

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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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



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Board of Directors

- California EPA
- Duke University
- Environmental Defense Foundation
- Goldman Sachs
- Metropolitan Water District
- National Institute of Ecology of Mexico
- Natural Resources Defense Council
- New Resource Bank
- NRG Energy
- Pacific Gas & Electric
- Shell Oil Company
- Sierra Club



Objectives of the Reserve

- Encourage actions to reduce greenhouse gas emissions
- Show that carbon offsets can be a useful tool in addressing climate change
- Model an offset program that has environmental integrity but is not burdensome to use
- Create value for the North American carbon market
 - For project developers: High value projects
 - For buyers: Confidence in offsets they are buying
- Provide technical resources on offset standards and policy



What We Do

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

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)
 - Environmental Defense Fund
 - 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 and associated documents
 - 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 and investors
- Faster project processing

What makes the Reserve different?

Scalability



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- In 12 months, we have increased from 40 to 350 projects with just three additional staff.
 - We still process submitted documents in two weeks
 - Performance standard: Once the standards are in place, not much staff time to review a project
 - Verification: 15 verification bodies and more going through ANSI program
 - Software: Very robust system, operated by APX
- We can continue to expand to meet compliance market needs

What makes the Reserve different?

Separation of Roles

- Reserve does not fund or develop projects
- Does not take ownership of offsets
- Is not an exchange
- Is a 501(c)3 not-for-profit organization
- Independent third-party verification
 - Consistent with international standards
 - Accreditation done by ANSI
 - Assiduous oversight of verifiers



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What makes the Reserve different?

Connecting Markets



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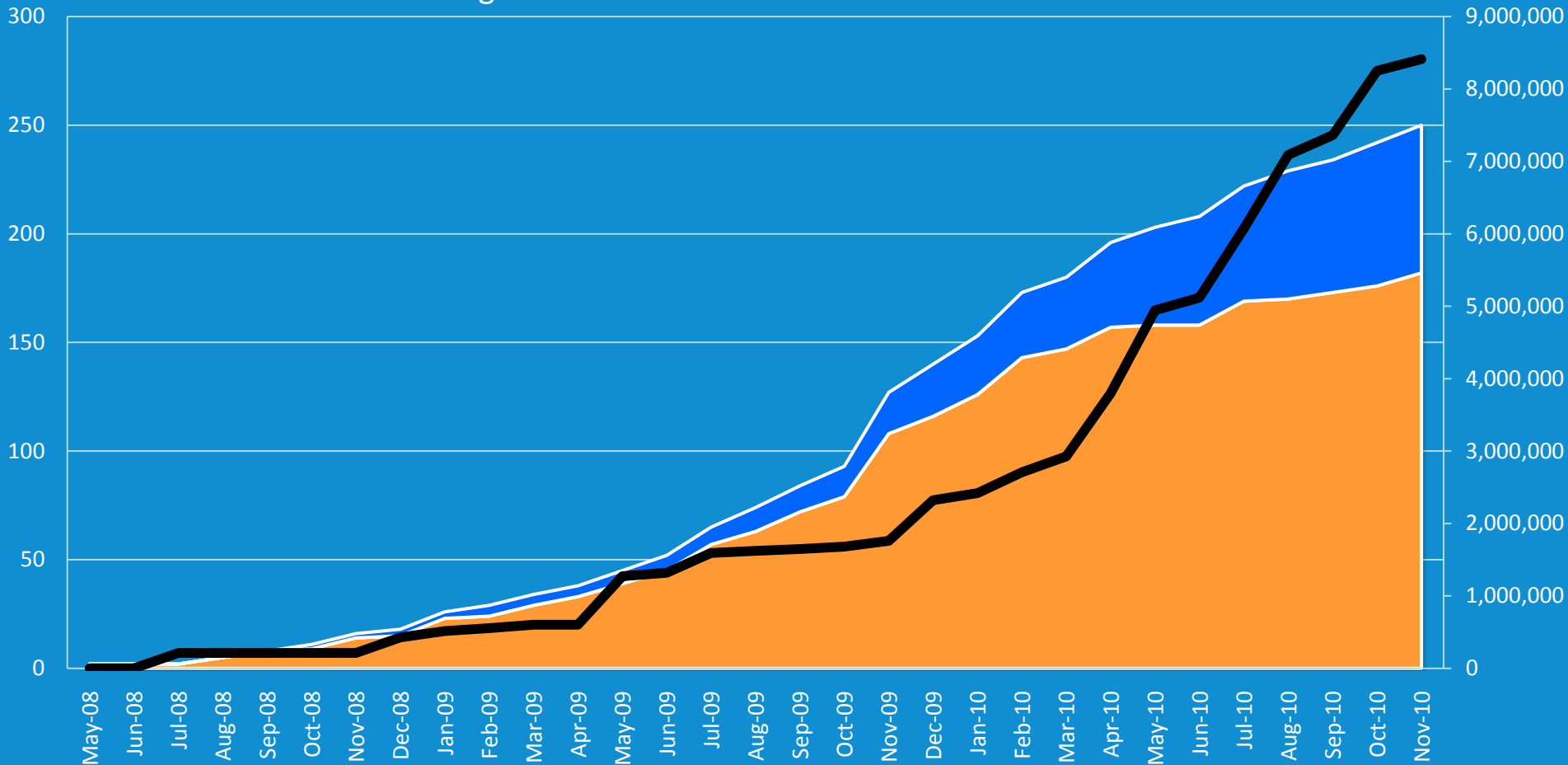
- CRTs are used in voluntary market today
- Many buyers expect that projects will be usable for compliance in California, Western Climate Initiative or in a national system
 - Regulators have yet to make decisions
 - The Reserve “is considered the premier pre-compliance offset standard.” (*State of the Voluntary Carbon Markets 2009*)
- Provides project developers with multiple options for selling their projects

Offset projects in the Reserve



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Listed Registered Cumulative CRTs Issued

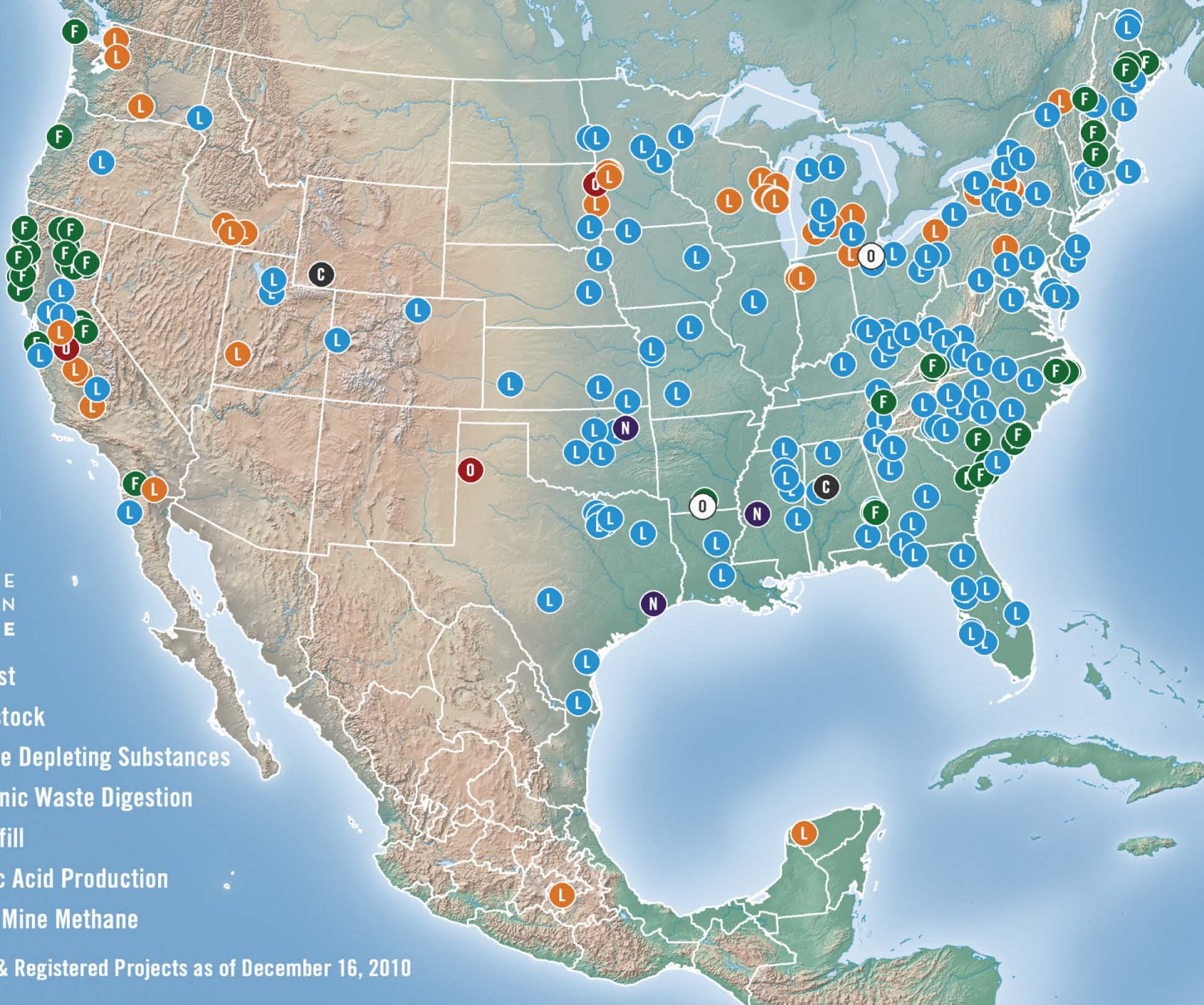




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- F** Forest
- L** Livestock
- O** Ozone Depleting Substances
- D** Organic Waste Digestion
- L** Landfill
- N** Nitric Acid Production
- C** Coal Mine Methane

252 Listed & Registered Projects as of December 16, 2010





Reserve stats

Launch date	May 2008
CRTs registered	8.6 million
Account holders	352
Projects submitted	368
Exchanges	CRT futures are traded on: <ul style="list-style-type: none">• Chicago Climate Futures Exchange (CCFE)• Green Exchange
Recent prices	>\$5 per CRT for ARB-approved protocols <\$5 per CRT for other protocols



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 adopt 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



Existing Protocols

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

** ARB-approved protocols*



Protocols Under Consideration

Agriculture and Biological Sequestration

- Soil Conservation *
- Nutrient Management *
- Rice Cultivation *
- Tidal Wetlands Restoration
- Biochar

** In-progress*

Industrial Processes

- Boiler Efficiency
- Natural Gas T&D Systems

Transportation

- Truck Stop Electrification

International Expansion

- Mexican Forestry *
- Canadian Protocols

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



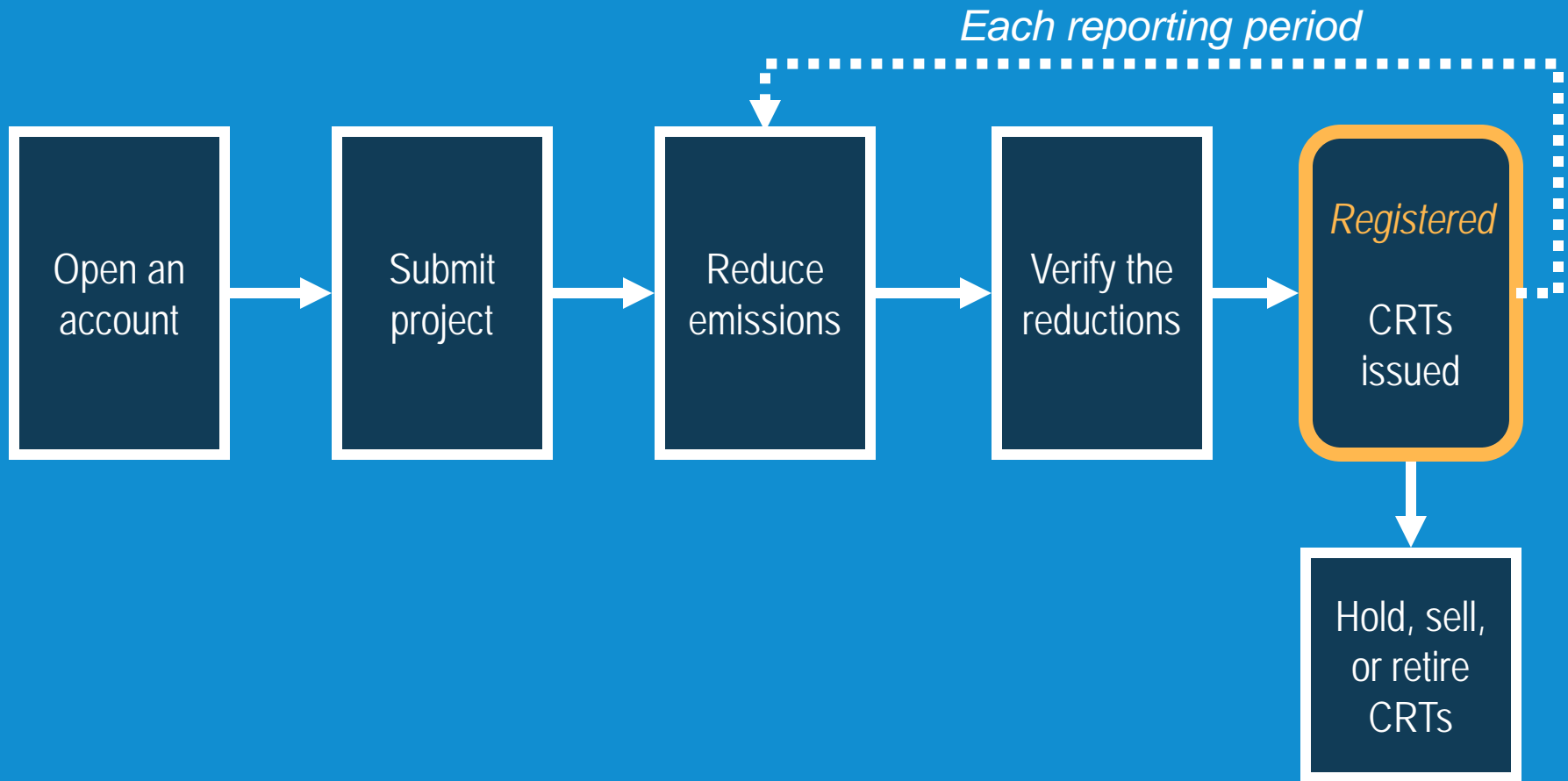
Steps to Register a Project

1. Open an account on the Reserve
2. Submit project for listing
 - Project submittal form and documents
3. Conduct project activities
4. Select verifier
 - Verifier submits conflict of interest form
5. Submit project documents, verification report and verification opinion
6. Project registered and CRTs issued

The Reserve process



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Verification

- Verification bodies (VBs) must get accredited to ISO standards by American National Standards Institute (ANSI)
- Lead Verifiers must take protocol-specific and general Reserve training
- Developer hires accredited and trained VB
 - VB makes determination as to the accuracy of reported CRTs
 - Project documents, verification report and verification opinion submitted to the Reserve
- VB submits NOVA/COI form and receives approval from Reserve to proceed



Transferring Credits

- Developer contracts to sell CRTs to a buyer
 - Financial transaction is outside of the system
 - Buyer must have an account on the system
- Developer instructs the system to transfer the CRTs into the buyer's account
- Buyer can hold them, retire them or transfer them
- Financial transaction can be done through:
 - Broker
 - Exchange: CCFE or Green Exchange
 - Directly
 - Public auction



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

The screenshot shows the homepage of the Climate Action Reserve website. At the top, there is a navigation menu with links: 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 green 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: '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)

Contact Information



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