Update on the Development of
ISO's Greenhouse Gas Project Accounting Standard (ISO 14064 Part 2)

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From 28 April to 30 April, 2004, members of ISO Technical Committee 207's Working Group 5 on Climate Change met in Toronto to continue development of a standard for project-level GHG accounting. The draft standard will be released to ISO member bodies on May 9 for a three-month commenting period. Depending on the type and nature of the comments, a formal vote on whether to forward the standard to 'draft international standard' status is likely to happen at the Technical Committee 207 plenary at the end of August in Buenos Aires.

Key issues in the project standard are as follows:

1. **Baselines/Additionality. (+)**
The standard requires GHG reductions to be additional to a baseline, though it does not specify types of baselines or methods for determining them. Project proponents are required to consider 'good practice guidance' in using the standard, and the GHG Protocol Project Module Road Test Draft is now specified as a source of such guidance. Most members of the working group expect one of the baseline approaches specified in the GHG Protocol to be used by implementers of the ISO standard in cases where specific project methodologies are not available.

2. **Project Planning.** (-)
The ISO project standard was previously structured around the development of a project plan. Project proponents were to develop project procedures, document them in a plan, and then implement the project in accordance with the plan. The emphasis on planning was unpalatable, however, to members of the working group who do not want projects already underway to be excluded from ISO 14064 conformance. The draft standard was changed in Toronto so that project proponents develop a 'project document' (instead of a plan) the contents of which are less prescribed than was the plan in previous drafts.

3. **Verification.** (+/-)
The Toronto draft of the project standard does not require projects to be verified. However, a line in brackets (therefore not yet solidly established in the draft) was added requiring project proponents to make available to the public a statement on whether/how a project was verified.

4. **Public Reporting.** (+/-)
The ISO project standard previously left to the project developer's discretion whether to report and whom to report to. However, for transparency, minimum contents were specified for any reporting that project proponents chose to do. In Toronto, the reporting section was changed so that there is now explicit reference to public reporting, though 'shall/should' remains in brackets, making it uncertain whether public reporting will be

required in the final standard. The minimum contents of reports have been pared down to seven specific elements (project summary, GHG scheme participation, baseline/additionality, permanence, GHG emission reductions/ removal enhancements, data quality management, and project monitoring) and much of what formerly was to be in a report will now be folded into the 'project document'.

5. **Accreditation of Verifiers.** (-/+)
ISO has recently released for vote by its member bodies a proposal to write a standard for accreditation of ISO 14064 verifiers. This would specify how entities in various countries authorize verification bodies to do verification of projects to the standard.

6. **Discussion on Uses of the ISO 14064 Project Standard.** (+)
The Toronto meeting participants had an explicit discussion of the need for better 'terms of reference' for this standard. Though this discussion was less specific than it could have been, and no new terms of reference were drafted, there was broad recognition among the group, for the first time, of the consequences of the flexibility in the standard. As the standard is currently written, it is possible for project proponents to use the standard rigorously, for highly credible quantification, and also much less rigorously, with correspondingly questionable credibility. The standard will be a tool for use within GHG programs, but will also be used outside of any program or scheme, and projects will not always be rigorously verified. An important question remains central to the drafting of the standard: how will the text of the standard influence the development of signals needed for the market, and for stakeholders, to distinguish among these variations in the quality of projects that use the standard?

ECOLOGIA Evaluation:

The ISO project accounting group has taken a step forward in its understanding of the need for transparency in this standard, and the text as it stands now is more transparent about what the standard does and does not do than was previously the case. However, there are still some rather important decisions to be made. Experience with ISO 14001 and other ISO environmental standards shows that the market is not very good at distinguishing between rigorous uses of standards and less credible uses. This market confusion is likely to be repeated with ISO 14064 unless minimum public reporting elements are made mandatory, and unless project developers are required to make a public statement about whether their project is verified, and if so, by whom and with what level of assurance. Without mechanisms for distinguishing among projects of varying credibility, "ISO 14064" will become a brand label that no one should trust. This will become especially problematic if a) GHG policies and programs widely adopt the standard, as seems likely and b) if voluntary projects of questionable credibility are used by regressive corporations for 'greenwashing' and for lobbying against the institution of rigorous policies.