



S T A N D A R D

Supporting document
for project developers

1. Introduction

Carbon Solutions Global (CSG) offers a unique opportunity to potential project owners in the field of renewable energy. Through generating a project under CSG's own Standard (www.csgstandard.com) a project can reach from the state of an idea to credit issuance within just a few months. The entire process is cost free for the project owner which directly guarantees profitability.

In this document, you will find a summary about the process from a project idea to credit issuance, related potential costs and profit calculation. As a project owner you may not directly be affected by the sales process of the credits, but you might be interested in it. Therefore this guide contains also information about actual interest for carbon credits and our business model towards our customers.

2. The project cycle: from project idea to carbon credit issuance

PROJECT IDEA & METHODOLOGY

The project developer presents the project or its plan to the CSG Working Group and submits the initial concept in a Project Datasheet, which describes how a contribution to global emission reductions will be achieved. Based on the type of the project, a methodology should be selected and utilized. The methodologies define the way the greenhouse gas emissions reductions will be calculated. If there is no ready-made methodology available for a specific project but the project idea is accepted, the CSG Working Group will start developing a new one in liaison with the project developer. As a rule of thumb the project shall result at least 500 t CO₂e emission reductions annually in order to be financially viable.

PROJECT DESIGN DOCUMENT

If the project idea is accepted by the CSG Working Group the project developer is asked to submit the project design document (PDD). The PDD is project-specific documentation that describes the business and technical plan of a project as well as the applied methodology, the monitoring plan and the environmental and social impacts related to the project activities in detail.

VALIDATION & VERIFICATION

The Technical Advisory Panel (TAP) checks whether the final project design document (PDD) complies with all criteria set out by the CSG Standard. The PDD may be approved by the TAP right away, or it may propose amendments to be implemented by the project developer. Upon successful validation, the project, including its documentation, emission reductions and calculations, has to be verified by an independent third-party auditor also.

REGISTRATION & CREDIT ISSUANCE

The verified project and the generated carbon credits are published in an online register where the credits can be tracked, transferred and retired. This is called project registration and credit issuance, respectively. CSG Standard carbon credits are called carbon reduction units (CRUs). The project developer becomes entitled to open an account in the register where the issued credits are placed. All CSG Standard projects and CRUs are shown in the Carbon Registry.

MONITORING

Monitoring takes place usually once in every year to sum up the new units generated during the previous period. Furthermore, the contribution to sustainable development by the project and other important technical parameters are also documented during the monitoring procedure based on the

Monitoring Plan (as listed in the PDD). The project developer submits the monitoring report that has to be verified by an independent, third-party auditor. Upon successful verification the monitoring is followed by the issuance of the new credits.



Figure: outline of the CSG Standard project cycle

3. Legal and financial aspects¹

The **legal framework** of the cooperation between CSG and the project developer stands on three legs.

- The first leg is a **Services Agreement (SA)** which defines the responsibilities and remuneration related to the services provided by CSG, like the creation of the project design document (PDD), validation, credit issuance and so on.
- Then, **Project Developer (PD)** shall enter into an **agreement on the purchase of credits (VERPA)** with CSG that sets out rules and conditions of how the carbon credits are traded between your company and CSG. It is not necessary if you want to sell your own credits.
- At the same time you shall accept our **Terms of Use (ToU)** regarding the use of Carbon Registry that is an online platform to register, issue, retire and transfer CSG Standard credits.

Regarding the **pricing** there are two options:

- The first option is that you decide to sell your own credits and retire them on behalf of your customers. In this case **your company pays 3 EUR / credit to CSG upon credit issuance** to cover the expenses related to our services (PDD creation, validation, registry maintenance etc.) and **you are responsible for the verification and monitoring costs** as well.
- The second option is that you enter into a VERPA with CSG, meaning that CSG will sell the credits. CSG covers all costs including verification and monitoring and **you receive 1.5 to 3 EUR / credit upon the retirement of the credits**.

Comparison of the options:

	Sales: CSG	Sales: PD
Services costs (paid by PD to CSG)	0 EUR	3 EUR / credit
Legal framework	SA + VERPA + ToU	SA + ToU
Responsible party for third party audit (verification) and monitoring	CSG	Project Developer
Credit price (paid by CSG to PD)	1.5-3 EUR / credit	-
Payment due	Upon retirement	Upon issuance

Income of the project developer is calculated as per below:

Number of issued credits X Agreed carbon credit price = Net income of the project developer

Example: In case of 4MW renewable solar electricity generation capacity, around 4400 MWh electricity generated and 4000 credits to issue every year. In case 2 EUR/credit is agreed with project developer (PD), the total net income of the PD is = 8000 EUR/ YEAR.

¹ Please note that conditions above are subject to change depending on your project type especially if the development of a new methodology is necessary for your project.

4. More on carbon credits and our business model

What is a carbon credit?

Carbon credit is a certified unit of greenhouse gas emission reduction that can be used elsewhere to compensate emissions. The credits can be traded like any other goods until actual offset happens (retirement). A single credit equals to 1 ton of CO₂ eq. greenhouse gas that is *not* emitted to the atmosphere. For example renewable electricity production generates far less greenhouse gas emissions than conventional technologies and such projects can generate carbon credits if fossil fuel based electricity is substituted.

How much credits can be issued by a renewable energy project?

In general, depending on the conventional electricity mix that is substituted by the project, it varies between 0.5 and 1 credits per every MWh generated.

Who buys the credits and why?

Companies and individuals buy credits to show their commitment towards sustainability and to create a positive image around their activities. The CSG business model is unique in the sense that it creates an extra incentive to buy carbon credit by combining the credits with attractive investment opportunities.

What is CSG Standard?

A carbon standard is a document, which describes the criteria for the process of measurement, monitoring and verification of carbon offsets. The CSG Standard is a new standard in the carbon-offsetting sector with a primary aim to support local and small-scale climate protection initiatives. Its credibility is ensured by its three separate organisational pillars, namely the CSG Working Group, the Technical Advisory Panel (TAP) and the independent verification process, making it a transparent and safe choice for any project in the field of carbon financing.

Why is it different?

The unique value of the CSG Standard is that it avoids both over-regulation and over-pricing, and it promotes flexibility and realistic budget planning. This enables adaptability to specific and local needs and thus assists in the widespread adoption of small-scale local projects. Also CSG does not only take part in developing the projects, but sells the generated carbon credits.

What's in it for my company?

As a Project Developer, your company receive complete support from the project idea until the credit issuance. This includes methodology development and PDD creation, validation, verification, issuance and a Carbon Registry account (an online platform to track the carbon credit transactions). You don't even have to bother yourself with marketing and sales, as CSG can also sell all the credits generated by your project. Additionally you get 1.5 to 3 euro / credit upon retirement depending on your specific project.

Who we are?

CSG Standard's professional and technical background is provided by Carbon Solutions Global Ltd (CSG). Carbon Solutions Global works in the fields of sustainability, environmental consulting, and emission reduction project management and offers customized solutions for corporate social responsibility (CSR) activities. We assist our clients to develop and implement their sustainability policies, and to introduce emission reduction strategies.