Taking Shape: The Market for Carbon Offsets for Compliance with California Cap-and-Trade

Special Topics Webinar
May 24, 2012
Agenda

9:00 Offsets for Compliance with California Cap-and-Trade
Scott Hernandez, Climate Action Reserve

9:05 The View from the Investor-Owned Utilities
Paul Augustine, Southern California Edison

9:20 The Role for Banks in Credit and Risk Mitigation
Abyd Karmali, Bank of America-Merrill Lynch

9:35 Livestock Methane Offsets for Compliance
Mark Mondik, TerraPass, Inc.

9:50 Question & Answer
Introduction

CLIMATE ACTION RESERVE
Background: The Reserve

• North American carbon offsets program
  – Focus = project-level emissions reductions to serve the voluntary, compliance and pre-compliance markets
  – Today’s Focus = Compliance Market

What We Do

1. Develop High Quality Standards
2. Manage Independent Third Party Verification
3. Operate a Transparent Registry System
Cap-and-Trade in California

- Assembly Bill 32 passed in 2006, cap-and-trade regulation adopted in October 2011
- Program begins Jan 1, 2013 and runs through 2020
  - Divided into three compliance periods
  - Narrow scope for 1st period, broad scope beginning Jan 1, 2015
- Compliance Instruments:
  - Allowances: State issued permits to emit 1mtCO2eq
  - Offsets: can be used in place of allowances on a limited basis
Using Offsets for Compliance

• Limited Use: 8% of compliance obligation
• Four Approved Project Protocols
  – Forestry & Urban Forestry
  – Livestock Methane
  – Destruction of Ozone Depleting Substances (U.S.)
• Project must be registered with CARB or a CARB-approved registry
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