

# Overview of the Climate Action Reserve

Webinar will begin shortly

For audio, please dial (213) 286-1201

Access code: 234-507-388



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# Presentation Overview

1. Background on the Climate Action Reserve
  2. What is different about the Reserve?
  3. Our protocols
  4. The project registration process
  5. Finding information on our website
- What we will not be covering
    - Software demo
    - Technical details on using the protocols

# Background on the Climate Action Reserve



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- Chartered by state legislation in 2001
  - Mission is to encourage early voluntary actions to reduce emissions and to have such emissions reductions recognized
    - Initially focused on emission reporting and reductions by member organizations
    - Now on emission reduction projects generating offsets
- Balances business, government, and environmental interests



# Key Principles

- Accuracy
  - Rely on best available science to quantify greenhouse gas effects of project activities.
- Conservativeness
  - Where there is uncertainty, err on the side of conservative accounting to prevent overcrediting.
- Transparency
  - Provide open, public processes and information.
- Practicality
  - Ensure that the program can be used as broadly as possible to encourage activities that reduce greenhouse gas emissions.

# Objectives of the Climate Action Reserve



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- Address public concerns about the voluntary carbon market that:
  - Projects aren't additional
  - Credits are being double counted or sold
- Our reputation for high-quality accounting standards can address these concerns
  - Show that carbon offsets can be a useful tool in addressing climate change
- Intended to be the premier place to register carbon offset projects for North America
  - Be the recognized “seal of approval”



## What We Do

- Develop High Quality Standards
- Manage Independent Third Party Verification
  - Training and oversight of independent verification bodies
  - Convene stakeholders and lead development of standardized protocols for carbon offset projects
- Operate a Transparent Registry System
  - Maintain registry of approved projects
  - Issue and track serialized credits generated by projects

# Relationship with the Climate Registry



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- The Climate Registry is a non-profit set up by U.S. states, Canadian provinces, Mexican states and native sovereign nations to track GHG emissions
  - Sister organization to the Reserve
- The Climate Registry does not track GHG reduction projects—just entity footprints

# Relationship with VCS—the Voluntary Carbon Standard



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- VCS is an international program that links together the highest quality carbon offset programs
- The Reserve is the only U.S. program recognized by VCS
- CRTs will be convertible into VCUs—but not the reverse



*What makes the Reserve different?*

## Recognition



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### Recognized and Supported by:

- California Air Resources Board
- State of Pennsylvania
- Voluntary Carbon Standard (VCS)
- Leading environmental organizations:
  - Environment America
  - Natural Resources Defense Council (NRDC)
  - Union of Concerned Scientists
  - Sierra Club
  - Wilderness Society

*What makes the Reserve different?*

## Transparency



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- Unparalleled transparency makes the Reserve unique
- Public reports include:
  - All protocols
  - List of all account-holders
  - List of all projects and all project documents
  - List of all issued CRTs for every project
  - All retired CRTs

*What makes the Reserve different?*

## Performance standard



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- Why a performance standard is different
  - The hard work is upfront
  - Assess industry practice as a whole, rather than individual project activities
- Less subjective determination to qualify
- More certainty in amount of credits
- Lower risk for developers
- Faster project processing



*What makes the Reserve different?*

## Separation of Roles

- Reserve develops protocols but does not develop projects
- Does not take ownership of offsets
- 501(c)(3) non-profit status
- Third-party verification
  - Consistent with international standards
  - Accreditation done by ANSI
  - Conflict of interest analysis on every project

*What makes the Reserve different?*

## Connecting markets

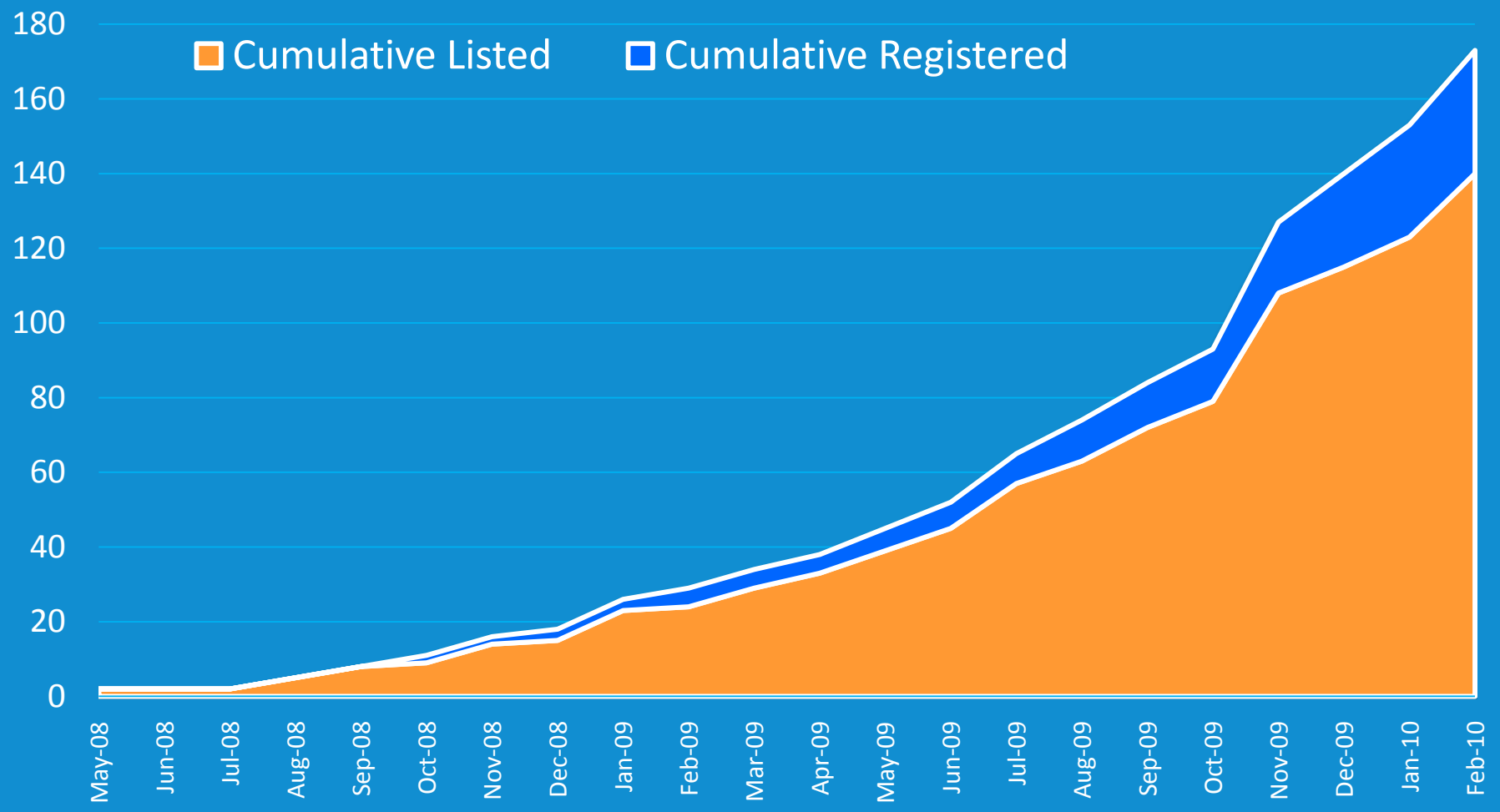


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- For now, main demand is from the voluntary market
- In the future, projects may be usable for compliance in California, Western Climate Initiative or in a national system
  - Regulators have yet to make decisions on these questions
  - But, the Reserve “is considered the premier pre-compliance offset standard.” (*State of the Voluntary Carbon Markets 2009*)

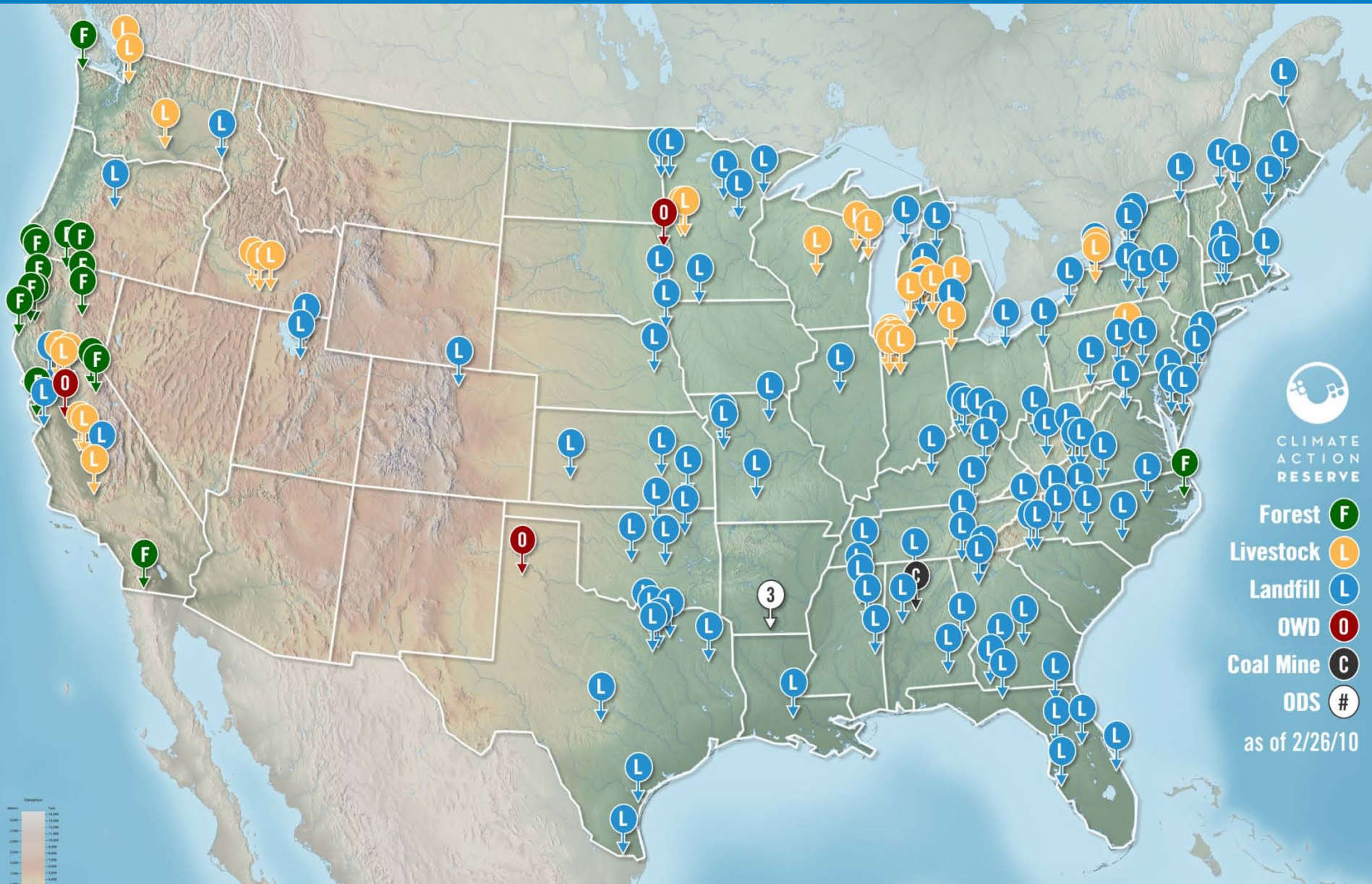


# Offset projects on the Reserve





# Listed & registered projects





# Reserve stats

Launch date **May 2008**

CRTs registered **2.74 million**

Account holders **234**

Projects submitted **210**

*Registered* **32**

*Listed* **140**

*New* **38**

Current market info **\$5.75 per CRT**  
(CCFE contract for Mar10 V09)





# Our Protocols

- Developed with broad public input
- Goal is to create a uniform standard that is widely recognized and builds on best practice
  - We incorporate the best elements of other protocols
  - We do not accept protocols from other programs (i.e. CDM, Gold Standard, VCS, etc.)
- Designed as step-by-step instructions on project development



# The Big 5 Tests

- REAL
  - It can be accurately measured.
- ADDITIONAL
  - Occurs outside of any regulatory requirement
    - Including outside capped sector
  - Would not have occurred but for the incentive provided by a GHG market.
- VERIFIABLE
  - It can be independently verified.
- ENFORCEABLE
  - Its ownership is undisputed.
- PERMANENT



# Protocol Development Process

1. Literature review
2. Scoping/kick-off meeting
3. Multi-stakeholder workgroup formation
4. Draft protocol to workgroup
5. Revised draft released for public comment
6. Public workshop
7. Adoption by Reserve board in public session
  - It is unique for a non-profit Board to meet in public
8. Consideration by California Air Resources Board for compliance under AB32



# Existing Protocols

- Forestry
  - Improved forest management
  - Avoided conversion
  - Reforestation
- Landfill gas capture (US & Mexico)
- Livestock methane capture (US & Mexico)
- Organic waste digestion
- Coal mine methane
- Urban forestry
- Nitric Acid Production
- Ozone Depleting Substances (US and Article 5)

# Protocols under consideration for 2009-2010



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## Agriculture and Biological Sequestration

- Composting\*
- Soil sequestration
  - Cropland
  - Rangeland
  - Biochar
- Tidal wetlands restoration

## Industrial Processes

- Boiler efficiency
- Natural gas T&D systems

## Transportation

- Truck stop electrification

## International Expansion

- Reforestation in Mexico\*
- Forestry in Canada

*\* In-progress*

# Renewable Energy and Energy Efficiency Protocols



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- No renewable energy protocol is planned
  - You may be able to generate RECs through other programs from methane destruction projects if you are generating electricity
- No electrical energy efficiency/green building protocols are planned
  - This is only for electricity. We are planning a natural gas efficiency protocol
- Why? Electricity is certain to be a capped sector under any GHG regulation



## Steps to eligibility

1. Location – U.S. (and its territories) or Mexico (specific protocols)
2. Project started operation no more than six months prior to submittal
  - There are exceptions to this for each individual protocol, please refer to those documents for guidance
3. Regulatory screen – not legally required
4. Performance standard for additionality
5. Compliance – must meet all applicable environmental regulations



# Verification

- Developer must select an accredited verifier
- Verifier submits conflict of interest form every time
- Developer hires verifier
  - Verifier makes determination how many tonnes of reduction have taken place
  - Project documents, verification report and verification opinion submitted to the Reserve





## Crediting reductions

- CRTs are only issued ex-post, after the reductions have occurred and been successfully verified
- The Reserve credits the project developer's account with the appropriate number of CRTs (Climate Reserve Tonnes, pronounced "carrots")
- Each CRT has a unique serial number for tracking
  - Includes embedded information about the project, project type, vintage, and location
- Each project has a limited crediting period
  - 100 years for forestry, 10 years for everything else



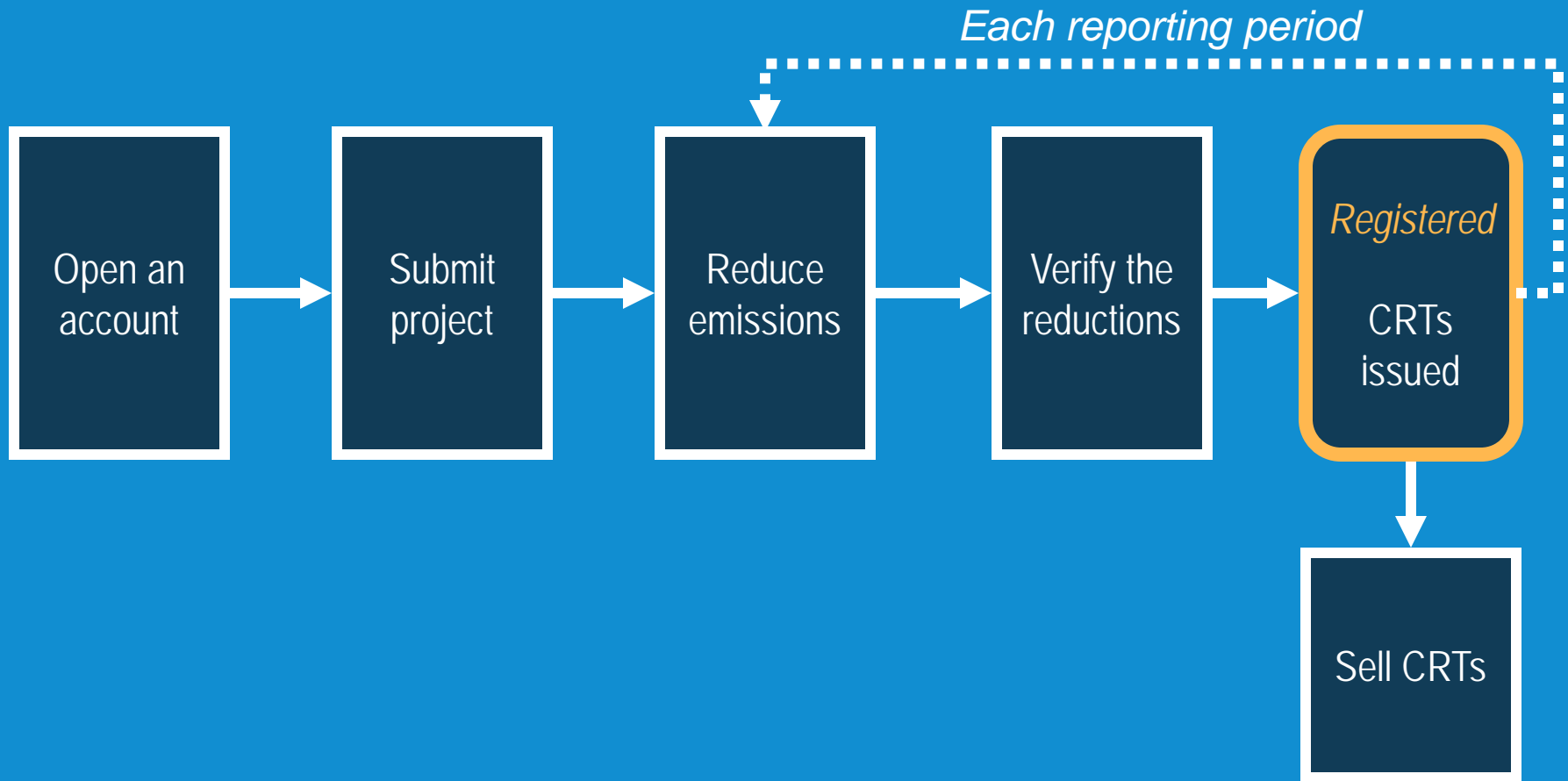
# Transferring credits

- Developer contracts to sell CRTs with an interested buyer
  - Financial transaction is outside of the system
  - Buyer must have an account on the system or seller can retire them on behalf of buyer
- Developer instructs the system to transfer the CRTs into the buyer's account
- Buyer can hold them, retire them or transfer them to someone else
- CRT futures can now be traded on the CCFE

# The Reserve process



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# Fee Structure

- Account Maintenance: \$500/year
- Project Listing: \$500/project
- CRT Issuance: \$0.20/tonne
- CRT Transfer: \$0.03/tonne
- Retirement: Free

# Website demo



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[www.climateactionreserve.org](http://www.climateactionreserve.org)

The screenshot shows the homepage of the Climate Action Reserve website. At the top, there is a navigation menu with links for HOME, ABOUT US, HOW IT WORKS, OPEN AN ACCOUNT, RESOURCES, NEWS AND EVENTS, and SUPPORT. To the right of the menu are links for login and public reports, and a search bar. Below the navigation is a large banner image of a tree on a grassy hill with a path leading to it. The text on the banner reads: "The Climate Action Reserve was founded to ensure integrity, transparency, and financial value in the North American carbon market." Below the banner are three main content areas: "Reserve Facts" with a list of statistics, "News" with a list of recent news items, and "Program Announcements" with a list of upcoming events. On the right side, there are buttons for "Register a Project" and "Protocols", and logos for "Center for Climate Action" and "CALIFORNIA CLIMATE ACTION REGISTRY". At the bottom, there is a footer with links for faqs, view projects, contact, help, and entries (rss).

HOME ABOUT US HOW IT WORKS OPEN AN ACCOUNT RESOURCES NEWS AND EVENTS SUPPORT login public reports

The Climate Action Reserve was founded to ensure integrity, transparency, and financial value in the North American carbon market.

**Reserve Facts**

- 97 Account Holders
- 6 Projects registered
- 40 Projects listed
- 16 New projects
- 1,271,714 CRTs issued

**News**

- June 4, 2009  
Climate Action Reserve exceeds one million offset credits issued
- April 30, 2009  
Federal Mexican government official elected to Climate Action Reserve Board of Directors
- April 2, 2009  
Climate Action Reserve becomes parent organization to the California Climate Action Registry and two other programs
- April 2, 2009  
Environmental organizations line up behind the Climate Action Reserve
- March 23, 2009  
Climate Action Reserve makes milestone expansion of carbon credit program

**Program Announcements**

- June 2, 2009  
Forest Protocol Draft Project Implementation Agreement now available for public comment - Comments due June 11
- May 19, 2009  
RFP to develop methane project metering recommendations now available - proposals due June 23

Register a Project

Protocols

Center for Climate Action

CALIFORNIA CLIMATE ACTION REGISTRY

faqs view projects contact help entries (rss)



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# ANNUAL CONFERENCE!

- Navigating the American Carbon World
  - Climate Action Reserve
  - Point Carbon
  - International Emissions Trading Association
- San Francisco, CA
- Marriot Marquis Downtown
- April 15-16, 2010
  - April 14: pre-conference workshop, free and open to public
  - Reserve overview
  - Project showcase with developers
- [www.nacw2010.org](http://www.nacw2010.org)

**Navigating**  
the **American**  
Carbon World  
CONFERENCE AND TRADE FAIR



# Contact Information



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