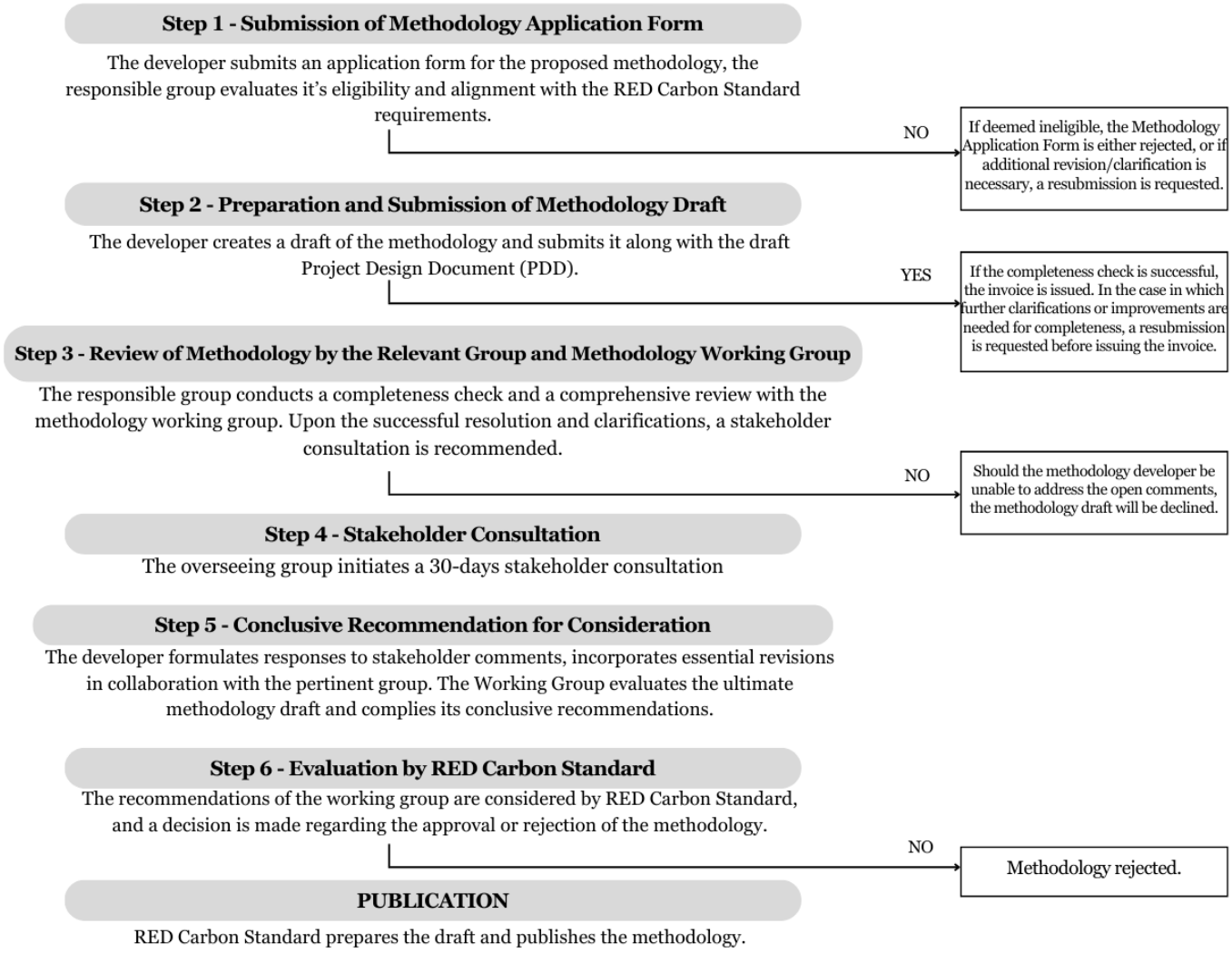

Fig. 1 New methodology approval procedure

2.1 Submission of Methodology Application Form

A project developer, an Independent Validation and Verification Body, or any other relevant stakeholder (referred to as the methodology developer) has the option to propose a new methodology by submitting a methodology Application Form to RED Carbon Standard at certification@redstandard.org. The methodology Application Form should encompass a concise overview of the suggested methodology or revision, an evaluation of its potential for climate change mitigation, its contribution

to sustainable development, and an analysis of potential risks along with proposed mitigation strategies.

The methodology developer is required to utilize the form "Methodology Application Form Template" provided on the RED Carbon Standard website and follow instructions provided to complete it.

If additional revisions or clarifications are required for the methodology conceptual note, a new submission is necessary. If the note does not meet RED Carbon Standard requirements, it is deemed ineligible and, therefore, rejected.

The methodology Application Form is expected to include the following details:

a. Overview of the methodology idea;

b. Description of a typical project, covering:

I. Technology maturity level and Technology adoption level;
II. Baseline scenario;
III. Expected sustainable development contributions;
IV. Quantification and monitoring approach;
V. Anticipated emission reductions, removals, or SDG impacts;
VI. Assessment of the risk of reversal;
VII. Identification of safeguarding risks and proposed mitigation measures;
VIII. Inclusion of example case studies/pilot projects, if available;

c. Explanation of the additionality approach;

d. Assessment of the methodology's uptake potential;

e. Evaluation of alignment with RED Carbon Standard principles and requirements;

f. Reference to similar methodologies;

g. Inclusion of necessary supporting documents.

2.2 Preparation and Submission of Methodology Draft

The methodology developer is responsible for preparing and submitting the following documents:

a. Methodology Application Form;

b. Draft Methodology or new methodology module and/or tool, as applicable.

c. A model project design document (PDD) outlining the planned activity that aims to apply the proposed new methodology. The PDD should include, at a minimum, completed sections of the form and relevant appendices, applying the proposed new methodology:

1. Description of project activity;
2. Application of the selected approved baseline and monitoring methodology;
3. Duration and crediting period;
4. Demonstration of the additionality approach, especially when proposing a new approach as part of the methodology.

If necessary for the methodology review process, the RED Carbon Standard expert group may request the developer to draft additional sections of the PDD.

The draft methodology document should be crafted in a clear and precise manner. The language used should be logical and concise, ensuring easy readability and comprehension. The layout and terminology should align with applicable Activity Requirements, if available. The document should employ English proficiently and unambiguously, incorporating all relevant information to provide comprehensive and thorough coverage of the subject matter.

2.3 Review of Methodology

The review fee shall be invoiced to the methodology developer by the RED Carbon Standard team, as applicable.

A completeness check of the submission shall be conducted by the RED Carbon Standard team within 21 working days of receiving the methodology documentation.

Following the completeness check:

1. If the submission is deemed complete, the RED Carbon Standard team shall inform the developer of the conclusion and share the planned review timeline.
2. If the submission is found incomplete, the RED Carbon Standard team shall request the developer to submit the missing or revised documents and/or information. The developer is required to submit the requested materials to the RED Carbon Standard team within eight weeks of receiving the request. Failure to meet this deadline will result in the RED Carbon Standard team considering the submission incomplete. In such cases, the developer has the

option to resubmit the proposed new methodology with revised documentation at any time.

The RED Carbon Standard Methodology Expert Group may appoint three reviewers at its discretion, depending on the scope and technical complexity of the methodology. It may also seek external expertise as needed.

If Corrective Action Requests (CARs), Observations (OBs), or Clarification needs (CLs) are identified by the reviewers, including the Secretariat, the developer must submit responses, missing or revised documents, and/or information within eight weeks of receiving the request. This process may involve several rounds of discussion to satisfactorily address any open CARs/OBs/CLs. The review process concludes only after all CARs/OBs have been successfully closed. The developer is required to submit responses within eight weeks of receiving the request for each round.

Upon the completion of the review, the RED Carbon Standard shall notify the developer of the review outcome:

1. If the submission is deemed unqualified for consideration or incomplete, the RED Carbon Standard shall communicate the underlying reason(s) to the developer. In such cases, the developer may resubmit the proposed new methodology with revised documentation at any time.
2. If the submission is deemed qualified, the RED Carbon Standard shall submit the methodology for consideration to RED Carbon Standard Methodology Expert Group. (the Methodology Expert Group shall review the draft new methodology or methodological tool and assess the draft recommendation prepared by the RED Carbon Standard Methodology Expert Group).

2.4 Stakeholder Consultation

Following the establishment of the definitive methodology and the execution of all actions and observations, there will be a public stakeholder consultation lasting a minimum of 30 days.

The proponent shall also provide a table of responses to the public consultation comments for publication on the RED Carbon Standard website.

*RED Carbon Standard posts the methodology on their website for 30 days to invite public comment.

Respondents shall provide their name, organization, country, and email address. If the respondent wishes to remain anonymous, this shall be indicated in their submission of comments.

Following the conclusion of the public comment period, RED Standard Methodology Expert Group compiles the feedback and presents it to the developer. The developer is required to carefully consider these comments, entailing the revision of the methodology to address the feedback, offering clarifications, or demonstrating the insignificance or irrelevance of the comments. The developer must incorporate responses to all consolidated comments and submit them for assessment by the RED Carbon Standard Methodology Expert Group, in conjunction with the methodology documentation.

2.5 Conclusive Recommendations for Consideration

Effective communication with stakeholders is paramount for developing methodology. A key aspect of this communication is the formulation of responses to stakeholder comments, ensuring that their feedback is not only acknowledged but also translated into meaningful revisions.

Following the conclusion of the stakeholder consultation, the RED Carbon Standard compiles the comments and delivers them to the developer. The developer formulates responses to stakeholder comments, incorporating essential revisions in collaboration with the pertinent group. The methodology developer implements revisions based on stakeholder feedback in collaboration with the RED Carbon Standard Methodology Expert Group members.

If substantial changes to the methodology occur after the initial public stakeholder consultation, the RED Carbon Standard may choose to initiate a second stakeholder consultation.

The RED Carbon Standard Methodology Expert Group evaluates the ultimate methodology draft and complies with its conclusive recommendations.

2.6 Evaluation by RED Carbon Standard

The evaluation by the RED Carbon Standard of the definitive methodology involves a thorough assessment of various aspects.

Compliance Check:

- Verify that the definitive methodology aligns with the requirements and guidelines set by the RED Carbon Standard.
- Confirm adherence to any specific criteria, rules, or protocols outlined by the standard.

Technical Soundness:

- Evaluate the technical robustness of the methodology, ensuring it is scientifically sound and capable of accurately measuring and verifying emissions reductions or removals.

Stakeholder Involvement:

- Assess the extent of stakeholder engagement during the development of the methodology.
- Verify that public consultations were conducted, and feedback was appropriately considered and addressed.

Transparency and Documentation:

- Ensure that the methodology is well-documented and transparent, providing clear and detailed explanations of procedures, calculations, and assumptions.
- Confirm that all relevant information is publicly accessible.

Consistency with RED Carbon Standard Requirements:

- Check if the methodology aligns with the specific requirements and principles outlined by the RED Carbon Standard.
- Confirm that any amendments or revisions are in line with the guidelines of the standard.

Monitoring and Reporting Protocols:

- Evaluate the monitoring and reporting protocols specified in the methodology to ensure they are comprehensive and capable of capturing relevant data accurately.

Review of Public Comments:

- Examine how public comments were handled during the consultation period.
- Confirm that developer responses adequately address and incorporate valid feedback.

Validation/Verification Process:

- Review the procedures and criteria used by the validation/verification body to assess the methodology.
- Confirm that the validation/verification process aligns with the RED Carbon Standard's requirements.

Effectiveness in Achieving Intended Outcomes:

- Assess whether the methodology, when applied, is likely to achieve the intended outcomes in terms of emissions reductions or removals.

Continuous Improvement:

- Encourage or require mechanisms for continuous improvement, allowing for updates to the methodology based on new scientific developments or stakeholder feedback.

This evaluation process aims to ensure that the definitive methodology meets the rigorous standards set by the RED Carbon Standard and is capable of accurately assessing carbon emissions reductions or removals.

3. METHODOLOGY REVISIONS

This segment offers instructions and processes for suggested modifications to approved RED Carbon Standard methodologies, modules, and tools. It also covers proposed revisions to methodologies from other endorsed greenhouse gas (GHG) programs.

3.1 Guidance for Methodology Revisions

A revision to an authorized methodology is treated as an update to the current version of the methodology, and the following conditions apply:

1. Methodology revisions are suitable when a proposed activity or measure closely aligns with an activity or measure addressed by an existing approved methodology (either a RED Carbon Standard methodology or a methodology from an approved GHG program). In such cases, the proposed activity or measure can be incorporated through reasonable modifications to that methodology.
2. A revision must not restrict the methodological approach or, in any manner, exclude project activities that qualify under the current version of the methodology, unless such narrowing or exclusion is expressly authorized by the RED Carbon Standard.

The RED Carbon Standard program categorizes methodology revisions into two types based on their impact:

1. **Major revision**: Revisions that significantly affect the structure and content of the methodology, methodological approach, scope, project boundary, applicability conditions, baseline scenario, or additionality approach. Examples include expanding the scope to cover different project activities, adapting a standardized method, or modifying the GHG quantification approach. A major revision necessitates a comprehensive review by the RED Carbon Standard, public stakeholder consultation, assessment by a validation/verification body, and a final review by the RED Carbon Standard.

2. **Minor revision**: Revisions with limited impact on the structure and content of the methodology, and minimal or no impact on the methodological approach, scope, project boundary, applicability conditions, baseline scenario, or additionality approach. Examples include refining language and clarity, updating emission factors, improving procedures, or making minor expansions to the scope to include similar project activities consistent with the existing methodological approach. A minor revision requires review by the RED Carbon Standard Expert Group. Public stakeholder consultation is conducted if deemed necessary by the RED Carbon Standard.

3.2 Procedure for Methodology Revisions

Proposed revisions to the methodology should be submitted, through the RED Carbon Standard Methodology Revision Note. RED will assess the Methodology Revision Note to verify whether the proposed revision is categorized as major or minor, considering the scope and nature of the suggested changes.

4. REVIEW OF EXISTING METHODOLOGIES

RED Carbon Standard understands that a comprehensive review of existing methodologies is paramount. The aim is to analyse and assimilate the wealth of approaches that have been developed globally to measure, report, and verify carbon emissions. This process not only serves to understand the landscape of carbon accounting but also lays the foundation for the formulation of an effective and nuanced carbon standard tailored to the unique context of the project or organization. The RED Carbon Standard conducts a thorough review of existing methodologies and those endorsed by approved GHG programs. This entails confirming that the methodologies adhere to the latest demands introduced by the RED Carbon Standard and possess suitable criteria and procedures for addressing program rules and requirements.

Following the review, the RED Carbon Standard might modify the methodology or release documents for corrections and clarifications. Throughout this evaluation process, relevant stakeholders are informed of any developments.

4.1 Timeline for Review

The RED Carbon Standard conducts periodic assessments of each RED methodology, module, and tool, typically within a five-year interval following its last update or review. Additionally, RED carries out regular reviews of methodologies from approved GHG programs eligible for utilization under the RED Carbon Standard.

A review may be initiated at any time if a validation/verification body, project proponent, another stakeholder, or RED identifies issues with a methodology, tool, or module. Such issues may include:

1. Material inconsistencies with RED Carbon Standard rules or requirements, leading to potential variations in the quantification of GHG emission reductions or removals by projects applying the methodology.
2. General scientific or technical advancements in a specific sector.
3. Any other valid concerns regarding a methodology.

The RED Carbon Standard has the authority to render a RED methodology inactive if no projects utilizing the methodology have been registered within five years of the last update or review. Inactive methodologies can be reinstated through a comprehensive review process. Moreover, RED may exclude an approved program methodology from RED Carbon Standard use if it has not undergone an update or review by the approved GHG program or RED for more than five years. The reintegration of excluded methodologies involves a review, as previously outlined, along with any necessary revisions.

4.2 Procedure for Review

The examination of the methodology and any pertinent issues prompting the review is conducted by the RED Carbon Standard. In this process, input may be sought from stakeholders, including developers of prior methodology versions and suitably qualified external experts as deemed necessary by the RED Carbon Standard.

At any stage of the review, if a legitimate concern arises, the methodology may be temporarily inactive or excluded from the program until the review is concluded.

4.3 Outcome of Review

a) If the review establishes that the methodology aligns with all RED Carbon Standard rules and requirements and is in accordance with best practices and scientific consensus, no additional measures are taken.
b) If, through the review process, it is determined that the methodology needs correction or clarification, RED Carbon Standard may release a document addressing such corrections and clarifications.
c) In cases where the review concludes that a significant revision is necessary for the methodology, RED Carbon Standard reserves the right to inactivate or exclude it from the program.

d) A methodology that has been deactivated or excluded may undergo revision by either RED Carbon Standard or a third-party developer before being reactivated or reintroduced to the program.
e) RED Carbon Standard reserves the option to permanently deactivate or exclude a methodology if it determines that a revision is unlikely to successfully address the identified issue. Once permanently inactivated or excluded, these methodologies cannot be reinstated or reintroduced into the program.

5. FEES

The methodology proponent will be informed about the associated costs based on the methodology's scope and complexity, as well as the requirement to engage external consultants.

These consultants may either review specific methodological aspects or participate in the RED Carbon Standard expert group.

6. DOCUMENT UPDATE

Version	Date	Comments or additional information
1	01.03.2024	Initial version of the document.