Japan Greenhouse Gas Emission Reduction/Removal Certification Scheme

(J-Credit Scheme)

Implementation Rule
(For project participants)

Ver. 4.2

February 28, 2019
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Chapter 1  General provisions

1.1 Purpose

The purpose of the Japan Greenhouse Gas Emission Reduction/Removal Certification Scheme (J-Credit Scheme) Implementation Rule (For project participants) (hereinafter referred to as "this Implementation Rule") is to specify the requirements and specific procedures to be followed by project participants in the implementation of projects in the J-Credit Scheme, based on the requirements and procedure sequences for projects specified in the Japan Greenhouse Gas Emission Reduction/Removal Certification Scheme (J-Credit Scheme) Implementation Outline (hereinafter referred to as the "Implementation Outline").

In the case of forest management projects, unless otherwise specified, the phrase "emission activities" is replaced with "removal activities," and the phrase "emission reductions" is replaced with "removals."

1.2 Definitions of terms

The definitions of the terms used in this Implementation Rule are subject to the following definitions in addition to Implementation Outline.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Economic barrier</td>
<td>Circumstances which preclude project implementation by burden of investment costs or an increase in running cost, etc. for project implementation.</td>
</tr>
<tr>
<td>General practical barrier</td>
<td>Circumstances which preclude project implementation by lack of familiarity with a technology, or the existence of industry-specific business practices, etc.</td>
</tr>
<tr>
<td>Retrofit project</td>
<td>A project that involves the introduction of new equipment to replace all or a portion of equipment that existed prior to project implementation in order to help reduce emissions.</td>
</tr>
<tr>
<td>Greenfield project</td>
<td>A project that involves the introduction of new equipment, other than a retrofit project.</td>
</tr>
<tr>
<td>Standard equipment</td>
<td>The standard type of equipment that would most likely be selected at the time when a greenfield project is started.</td>
</tr>
<tr>
<td>Expected emission reductions</td>
<td>The assumed amount of emission reductions, calculated at the time of development of PDD.</td>
</tr>
<tr>
<td>Degree of impact</td>
<td>The ratio of emissions from minor emission activities to the amount of total expected emission reductions.</td>
</tr>
<tr>
<td>Programmatic project</td>
<td>A project where multiple reduction activities satisfying certain additional requirements are combined as a single project and additional activities can be added at any time.</td>
</tr>
<tr>
<td>Programmatic operator/manager</td>
<td>A party in charge of suitable operation and management of reduction activities which are combined as a single project in the implementation of a programmatic project.</td>
</tr>
</tbody>
</table>

1.3 Structure of this Implementation Role

The structure of this Implementation Rule is as follows.
Chapter 1. General provisions
   Purpose and referenced standards, etc.

Chapter 2. General requirements for project implementation
   The general requirements and sequence of procedures required of project participants in project implementation

Chapter 3. Requirements and procedures for project planning
   The requirements and procedures for project participants when developing the PDD

Chapter 4. Requirements and procedures for registration of project
   The requirements and procedures for project participants when applying for registration of project

Chapter 5. Requirements and procedures for monitoring
   The requirements and procedures for project participants when implementing monitoring

Chapter 6. Requirements and procedures for certification
   The requirements and procedures for project participants when applying for certification

Chapter 7. Requirements and procedures for transfer of credits
   The requirements and procedures for project participants when transferring credits

Chapter 8. Special measures for forest management projects
   The additional requirements and procedures for forest management project participants

Supplementary provisions  Revision history

1.4 Compliance with international standards

This Implementation Rule has been prepared in compliance with ISO 14064-2, an international standard on the calculation and reporting of emission reductions at the project level.

- ISO 14064-2, Greenhouse gases -- Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements

In this Implementation Rule, the requirements of ISO 14064-2 and the additional
requirements of the J-Credit Scheme are set forth as requirements to be satisfied by project participants, and supplementary explanations on each requirement are provided within dotted-line boxes.

Additional requirements and procedures for certain types of projects are provided within double-line boxes.

Example:

X.X  Section heading

Main text here (stating the requirements and procedures for project participants).

For example: When implementing □□□, it is necessary to comply with △△△. (The underlined portions are explained in the dotted-line box below.)

(1) □□□

Supplementary explanations, etc. concerning matters corresponding to underlined portions from the main text.

(2) △△△

Supplementary explanations, etc. concerning matters corresponding to underlined portions from the main text.

Additional requirements and procedures for certain projects:

Double-line boxes contain additional requirements and procedures which are provided for certain projects.

Example: The following applies only to forest management projects.

Main text here (stating additional requirements and procedures for the participants of the relevant projects).

For example: When implementing ○○○, it is necessary to comply with ■■■. (The underlined portions are explained in the dotted-line box below.)

(a) ○○○

Supplementary explanations, etc. concerning matters corresponding to underlined portions from the main text.

(b) ■■■

Supplementary explanations, etc. concerning matters corresponding to underlined portions from the main text.
### 1.5 List of basic documents

The documents of the J-Credit Scheme are as follows. Among these, the basic documents specifying requirements to be followed by project participants in the implementation of projects are items ①, ② (for project participants), ③, and ⑤ below.

<table>
<thead>
<tr>
<th>Document</th>
<th>Content</th>
<th>User</th>
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</thead>
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<tr>
<td>① Implementation Outline</td>
<td>Basic policies and principles of the J-Credit Scheme, duties of various committees, etc., and requirements and procedures for users of the J-Credit Scheme.</td>
<td>Project participants, examining authorities, etc.</td>
</tr>
<tr>
<td>② Implementation Rule</td>
<td>Requirements for project participants in a series of procedures from development of PDD to certification for emission reductions/removals.(this document)</td>
<td>Project participants</td>
</tr>
<tr>
<td></td>
<td>Requirements for examining authorities in validation and verification.</td>
<td>Examining authorities</td>
</tr>
<tr>
<td>③ Monitoring and Calculation Rule</td>
<td>Specific method of monitoring for each monitoring item specified in the methodologies.</td>
<td>Project participants</td>
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<tr>
<td>④ Rules for developing Methodologies</td>
<td>Requirements and procedures for developing Methodologies.</td>
<td>Methodology developers</td>
</tr>
<tr>
<td>⑤ Methodologies</td>
<td>Methodologies rule boundary, calculation formula and method of monitoring for each technology of emission reductions and removals.</td>
<td>Project participants</td>
</tr>
<tr>
<td>⑥ Adhesive terms and conditions ⑥</td>
<td>Document specifying compliance by project participants with the requirements of documents ①, ②, ③, and ⑤, in the form of a contract with the Management.</td>
<td>Project participants</td>
</tr>
<tr>
<td></td>
<td>Document specifying compliance by examining authorities with the requirements of documents ① and ②, in the form of a contract with the Management.</td>
<td>Examining authorities</td>
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</table>
Chapter 2  General requirements for project implementation

2.1 Sequence of procedures

The sequence of procedures to be followed by project participants is as follows.

① Development of PDD
② Validation, Request Registration of Project
       (Deliberation, Registration)
③ Monitoring, Calculation
④ Verification, Request Certification of Credit
       (Deliberation, Certification)
⑤ Transfer of credits

[Flow chart]

2.2 Requirements for projects

A project must satisfy the following requirements prescribed in section 3.1.3 of the Implementation Outline, Chapter 3.

① Implemented within Japan.

② Implemented within two years before or implemented after the application for the project registration (except for forest management projects, and projects applied for registration when the Ver. 3.1 or earlier versions of the Implementation Outline were valid).

③ Satisfying the rules on the certification period stipulated in section 1.6 of the Implementation Outline.

④ Being not identical with any projects of emission reduction or removal activities registered on (a) similar scheme(s)

⑤ Demonstrating additionality.
⑥ Implemented based on methodologies that have been approved under the Scheme.
⑦ Validated by a validation authority.
⑧ Taking measures to keep permanence and setting the appropriate certification period (only for a forest management project).
⑨ Satisfying other requirements under the Scheme.

2.2.1 Implemented within Japan

Eligible projects for the Scheme must be implemented within Japan, and projects implemented outside Japan cannot be included.

2.2.2 Implemented within two years before or implemented after the application for the project registration (except for forest management projects, and projects applied for registration when the Ver. 3.1 or earlier versions of the Implementation Outline were valid)

Eligible projects for the Scheme are implemented within two years before or after the application for the project registration, and any activities started over two years before the application for the project registration cannot be included. However, this eligibility is not applied to the forest management projects and the projects applied for registration when the Ver. 3.1 or earlier versions of the Implementation Outline were valid.

(1) Implemented within two years before or after the application for the project registration

The starting date of the implementation period is the date when activities to reduce greenhouse gas emissions are practically started. (For example, for projects involving the introduction of equipment, this refers to the date when such equipment was put into operation.)

To forest management projects, for which the relevant methodologies stipulate contents and time period of removal activities in the context of enhancing removals reported in Japan’s GHG Inventory, this requirement is not applied.

The date of the application for the project registration is identical with one appeared on the PDD. For each reduction activity combined in a programmatic project, however, the date of the application for the project entry, which appears on the list of reports of reduction activity records, is deemed as the date of the application for the project registration. Each eligible reduction activity is implemented within two years before or after the application for the project entry.

2.2.3 Being not identical with any projects of emission reduction or removal activities registered on similar schemes

Any emission reduction or removal activities, which are already registered on (an)other similar scheme(s) or on this Scheme itself, cannot be registered on the Scheme.

(1) Other similar schemes

Other similar schemes are, for example:
• Tradable Green Certificates
2.2.4 Demonstrating additionality

As a general rule, a project is evaluated for additionality according to whether or not economic barriers exist. However, a project may also be evaluated for additionality in relation to general practical barriers, in cases where additionality can be recognized on the basis of general practical barriers related to methodologies. Also, in cases of methodologies where it is deemed unnecessary to evaluate for additionality, a project is considered to have additionality without such evaluation.

Reduction activities such as the introduction of equipment required by laws and regulations do not possess additionality, and such activities cannot be included as projects under the Scheme.

(1) The criteria for determining the presence of economic barriers are as follows.

① Projects involving the introduction of equipment

The *investment recovery period* of the introduced equipment is at least 3 years, or running costs are increased after the project implementation.

The investment recovery period of a retrofit project is determined by the following formula, as a general rule.

\[
\text{Investment recovery period} = \frac{\text{Equipment investment} - \text{Subsidies}}{\text{Reduction in annual running costs}} \geq 3
\]

The following points are taken into consideration when calculating the investment recovery period.

- This is evaluated separately for each equipment investment, as a general rule.
- If subsidies are received for introduction of the equipment, the amount of investment is reduced by the amount of such subsidies.
- If the existing equipment is already sold to a third party at the time of development of PDD, the amount of investment is reduced by the revenue from that sale.
- Only items that are directly related to project implementation are included for evaluation.
- As a general rule, the monetary amounts used in such calculations are contract prices.
- The *unit cost of fuel* used for calculating fuel expenses is the average unit purchase price for the most recent year prior to the project start time, for the unit cost before project implementation; or the purchase contract unit price immediately after project implementation, for the unit cost after project implementation.
The amount of reduction in running costs is evaluated based on the assumption of equivalent level of activity before and after project implementation.

(1) Investment recovery period

The investment recovery period is evaluated separately for each equipment investment, as a general rule. However, the evaluation of investment recovery periods may be combined in cases such as the following, where the reduction effects of a project extend over multiple methodologies, items of equipment, or project implementing entities, etc., and are integrated and indivisible.

① Cases of technical coordination where the introduction of equipment involves multiple methodologies

(Specific examples of determining whether technical coordination is present)

- Technical coordination is considered to be present in cases where it is absolutely necessary for one type of equipment to be introduced in relation to the operation of another type of equipment, such as a project to simultaneously introduce heat source equipment using renewable energy heat, where the quantity of operation is not constant, and other heat source equipment such as a boiler to supplement shortfalls of heat.

- Technical coordination is not considered to be present in cases where different types of facilities are operated independently and do not affect each other, even if both are introduced in the same site and building at the same time, such as a project to introduce air conditioning and lighting facilities at the same time.

② Cases of technical coordination where multiple equipment are introduced

(Specific examples of determining whether technical coordination is present)

- In a project where 5 boilers are introduced as heat sources for the same production processes, and investment for fuel supply equipment, etc. is performed for all 5 boilers at the time of introduction of the first boiler, while investment for the second and subsequent boilers covers only the equipment itself, technical coordination is considered to be present between the introduction of the 5 boilers and introduction of the fuel supply equipment, etc.

- Meanwhile, even in a project where 5 boilers are introduced in the same way, if they are physically independent and are not used for the same production processes, technical coordination is not considered to be present.

③ Cases where initial costs or running costs are borne by parties other than the project participant

(Specific examples)

- The case of a street light retrofit project where a local government which is the project participant is responsible for the initial costs, but a management
association is responsible for the running costs.

- The case of a project using biomass pellets where the project participant is a pellet user, but the costs of the pellet user are reduced due to expenses borne by the pellet supplier.

(2) Directly related to project implementation

- The following are considered to be costs of equipment investment which are directly related to project implementation.

- In cases where this includes costs that are not directly related to the project, such costs must be proportionally allocated on reasonable grounds. In cases where proportional allocation is impossible, calculations must be performed in a manner that prevents preferential evaluation of additionality.

Examples of scope included in costs of equipment investment

<table>
<thead>
<tr>
<th>Item</th>
<th>Specific examples</th>
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<tbody>
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<td>Equipment costs</td>
<td>• Costs of equipment acquisition</td>
</tr>
<tr>
<td>Incidental equipment costs</td>
<td>• Fuel input devices</td>
</tr>
<tr>
<td></td>
<td>• Fuel tanks</td>
</tr>
<tr>
<td></td>
<td>• Control and operation panels</td>
</tr>
<tr>
<td></td>
<td>• Substation equipment</td>
</tr>
<tr>
<td></td>
<td>• Measuring instruments (for monitoring)</td>
</tr>
<tr>
<td></td>
<td>• Monitors (only those needed to determine energy consumption)</td>
</tr>
<tr>
<td></td>
<td>• Piping and distribution lines</td>
</tr>
<tr>
<td>Costs of installation and</td>
<td>• Costs of installation work (for installation of equipment and incidental</td>
</tr>
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<td>repair work</td>
<td>equipment recorded as equipment investment costs, as a general rule)</td>
</tr>
<tr>
<td></td>
<td>• Costs of repair work (if absolutely necessary for equipment installation)</td>
</tr>
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Examples of scope included in running costs

<table>
<thead>
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<th>Item</th>
<th>Specific examples</th>
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</thead>
<tbody>
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<td>Fuel costs</td>
<td>• Fuel costs</td>
</tr>
<tr>
<td>Operating and maintenance</td>
<td>• Personnel costs for dedicated operators</td>
</tr>
<tr>
<td>costs</td>
<td>• Maintenance costs (such as costs of a maintenance contract for the equipment in</td>
</tr>
<tr>
<td></td>
<td>question)</td>
</tr>
<tr>
<td>Others</td>
<td>• Rental fees on land for equipment installation</td>
</tr>
<tr>
<td></td>
<td>• Consumables (such as replacement of incandescent light bulbs)</td>
</tr>
<tr>
<td></td>
<td>• Cost of raw materials (such as procurement cost of waste oil used in biodiesel</td>
</tr>
<tr>
<td></td>
<td>fuel production)</td>
</tr>
</tbody>
</table>

(Note) The profits made from the external power/heat supply through the project implementation must be subtracted from running costs.
(3) Contract price

  - For purchase contracts, as in paying the prices of products purchased in a store, the amounts paid may be used.

(4) Unit cost of fuel before project implementation

  - If, at the time of determining the investment recovery period, the average unit cost for purchasing fuel in a year before the project implementation is significantly lower than the appropriate unit cost of a new purchase due to the long-term contract and other reasons, the appropriate unit cost of a new purchase is used as the unit cost of fuel before project implementation.

(5) Unit cost of fuel after project implementation

  - If no fuel purchase contract has been concluded at the time of determination of the investment recovery period, a suitable unit price at that time may be used in calculations.

2. Projects involving no introduction of equipment

  There is an increase in running costs after project implementation.

3. Forest management projects

  The presence of economic barriers is determined by the rules stipulated in the relevant methodologies.

2.2.5 Implemented based on methodologies

  Eligible projects for the Scheme must be implemented based on approved methodologies under the Scheme.

1. Approved methodologies

  For the methodologies approved under the Scheme, see http://japancredit.go.jp/menu04/methodology.html.

  In cases of newly proposed methodologies that are subject to public comment, a participant may develop the PDD based on such proposed methodologies and obtain validation. However, if the proposed methodologies are not approved, the project cannot be registered.
2.2.6 Validated by validation authorities

For registration of the project, a project participant must submit the PDD to a validation authority and obtain validation. During validation, if it is found that any portions of the PDD fail to satisfy the requirements of the Scheme, the PDD must be revised according to the matters indicated by the validation authority. As a general rule, validation is not completed until all of the revisions have been made.

(1) Validation authorities

For the validation authorities registered under the Scheme, see http://japancredit.go.jp/menu04/vvb.html.

(2) Validation

For the validation procedures, etc., see section 4.2 of this Implementation Rule.

2.2.7 Taking measures to keep permanence and suitable certification period (only for forest management projects)

For details, see Chapter 8 of this Implementation Rule.

2.2.8 Satisfying other requirements under the Scheme

In cases of programmatic projects, the following requirements must be satisfied.

① The programmatic operator/manager has a suitable operation and management system in place for the project.

② The programmatic operator/manager must confirm that the reduction activities making up the programmatic project satisfy the following requirements.

i) The individual reduction activities satisfy the project requirements prescribed in section 3.1.3 of the Implementation Outline, Chapter 3. However, the requirement on being "validated by a validation authority" is ensured through operation and management of the programmatic project by the programmatic operator/manager.

ii) None of the individual reduction activities are registered as projects under the Scheme or other similar schemes.

iii) All the reduction activities fall under one of the following categories:
   (a) reduction activities in the household sector;
   (b) reduction activities implemented by the programmatic operator/manager or its component(s);
   (c) reduction activities to which the programmatic operator/manager supplies the fuel concerned with those activities;
   (d) reduction activities to which the programmatic operator/manager supplies the facilities concerned with those activities; or
(e) reduction activities funded by the same subsidy of the central or local government.

iv) All the reduction activities apply the same methodology(ies) to and are monitored with the same parameters for calculating their main emissions. Where the fuel types and/or monitoring method classifications differ among the reduction activities satisfying aforementioned requirements about methodologies and parameters, the methods to calculate the emission reductions and to monitor the parameters and the procedures to collect/record/store the data must be separately specified for each type and/or classification.

③ The programmatic operator/manager executes the procedures related to the programmatic project.

The programmatic project must be validated that the programmatic operator/manager has a suitable operation and management system in place.

(I) Suitable operation and management system

It is desirable that the programmatic operator/manager operate the programmatic project efficiently by specifying in advance the methods for confirming that the above requirements are satisfied by the individual reduction activities of the programmatic project, as well as the methods for collection and management of information concerning the individual reduction activities. Specifically, it is considered that a programmatic project can be operated and managed efficiently by taking the following kinds of measures.

Example 1:

Case of a project to introduce residential solar power generation equipment

● Improving efficiency of data collection

  • It is possible to develop templates for the information to be reported by individual households implementing reduction activities by limiting the confirmation methods to the use of photos of meters concerning amounts of electric power generated and the use of purchase statements from the electric power company concerning amounts of electric power sold.

  • It is possible to collect unified information from the housing manufacturer by using home energy management systems (HEMS) operated by the housing manufacturer, etc.

● Specifying or fixing values

  • Statistical values can be used to estimate the amount of electric power generated per kW, which is needed for evaluation of the investment recovery period. It is also possible to reduce the number of items that need to be checked by fixing the unit price for sales of electric power (using the highest value in order to obtain a conservative estimate).

Example 2:

Case of an air conditioning facilities manufacturer introducing its own specific products
- Improving efficiency of data collection

- It is possible to reduce the cost of reporting by places where the air conditioning facilities are introduced by using existing customer information management systems along with periodic maintenance services to determine the amounts of energy used. (This reduces risks such as erroneous figures.)

- Specifying or fixing values

- It is possible to reduce the number of items that need to be checked by specifying (or fixing) the efficiency and capacity of the equipment in advance.

(2) No double registration as projects of the Scheme or other similar schemes

Particular care must be taken to prevent double registration among programmatic projects. In order to avoid double registration, the programmatic operator/manager should check the information/identification data unique to the individual facilities and/or project participants (for example serial numbers, addresses and numbered stickers) with necessary inquiries to the Management.

(3) All the reduction activities falling under the same category

At least one of the aforementioned five categories must correspond to all the reduction activities making up the programmatic project. Some individual activities may fall under the plural categories.

(4) Same methodologies and parameters

If two or more methodologies are used in combination, that same combination of methodologies must be used for all of the reduction activities. Where the parameters for calculating the main emissions are selectable in a single methodology (for example, in the Methodology EN-S-001, the parameter can be selected among fuel consumption, hot water or heat-transfer oil usage, steam usage or heating value), the same (combination of) parameter(s) must be monitored. The reduction activities, among which fuel types (for example, in the Methodology EN-R-001, the fuel can be woody pellets, woody chips, or firewood) and/or monitoring method classifications (for example, the method to monitor level of activity is classified into type A, B or C) differ, must be separately managed for each type and/or classification. For example, the list of reports of reduction activity records must be separately made for each type and/or classification.

(5) Others

Because the scale of a programmatic project tends to expand, great care must be taken to avoid double registration with similar schemes or other projects of the Scheme, and to implement suitable operation and management. Therefore, it is desirable to be verified by a verification authority, about once per year. It is also desirable for the programmatic operator/manager to provide explanations to all of the persons who will implement the reduction activities so that they understand the basic requirements of the J-Credit Scheme and how the revenues will be used, etc.
In cases where some of the parties implementing the individual reduction activities that make up a programmatic project are participants in Keidanren's Commitment to a Low Carbon Society, the credits certified from that programmatic project cannot be used to achieve target of Keidanren's Commitment to a Low Carbon Society.

2.3 Roles and responsibilities

The project participants develop the PDD, implements monitoring, and prepare the monitoring report, and are responsible for the content of the PDD and the monitoring report.

2.4 Data management

The project participant must manage data quality adequately concerning the necessary data when applying for registration of project and when applying for certification. This data must also be retained for 2 years after the end of the certification period.

(1) Control data quality

It is desirable to implement the following for controlling of data quality.

① Constructing the necessary system for monitoring, calculation, and reporting

- To eliminate data omissions and errors, etc., it is effective to establish methods for data collection and determination and methods for preparation of monitoring reports, etc., and to develop systems for those purposes. Specifically, it is desirable that the following steps are taken.

  - Appointing a responsible person and persons in charge: The necessary roles are determined and persons are put in charge of each role. The responsible person is charged with the responsibilities of preparing the monitoring report, managing and storing data, etc., and also takes corrective steps if anyone fails to perform their duties. A responsible person and persons in charge are also appointed for monitoring point management, and they grasp monitoring, maintain and manage the measuring instruments.

  - Establishing procedures: A system is developed to specify who does what and when, and to ensure that operations can proceed smoothly even if changes are made in the persons in charge, etc.

  - Developing a checking system: A mechanism is developed whereby the collected data is checked without fail.

② Quality assurance (QA) and quality control (QC)

- To ensure the accuracy of data, it is important to confirm that the system which has been developed is operating appropriately and that there are no errors, etc. in the data. In general, the former is called quality assurance (QA) and the latter is called quality control (QC).

Specific examples of quality assurance (QA)/ quality control (QC):

- To ensure the accuracy of data, it is important to confirm that the system which has been developed is operating appropriately and that there are no errors, etc. in the data. In general, the former is called quality assurance (QA) and the latter is called quality control (QC).
The following steps are taken periodically (about once every one or two years).

i) Someone other than the persons who recorded and input the data selects some data at random from all of the recorded data and checks that it has been recorded and input according to the prescribed methods and that there are no input errors, etc.

ii) If any data errors or problems in the system are discovered in the above process, the project participant should instruct the persons in charge to make appropriate corrections, and if necessary, make the responsible person revise the QA/QC system.

The responsible person provides explanations concerning the system, monitoring procedures, maintenance and management of measuring instruments, method of filling out monitoring reports, etc. to each of the persons in charge of monitoring (to be repeated whenever changes occur) to enable them to implement suitable monitoring.

3. Maintenance and management of measuring instruments

- To ensure accurate monitoring, it is necessary to use measuring instruments that have a certain degree of precision. When using specified measuring instruments, such instruments must be tested in accordance with the Measurement Act and not used beyond the expiration date of such testing. If measuring instruments other than specified measuring instruments are to be used, such instruments must be calibrated according to relevant international standards (such as ISO), Japanese standards (such as JIS), or suitable practices such as industry standards.

- It is desirable to check periodically as to whether the measurement data includes abnormal values, considering that malfunctions may occur in the measuring instruments.

(2) Retaining data for two years after end of certification period

It is necessary to retain the necessary data for use of the Scheme for two years after the end of the certification period, considering that it may be necessary to confirm the data used in development of PDD, even at the time of applying for credit certification (for example, when changing the plan due to baseline revision) and that it may be necessary for the Management, etc. to confirm information after the end of the credit certification period.

The following applies only to forest management project planning:

The data needed when applying for registration of project and when applying for certification must be retained for 10 years after the end of the certification period by participants of forest management projects.

2.5 No double certification of credits or double claiming of environmental value

As prescribed in section 6.2.1 of this Implementation Rule, a project participant may not obtain certification under the Scheme for any period during which certification is obtained under (an)other similar scheme(s) or this Scheme.

In cases where credits have been transferred (or sold) to other parties, as a general rule, the
project participant who transferred (or sold) such credits may not claim the transferred (or sold) credits as the project participant's own emission reductions.

(1) Credits that may not be claimed as the own emission reductions

If a project participant has transferred (or sold) credits created by themselves to another party, then the environmental value of the project's greenhouse gas reductions or removals belong to the party to whom they were transferred (or sold), and the project participant may not claim the environmental value of those credits.

For example, if it has been certified that emissions were reduced by 100 t-CO$_2$ due to project implementation, and the project participant claims emission reductions of 100 t-CO$_2$ while the credit purchaser also claims credits of 100 t-CO$_2$ as its own reductions, this means that both the project participant and the credit purchaser are claiming the same reduction of 100 t-CO$_2$ of emissions as their own. In such a case, 200 t-CO$_2$ of emission reductions are being claimed, although the actual amount was only 100 t-CO$_2$.

Therefore, this is prohibited. The following are examples of claims that may and may not be made in such a case.

- Acceptable claim (example): The project is registered under the J-Credit Scheme.
- Unacceptable claim (example): We have reduced CO$_2$ through this activity.

Also, if project participants report their own emissions in the Greenhouse Gas Accounting and Reporting System under the Act on Promotion of Global Warming Countermeasures, Reporting program under local government regulations, or environmental reports that they themselves issue, any credits that they have transferred (or sold) to other parties are treated as emissions and must be added to the amounts reported. If such procedures have been established on the side of the reporting system, those procedures must be followed.

This prohibition does not apply in cases where double reporting of the effects of various measures is permitted under national plans or laws, etc.
3.1 Required procedures

The sequence of procedures required for project participants in the development of PDD is as follows.

[Sequence of procedures]
3.3 Development of PDD

The project participant must use the specified forms to develop the PDD according to the methods indicated in the selected methodologies.

The important aspects when developing the PDD are calculating the expected emission reductions and developing the monitoring plan based on the methodologies and the Monitoring and Calculation Rule. At this stage, in cases where it is necessary to demonstrate that the expected emission reductions and degree of impact of the emissions do not exceed a certain level, appropriate numerical assumptions must be used to prevent overestimation of the expected emission reductions.

(1) Calculation of expected emission reductions

The expected emission reductions are calculated as follows.

① Identification of emission activities

The emission activities to be calculated in the project are identified according to the greenhouse gas emission activities to be taken into consideration in the calculation of emission reductions, as indicated in section 2 (Calculation of emission reductions) of the methodologies.

② Confirmation of monitoring items

For the emission activities to be calculated, as identified under ① above, the monitoring items (types of data to be calculated) required for calculation of emissions are confirmed with reference to section 6 (Monitoring methods) of the methodologies. The monitoring items are confirmed both for emissions after project implementation and for baseline emissions.

③ Determination of data for calculation of expected emission reductions

The values for calculation of expected emission reductions are determined for the monitoring items confirmed under ② above.

✧ For efficient baseline equipment in cases where there is no actual records exist, such as greenfield projects, the values for standard equipment are used, with reference to the explanations of methodologies.

✧ Since no actual records exist at the project planning stage for amounts of activity after project implementation (specified for each methodologies, such as amount of heat generated or production quantity of products), other suitable values are used instead, such as using actual records from the past.

When applying past data from actual records:

• For amounts of activity after project implementation in projects that involve heat generation (such as updating of boilers), the amount of heat generated (calculated based on actual records of fuel consumption) in the most recent period of one year (or the most recent fiscal year) prior to project implementation is applied as the value.
In projects involving fuel conversion (such as conversion from fuel oil to natural gas or conversion to biomass), suitable values are determined based on differences in fuel composition (such as differences in heating value and the effects of water content).

When no past data from actual records exists (such as greenfield projects):

- Suitable values are estimated based on the specifications of introduced equipment, for example, according to business plans (such as production plans) of the project participant.

- When a default value varies from year to year, the figure used is the value for the most recent fiscal year for which that value can be determined as of the time of development of PDD.

- When attempting to demonstrate that the degree of impact is less than 5% for any of the "minor emission activities" listed in section 2 (Calculation of emission reductions) of the methodologies, data based on the actual circumstances should be used to the extent possible, or numerical assumptions that prevent overestimation of emission reductions must be used. (If the degree of impact at the time of validation is less than 1%, calculation of emissions is not required; but if the degree of impact is at least 1% but less than 5%, the degree of impact determined at the time of validation will be used during verification.)

4 Calculation of expected emission reductions:

The expected emission reductions are calculated according to the formulas specified in the applicable methodologies, based on the values determined or assumed in 3 above.

(2) Preparation of monitoring plan

The monitoring plan is prepared as follows.

1 Decision of monitoring method

With regard to the monitoring items needed for calculation of baseline emissions and emissions after project implementation (especially items requiring continuous monitoring after project implementation, such as energy consumption and amounts of activity), decisions are made on methods that are appropriate for the project to be implemented, including what kinds of monitoring methods are to be used (methods based on amounts purchased, methods based on measurement by measuring instruments, etc.) and where measurements are to be performed (monitoring points) if measurement by measuring instruments is to be used, with reference to the Monitoring and Calculation Rule and the methodologies.

2 Development of monitoring system

A suitable monitoring system is developed with reference to section 2.4 of this Implementation Rule.
The following applies only to programmatic projects:

The programmatic operator/manager must develop the programmatic PDD according to the specified forms. If a sampling technique is to be used in monitoring, a sampling plan must be developed according to section 2.8 of the Monitoring and Calculation Rule, Chapter 2, and this must be included in the programmatic PDD.

(1) Development of programmatic PDD

When developing the programmatic PDD, in addition to the procedures for developing the ordinary PDD (described above in this section), the programmatic operator/manager must give specific details about having a capable system for operation and management of the programmatic project.

(2) Sampling plan

If sampling is to be implemented, the PDD must include a sampling plan that states the following matters.

- Purpose of sampling
- Collected data and target of actual measurement
- Configuration of population, with list and characteristics
- Method to be used for gathering samples, and rational explanation of why that method is appropriate
- Number of samples (including evaluation formula)
- Methods of data collection, management, and analysis, and method for handling non-sampling error
- Implementation method (schedule, persons involved, etc.)

The following applies only to forest management project plans:

In addition to the PDD, a forest management project participant must prepare the required documents specifically showing that the requirements of section 8.1.1 of this Implementation Rule are satisfied. For details, see section 8.1.1.

- If the project site has rights holders other than the project participant: Memorandum of understanding confirming permanence at the project site in forest management projects.

- If a forest management plan that includes the project site has rights holders other than the project participant: Records of explanatory meetings concerning methods of confirming permanence with regard to land other than the project site in forest management projects.
Chapter 4  Requirements and procedures for registration of project

4.1  Required procedures

The sequence of procedures required for project participants in the request registration of project is as follows.

[Sequence of procedures]

4.2  Validation

To demonstrate that the PDD satisfies the requirements specified in the Implementation Outline, this Implementation Rule, the methodologies, and the Monitoring and Calculation Rule, the project participant must obtain validation by a validation authority.

The following procedures are required when obtaining validation.

4.2.1  Selecting a validation authority

The project participant must select a validation authority.

(1) Selecting a validation authority

A validation authority may only execute validation for projects based on methodologies in the areas of certification for which it has obtain certification under ISO 14065. Therefore, it is important to check the areas of certification obtained by each validation authority. For a list of validation authorities, including their contact information and areas of certification, see http://japancredit.go.jp/menu04/vvb.html. Also, because validation must be executed by a third-party validation authority which is independent from the project participant, in some cases, prior to conclusion of a contract with the validation authority, the validation authority will check as to whether there are any related interests.

4.2.2  Contract with validation authority

The project participant must conclude a contract for validation with the validation authority.
(1) Concluding a contract

The contract must include agreed provisions concerning the following five matters. Explanations concerning these matters should be obtained from the validation authority.

- Purpose
- Standards
- Scope
- Level of assurance
- Importance

It is also desirable for the contract to include agreed provisions concerning confidentiality, because it may be necessary to provide sensitive information concerning business profitability. To execute validation efficiently, prior to concluding the contract, the validation authority may check on the content of the project, the environment where the project will be implemented, the monitoring system and monitoring methods, and data processing, including the system and methods for calculation of emission reductions. The project participant appropriately provides information related to such matters if requested.

4.2.3 Providing information to validation authority

To obtain validation, the project participant must submit the PDD to the validation authority. Other information requested by the validation authority, such as supporting materials for the content of the PDD and related information, must also be provided.

(1) Obtaining validation

Validation involves checking that the content of the PDD is consistent with the actual circumstances, and that the requirements of the Implementation Outline, this Implementation Rule, the methodologies, and the Monitoring and Calculation Rule are satisfied. Therefore, if information related to the following matters is requested, it must be provided appropriately.

① Confirming compliance with the Implementation Rule (For project participants)
   i) Requirements for projects
   ii) Data management

② Confirming compliance with the methodologies
   i) Eligibility criteria
   ii) Emission activities
   iii) Determining the baseline, baseline emissions, and emissions after project implementation

③ Confirming compliance with the Monitoring and Calculation Rule
   i) Measuring instruments, etc. if Category B monitoring of activity amounts is used
   ii) Conservativeness, if Category C monitoring of activity amounts is used
4.3 Application for registration of project

When applying for registration of project, the project participant must prepare the application documents required for the registration of project according to the specified forms, gather any other necessary documents, and submit them to the Management.

[Documents to be prepared]

① PDD (final version judged acceptable by the validation authority)

② Pledge

③ Application for registration of project

[Other documents to be submitted]

④ Validation report

(1) Validation report

The validation report must be accepted from the validation authority.

If any changes are made to the validation report after it has been submitted to the Management, the project participant must accept the revised validation report from the validation authority, promptly submitting a request for replacement to the Management.

(2) Submitting documentation to Management

If any problems are noticed at the time when the Management receives the documents or as a result of committee deliberation, the Management will contact the project participant to request changes, and these must be made as appropriate. Also, if changes have been requested in documents related to the results of validation, as a general rule, the validation authority should be contacted by the project participant.
Chapter 5  Requirements and procedures for monitoring

5.1 Required procedures

The sequence of procedures required for project participants in the implementation of monitoring is as follows.

[Sequence of procedures]

5.2 Implementation of monitoring

The project participant must implement monitoring in accordance with the PDD.

If any changes are made from the monitoring methods stated in the PDD, the plan change procedures must be followed. See section 6.5 of this Implementation Rule for the plan change procedures.

5.3 Preparation of monitoring report

The project participant must prepare a monitoring report with regard to the results of monitoring, according to the specified forms.

(1) Preparation of monitoring report

The important aspect in preparation of the monitoring report is to calculate emission reductions based on the PDD. The specific procedures, etc. are as follows.

① Confirming the monitoring data

i) The project participant confirms whether the actual measurement data, etc. needed for calculation of emission reductions has been monitored according to the PDD.

ii) If the scheme's default values are used, the project participant checks the methodologies and the Monitoring and Calculation Rule to confirm that the appropriate default values are being used, because these values vary from year to year.
② Calculation of emission reductions

i) Emission reductions are calculated according to the formulas of the methodologies from the time when the PDD was developed.

<table>
<thead>
<tr>
<th>The following applies only to programmatic projects:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The programmatic operator/manager must prepare a programmatic monitoring report and a list of reports of reduction activity records according to the specified forms.</td>
</tr>
<tr>
<td>If sampling techniques are used in monitoring, sampling must be implemented according to the sampling plan stated in the programmatic PDD, and this must be stated in the programmatic monitoring report.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(1) Preparation of programmatic monitoring report</th>
</tr>
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<tbody>
<tr>
<td>When preparing a programmatic monitoring report, in addition to the procedures for preparing an ordinary monitoring report (described above in this section), it is also necessary to confirm whether the programmatic project has been implemented in accordance with the registered programmatic PDD.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(2) List of reports of reduction activity records</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the list of reports of reduction activity records, for all reduction activities eligible for the monitoring report, it is necessary to state the results of calculating emission reductions under the programmatic PDD, and that all requirements for individual reduction activities stated in section 2.2.7, ② of this Implementation Rule are satisfied.</td>
</tr>
</tbody>
</table>
Chapter 6  Requirements and procedures for certification

6.1 Required procedures

The sequence of procedures required for project participants when applying for certification of emission reductions is as follows.

[Sequence of procedures]

6.2 Requirements for certification

Emission reductions certified under the Scheme must satisfy the following requirements specified in section 3.1.8 of the Implementation Outline, Chapter 3.

① The emission reductions/removals results from project implementation.

② The emission reductions/removals are calculated in accordance with the PDD.

③ The emission reductions/removals are verified by a verification authority.

④ The time period of calculation of emission reductions/removals under ② ends by the ending date of the certification period stipulated in section 1.6 of the Implementation Outline.

⑤ The emission reductions/removals and the projects they result from are not certified under or registered on (a) similar scheme(s).

⑥ Other requirements under the Scheme are also satisfied.

6.2.1 No certification under similar schemes

If any emission reduction/removal activities that the project participant intends to register under the Scheme are also registered under another similar scheme, those activities cannot be certified under the Scheme during any time periods for which has been certified or is planned to be certified under the other similar scheme.
Other similar schemes

The following are examples of other similar schemes.

- Tradable Green Certificates
- Certification programs for CO2 emission reductions from green energy
- Certification programs for CO2 emission reduction/removal administered by the local governments

6.3 Verification

To demonstrate that monitoring has been implemented according to the PDD and that the monitoring report covers all of the necessary information based on the Implementation Outline, this Implementation Rule, the methodologies, and the Monitoring and Calculation Rule, the project participant must obtain verification by a verification authority.

The following procedures are required when obtaining verification.

6.3.1 Selecting a verification authority

The project participant must select a verification authority.

(1) Selecting a verification authority

A verification authority may only execute verification for projects based on methodologies in the areas of certification for which it has obtained certification under ISO 14065. Therefore, it is important to check the areas of certification obtained by each verification authority. For a list of verification authorities, including their contact information and areas of certification, see http://japancredit.go.jp/menu04/vvb.html.

It is acceptable to select the same body as the validation authority to obtain verification.

Concerning confirmation as to the existence of any related interests, see section 4.2.1 of this Implementation Rule (replacing the phrase "validation authority" with "verification authority.")

6.3.2 Contract with verification authority

The project participant must conclude a contract for verification with the verification authority.

(1) Concluding a contract

For matters that are desirable when concluding a contract, see section 4.2.2 of this Implementation Rule (replacing the phrase "validation authority" with "verification authority.") Also, if the scope of the contract concluded with the validation authority at the stage of making arrangements for validation also included verification, it is not necessary to conclude another contract.
To execute verification efficiently, prior to concluding the contract, the verification authority may check on the content of the project, the environment where the project will be implemented, the monitoring system and monitoring methods, and data processing, including the system and methods for calculation of emission reductions. The project participant appropriately provides information related to such matters if requested.

6.3.3 Providing information to verification authority

To obtain verification, the project participant must submit the monitoring report, registered PDD, and validation report to the verification authority. Other information requested by the verification authority, such as supporting materials for the content of the monitoring report (and the PDD if necessary) and related information, must also be provided. If any changes are made in the plan, the procedures of section 6.5 of this Implementation Rule are followed.

(1) Verification

Verification involves checking that monitoring has been implemented in accordance with the registered PDD, that the content of the monitoring report is consistent with the situation of project implementation, and that the requirements of the Implementation Outline, this Implementation Rule, the methodologies, and the Monitoring and Calculation Rule are met. It also involves checking that the baseline emissions, emissions after project implementation, and emission reductions have been correctly calculated according to the Monitoring and Calculation Rule. In addition, the following matters are confirmed. Therefore, if information related to the following matters is requested, it must be provided appropriately.

① Confirmation as to whether any changes have been made in the PDD

② Confirmation of monitoring items and calculations

  i) Amounts of activity
  ii) Unit heating values and emission factors
  iii) Calculation formulas

③ Confirmation of other information than emission reductions

  i) Forms
  ii) Missing entries
  iii) Energy savings

④ Confirmation of data management

⑤ Confirmation as to whether there is any double certification

6.4 Application for certification

When applying for certification, the project participant must prepare the application documents required for the certification application according to the specified forms, gather any other necessary documents, and submit them to the Management.

Also, the holder and number of the account to which the J-Credits are to be issued after certification must be reported to the Management at the time of the certification application.
Project participants cannot apply for certification on and after the date when one year has elapsed from the ending date of the certification period.

[Documents to be prepared]

① Monitoring report (final version judged acceptable by the verification authority)
② List of reports of reduction activity records (for programmatic projects)
③ Application for certification

[Other documents to be submitted]

④ Verification report

(1) Verification report

The verification report must be accepted from the verification authority.

If any changes are made to the verification report after it has been submitted to the Management, the project participant must accept the revised verification report from the verification authority, promptly submitting a request for replacement to the Management.

6.5 Treatment of plan changes

Project participants should use the following procedures if changes occur in the content of a PDD that has already been registered.

6.5.1 Changes of formalities

When changes occur in the following formalities, the project participant must submit a notice of PDD changes to the Management, in addition to the documents for submission at the time of applying for certification as indicated in section 6.4 of this Implementation Rule. The PDD is deemed to be changed upon confirmation by the Management. The Management reports the content of such changes to the Certification Committee. Extension of the certification period is deemed to be a change of formality only if: (1) the project concerned has been registered by September 27, 2016; and (2) its original certification period ends by March 31, 2021. In that case, the notice of the PDD change must be submitted within the original certification period.

- Change in the company name of the project participant (unless this affects the actual circumstances of the project due to changes in specified emission sources, etc.)
- Information concerning the project participant (names of persons in charge, contact information, etc.)
- Changes in parties to obtain credits (including addition of parties to obtain credits and changes of a portion of the parties to obtain credits)
- Extension of the certification period (based on section 1.6 of the Implementation Outline)
If a notice of PDD changes concerning changes in formalities has been submitted to the Management before applying for certification, the project participant must report to the verification authority to this effect at the time of verification.

### 6.5.2 Changes in matters other than formalities

When changes occur in matters other than formalities, the project participant must submit a notice of PDD changes to the verification authority, in addition to the documents for submission at the time of verification as indicated in section 6.3.3 of this Implementation Rule, and obtain verification including the content of such changes.

If, as a result of verification, the verification authority judges it necessary to repeat the validation process, the project participant obtains revalidation concerning the content of the change notice, submits the PDD change notice and the original PDD to the Management, and applies for project re-registration.

The PDD is deemed to be changed when the project has been re-registered based on deliberation by the Certification Committee. The project participant may not apply for certification without submitting a notice of PDD changes, regardless of whether the changes involve formalities.

#### (1) Applying for revalidation and project re-registration

Revalidation may be obtained in combination with verification by a verification authority. An application for project re-registration may be made in combination with an application for certification. The procedures are the same as those of ordinary applications for validation and registration of project.

Examples of cases when revalidation is required:

- If the plan changes could affect determination of whether the project possesses additionality
- If the plan changes could affect determination of whether the eligibility criteria of the methodologies are satisfied
- If the plan changes could lead to increased emission reductions

If, as a result of verification, the verification authority judges that revalidation is not necessary, the project participant must submit a notice of PDD changes to the Management, in addition to the documents for submission at the time of applying for certification as indicated in section 6.4 of this Implementation Rule. The Management reports the content of such changes to the Certification Committee.

Examples of cases when revalidation is not required:

- If the monitoring method is changed to another approved method under the methodologies
- If the frequency of monitoring is changed, other than a required frequency
If there are changes in equipment specifications that do not affect the determination of additionality

One example of changing the monitoring method to another approved method under the methodologies would be to change from monitoring the amount of electric power usage (kWh) in terms of rated power consumption (kW) x equipment operating time (h) (Category C) to monitoring with specified measuring instruments that have been tested under the Measurement Act (Category B).

<table>
<thead>
<tr>
<th>The following applies only to forest management projects.</th>
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<tbody>
<tr>
<td>Examples of cases when revalidation is not required:</td>
</tr>
<tr>
<td>① Simple increase or repositioning of the monitoring plot</td>
</tr>
<tr>
<td>② Changing the monitoring area where the monitoring plot is established</td>
</tr>
<tr>
<td>③ Adjusting the place and time of forest management practices within the scope of the forest management plan, without increasing annual removals</td>
</tr>
<tr>
<td>④ Changes in various parameters and amounts of growth due to changes in site index, tree species, and age of stand, based on the results of monitoring</td>
</tr>
</tbody>
</table>
Chapter 7  Requirements and procedures for transfer of credits

This chapter is only applicable in cases where project participants obtain credits themselves and subsequently transfer them to others.

7.1 Required procedures

The sequence of procedures required for project participants in transfer of credits is as follows.

[Sequence of procedures]

7.2 Account establishment

The project participant must apply to open an account in the J-Credit registry in accordance with the Registry Rule and establish the account by the time of applying for certification.

7.3 Transfer of credits

A project participant who wishes to transfer credits held in its own account to another party must follow the registry procedures in accordance with the Registry Rule.

A project participant who wishes to retire credits created by itself on behalf of another party must also follow the registry procedures in accordance with the Registry Rule.
Chapter 8  Special measures for forest management projects

This chapter is only applicable to forest management projects.

8.1 Duties of forest management project participants

8.1.1 Duties when applying for registration of project

When applying for registration of a forest management project, the project participant must determine the relationships of rights related to the project implementation site, provide adequate explanations to the holders of the various rights (such as land ownership rights and membership rights), and submit documentation along with the PDD to show that it has reached agreement with the rights holders to the effect that such rights holders will assume duties similar to the duties of the project participant under section 8.1.2, (reference form: Memorandum of understanding confirming permanence at the project site in forest management projects), in order to keep permanence of forest sink removals. In addition, the project participant must submit documentation demonstrating that explanatory meetings, etc. have been held for the holders of various rights in the forest management plan that includes the project implementation site (reference form: Records of explanatory meetings concerning methods of confirming permanence with regard to land other than the project site in forest management projects).

8.1.2 Duties after registration of project

The project participant of a registered forest management project must perform the following duties.

① During the period from the date when the project was registered until the date when 10 years have elapsed from the ending date of the certification period, with regard to the scope registered in the PDD, the project participant must submit the forest management plan for each fiscal year (from April 1 to March 31) and the respective plan approval documents, logging notices, and afforestation notices to the Management by June 30 of the next fiscal year. (In cases of afforestation activity projects, this applies only after the date when the project site became subject to a forest management plan. This item is also applied to projects transferred from the carbon offset credit scheme, J-VER: Japan Verified Emission Reduction.) In cases where there is a risk that the project may undergo major changes, the project participant must promptly submit a copy of the forest management plan concerning the project site to the Management, without waiting until June 30.

② If the project participant transfers the project site to a third party during time period from the date when the project was registered until the date when 10 years have elapsed from the ending date of the certification period, it must notify the Management, cause the transferee to assume the position and duties of a contracting party who will comply with the Adhesive terms and conditions (for project participants), and cause the transferee to submit to the Management a written pledge stating that it assumes the position and duties of a contracting party who will comply with the Adhesive terms and conditions (for project participants) (This item is applied to projects transferred from J-VER.).

③ The project participant must report to the Management by June 30 of the fiscal year two years after the fiscal year including the ending date of the certification period
concerning the forest conditions at the time of expiration of the certification period and the total removals during the certification period. (This item is applied to projects transferred from J-VER, but not to afforestation activity projects.)

8.1.3 Duty of replenishment

In the following cases, the project participant must replenish the amount of J-Credits corresponding to the invalidated removal effects with regard to the J-Credits already issued from that project based on the methods of replenishment stipulated in section 8.1.4. The deadline for fulfilling the duty of replenishment is 40 business days after the Management issues a request for replenishment in cases under ①, ③, ④, or ⑤, and until September 30 of the fiscal year after next of the fiscal year including the ending date of the certification period in cases under ② (This item is applied to projects transferred from J-VER.).

① Cases where acts have been committed at the site of the project in question, during the period from the date when the project was registered until the date when 10 years have elapsed from the ending date of the certification period, that cause the removal effects to become invalid, such as land conversion (except for expropriation or other unavoidable land conversion) or inappropriate final cutting (abandonment after final cutting or logging that is not based on the forest management plan).

② Cases where the total removals during the certification period are less than the amount of credits already issued, according to reporting under section 8.1.2, ③.

③ Cases where the project does not meet the eligibility criteria of the methodologies.

④ Cases where approval of the forest management plan for the project site has been revoked or discontinued for reasons such as failure to implement appropriate forest management practices.

⑤ Other cases where sustainable forest management at the project site has been neglected, significantly reducing removals.

(Note) In the case of natural disturbances or of final cutting as a measure against disease/insect/animal damage, which is taken under a written law, ordinance, or regulation by the central or local government, no replenishment is required since those cases are outside the scope of the project participant’s responsibility.

8.1.4 Methods of replenishment

The methods for replenishment of the amount of J-Credits corresponding to the invalidated removal effects are as follows.

① If the J-Credits issued from the project in question have not yet been transferred to a third party, the J-Credits owned by the project participant are subject to mandatory cancellation by the Management.

② If the amount of J-Credits canceled under item ① above is less than the amount of J-Credits needed for replenishment, the project manager must procure J-Credits specified by the Management in the amount corresponding to the shortfall, and must either transfer
them to the Management free of charge or cancel them by the method specified by the Management.

8.2 Treatment of unavoidable land conversion due to expropriation and other reasons

If a decision has been made for land conversion of the project site for purposes such as public roads or power lines, and this was unforeseeable at the time of development of PDD or there are other unavoidable reasons, the project participant must promptly take the following steps.

① Exclude the location in question from the project site.

② Determine the expected emissions at the location in question and report them to the Management with supporting materials.

It is not necessary to transfer the credits issued at the location in question to a retirement account.

8.3 Establishment of the certification period

When applying for registration of a forest management project, the project participant must not intentionally avoid the time of final cutting for the purpose of producing excessive credits.

When the forest management plan fails to be continuously renewed and becomes invalid on the first day of the fiscal year, the starting date of the certification period cannot be the first day of the fiscal year unless the project participant presents (a) justifiable reason(s) of the invalidation in writing to and receives the approval of the Management.
Effective date

This document takes effect on April 17, 2013. Ver. 4.0 of this document takes effect on March 30, 2017.

Revision history

<table>
<thead>
<tr>
<th>Version</th>
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<tbody>
<tr>
<td>1.0</td>
<td>April 17, 2013</td>
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| 2.0     | January 20, 2014              | May 6, 2014     | 2.2 Requirements for projects  
Added that a suitable certification period is established (only for forest management projects).  
2.2.6 Take action to keep permanence and suitable certification period (only for forest management projects)  
Added that suitable certification period is established.  
8.2 Treatment of unavoidable land conversion due to natural disturbances, expropriation, etc.  
Clarified the description of unavoidable land conversion.  
8.3 Establishment of the certification period  
Added that the certification period must not be intentionally established to avoid the time of final cutting, in the case of a forest management project. |
| 2.1     | May 7, 2014                   | January 12, 2016| 2.2.3 Demonstrating additionality  
Added the explanation about the unit cost of fuel before project implementation.  
8.3 Establishment of the certification period  
Added the exceptional measures for a forest management project. |
| 2.2     | January 13, 2016              | March 1, 2016   | 2.2 Requirements for projects  
Added the requirement of being not identical with activities registered on (a) similar scheme(s).  
6.2 Requirements for certification  
Added the requirement of no certification/registration under/on (a) similar scheme(s). |
| 2.3     | March 2, 2016                 | March 28, 2017  | 3.2 Selection of methodologies, (1)  
Added the explanation for methodologies with the notification to confirm their validity. |
| 3.0     | September 28, 2016            | September 30, 2017| 2.2 Requirements for projects  
Added the requirement of satisfying the Implementation Outline’s rule on the certification period.  
2.2.4 Demonstrating additionality  
Added the note for calculating the running cost.  
6.2 Requirements for certification |
| 4.0 | March 30, 2017 | July 25, 2017 | Amended the requirement of the time period of calculation of emission reduction/removals.  
6.5.1 Changes of formalities
   Added the rule for extension of the certification period.  
8.1.2 Duties after registration of project
   Amended the period of the duties.  
8.1.3 Duty of replenishment
   Amended the deadline of replenishment  
| 4.1 | July 26, 2017 | February 27, 2019 | Whole the document
   Removed the term, the forest practice plan.  
2.2 Requirements for projects
   Added forest management projects as the exception for the requirement ②.  
2.2.3 Being not identical with any projects of …
   Added “this Scheme” as the object of no double registration.  
2.2.4 Demonstration of additionality
   Added the rule for forest management projects.  
2.2.8 Satisfying other requirements under the Scheme
   Amended the explanation for programmatic projects.  
2.5 No double certification of credits or …
   Added “this Scheme” as the object of no double certification.  
| 4.2 | February 28, 2019 | — | 6.4 Application for certification
   Added the application deadline after the end of the certification period.  
8.1.3 Duty of replenishment
   Amended the note for no duty of replenishment in the case of natural disturbances or of final cutting as a measure against disease/insect/animal damage.  