

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



CLIMATE  
ACTION  
RESERVE

Special Topics Webinar

May 24, 2012

# Agenda



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- 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**





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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





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# 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 1<sup>st</sup> period, broad scope beginning Jan 1, 2015
- Compliance Instruments:
  - Allowances: State issued permits to emit 1mtCO<sub>2</sub><sub>e</sub>
  - Offsets: can be used in place of allowances on a limited basis





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# 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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*Paul Augustine, Southern California Edison*
- 9:20**      **The Role of the Banks: Credit and Risks Mitigation**  
*Abyd Karmali, Bank of America-Merrill Lynch*
- 9:35**      **Supplying Ag-Methane Offsets for Compliance Buyers**  
*Mark Mondik, TerraPass, Inc.*
- 9:50**      **Question & Answer**

