Account Holders Meeting

April 10, 2012
Meeting Agenda

• Welcome
• CARROT Awards
• California Air Resources Board Update
• Climate Action Reserve Program Update
• Best Practices for Project Developers
• Forestry Updates
• Feedback & Close
## State of the Reserve

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRTs Registered</td>
<td>23.6 million MtCO$_2$e</td>
</tr>
<tr>
<td>CRTs Retired</td>
<td>3.9 million MtCO$_2$e</td>
</tr>
<tr>
<td>Account Holders</td>
<td>400 from 45 U.S. states and 9 countries</td>
</tr>
<tr>
<td>Projects Submitted</td>
<td>489 (45 US, 2 Mexican States)</td>
</tr>
<tr>
<td>Projects Registered</td>
<td>Registered: 131</td>
</tr>
<tr>
<td></td>
<td>Completed: 9</td>
</tr>
<tr>
<td></td>
<td>Listed: 240 (100 in verification)</td>
</tr>
<tr>
<td></td>
<td>New: 109</td>
</tr>
</tbody>
</table>

*as of 4/6/2012*
CARROT Award Winners!!

• Nancy Budge, QB Consulting
• Rajinder Sahota, California Air Resources Board
• Belinda Morris, Environmental Defense Fund
• Tim Stumhofer, Greenhouse Gas Management Institute
• Cecilia Simon, Forestry Consultant
CALIFORNIA AIR RESOURCES BOARD UPDATE
PROGRAM UPDATES
## Protocol Update

<table>
<thead>
<tr>
<th>Protocol</th>
<th>Version</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal Mine Methane</td>
<td>1.0</td>
<td>Version 2.0 out for public comment</td>
</tr>
<tr>
<td>Forest</td>
<td>3.2</td>
<td>Under revision</td>
</tr>
<tr>
<td>Ozone Depleting Substances</td>
<td>1.0</td>
<td>Version 2.0 out for public comment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>US-ODS Errata &amp; Clarification issued 12/15/2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Article 5 Errata &amp; Clarification issued 4/3/2012</td>
</tr>
<tr>
<td>U.S. Landfill</td>
<td>4.0</td>
<td>Approved, Errata &amp; Clarification issued 10/26/2011</td>
</tr>
<tr>
<td>U.S. Livestock</td>
<td>3.0</td>
<td>Approved, Errata &amp; Clarification issued 3/28/2012</td>
</tr>
<tr>
<td>Mexico Livestock</td>
<td>2.0</td>
<td>Approved, Errata &amp; Clarification issued 3/28/2012</td>
</tr>
<tr>
<td>Mexico Landfill</td>
<td>1.1</td>
<td>Approved</td>
</tr>
<tr>
<td>Organic Waste Composting</td>
<td>1.0</td>
<td>Approved, Errata &amp; Clarification issued 3/3/2012</td>
</tr>
<tr>
<td>Organic Waste Digestion</td>
<td>2.0</td>
<td>Approved, Errata &amp; Clarification issued 10/28/2012</td>
</tr>
<tr>
<td>Nitric Acid Production</td>
<td>2.0</td>
<td>Approved</td>
</tr>
<tr>
<td>Urban Forest</td>
<td>1.1</td>
<td>Approved</td>
</tr>
<tr>
<td>Rice Cultivation</td>
<td>1.0</td>
<td>Approved</td>
</tr>
</tbody>
</table>
Program Manual Update

- The Program Manual summarizes the Reserves rules and procedures for registering projects and creating offset credits.
- The revised Program Manual was released on October 26, 2011 and the rules and procedures within it are effective immediately.
- Significant updates include:
  - New sections to incorporate the Immediate Crediting for Future Avoided Emissions and Zero-Crediting Reporting policy memos.
  - New section to incorporate new project phase, ‘Completed’
  - Revised verification deadlines per previous policy memo.
- The Program Manual is available for download at http://www.climateactionreserve.org/how/program/program-manual/
Program Manual Update (Cont.)

• New Section: 3.2.2 Over-Issuance of CRTs
• In the event the Reserve has over-issued credits due to incorrect reporting or quantification, the project account holder must compensate for the over-issuance
• Within 30 days, the account holder must:
  – Retire CRTs and/or
  – Provide written authorization to withhold CRTs from future issuance
• Reserve will determine the option the account holder may use
• If the account holder fails to satisfy its obligations within 30 days, the Reserve may:
  – Cause the retirement of CRTs held by the account holder
  – Purchase CRTs at the account holders expense and retire them
  – Withhold of issuance of CRTs
Project Reporting Period

• There will no longer be a distinction between a project’s start date and its reporting start date
• This change is to ensure that all project emissions within the GHG Assessment Boundary are accounted for from the project start date until the end of its crediting period
• This change does not affect the project’s crediting period; the crediting period still begins on the project start date
Project Registration
Deadline Extension

• Projects must be registered within 30 months of being submitted to the Reserve or must be resubmitted for registration under the most current version of its associated protocol
• The Reserve will allow account holders to request a one-time project registration extension
• No extension request will be granted unless the project has commenced verification and has undergone a site visit for the reporting period and all outstanding invoices for the project and account holder have been paid.
• To submit a request, account holders must complete the Request for Project Registration Extension form, submit requested documentation and pay a $200 review fee
Project Registration
Deadline Extension

• The following extensions may be granted:
  – Forest and Urban Forest projects may be granted a twelve (12) month extension.
  – US Livestock and US Ozone Depleting Substances projects may be granted a six (6) month extension.
  – All other project types may be granted a 30 day extension if the account holder can demonstrate to the Reserve’s satisfaction that they will miss the deadline due to extraordinary circumstances. The Reserve holds the right to determine what rises to the level of an extraordinary circumstance.
Project Diagram Required at Verification

• For all non-sequestration project protocols, a detailed diagram of the *specific project system* must be included in the Monitoring Plan and provided to the Reserve.

• Project developers will be required to have uploaded a PDF of the project diagram into the Reserve software during the verification process.

• These diagrams are not public documents.

• After a diagram is submitted during the initial verification, it is not required to be uploaded during subsequent verifications unless equipment arrangement or project components have changed.

• The policy is effective for verification reports that are uploaded after Friday, April 13, 2012.
Software Updates

• The Reserve continues to improve its software to add features requested by account holders

• Two key functionalities added:
  – Forward CRT Transfer
  – CRT Issuance Installment

• Forward CRT Transfer allows project developers to set up transfer prior to CRT Issuance. Once CRTs are registered, the CRTs are deposited directly in the buyer’s account

• CRT Issuance Installment allows CRTs to be issued and invoiced in batches
### Forward CRT Transfer

#### New Forward CRTs Transfer

<table>
<thead>
<tr>
<th>Forward CRTs Name</th>
<th>Alias</th>
<th>Project Name</th>
<th>Account Holder</th>
<th>Percent</th>
<th>Amount</th>
<th>Priority</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice CRT Buyer</td>
<td></td>
<td>RICE UAT PROJECT I (CAR814)</td>
<td>Rice Paddy</td>
<td>500</td>
<td></td>
<td>1</td>
<td>Pending</td>
</tr>
</tbody>
</table>

#### Reserve Software - Create Forward Transfer

### Forward Certificate Transfers Review Report

<table>
<thead>
<tr>
<th>Transfer Name/Alias</th>
<th>Counterparty</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Amount</th>
<th>Priority</th>
<th>Deposit Sub-Account - ID</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice CRT Buyer</td>
<td>Rice Paddy</td>
<td>CAR814</td>
<td>RICE UAT PROJECT I</td>
<td>500</td>
<td>1</td>
<td>Log MyMoney</td>
<td>Pending</td>
</tr>
</tbody>
</table>
CRT Forward Transfer

Forward Transfers Inbox

<table>
<thead>
<tr>
<th>Transfer Name/Alias</th>
<th>Counterparty</th>
<th>Vintage Begin</th>
<th>Vintage End</th>
<th>Current Status</th>
<th>Accept All</th>
<th>Reject All</th>
<th>Initiation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice CRT Buyer</td>
<td>PEBBLES RICE, INC.</td>
<td>2011</td>
<td>2011</td>
<td>Pending</td>
<td>Accept All</td>
<td>Reject All</td>
<td>04/09/2012</td>
</tr>
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</table>

Forward Transfer Recipient View

Recurring Transfers

<table>
<thead>
<tr>
<th>Transfer Name/Alias</th>
<th>Counterparty</th>
<th>Source</th>
<th>Vintage Begin</th>
<th>Vintage End</th>
<th>Amount</th>
<th>Status</th>
<th>Status Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice CRT Buyer</td>
<td>Rice Paddy</td>
<td>RICE UAT PROJECT I (CAR814)</td>
<td>2011</td>
<td>2011</td>
<td>590</td>
<td>Accept All</td>
<td>04/09/2012</td>
</tr>
</tbody>
</table>

- View Forward Transfers
- Create New Forward Transfers

Forward Transfer Transferor View
## CRT Issuance Installment

**Project Documents**

### Enter Project Data

<table>
<thead>
<tr>
<th>Project ID - Name:</th>
<th>CAR809 - Mary’s Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Type:</td>
<td>Landfill Gas Capture/Combustion</td>
</tr>
<tr>
<td>Protocol Version:</td>
<td>Version 3.0</td>
</tr>
<tr>
<td>Vintage:</td>
<td>2012</td>
</tr>
<tr>
<td>Reporting Period Start:</td>
<td>01/01/2012 (format: MM/DD/YYYY)</td>
</tr>
<tr>
<td>Reporting Period End:</td>
<td>01/31/2012 (format: MM/DD/YYYY)</td>
</tr>
<tr>
<td>CO2e Emission Reductions:</td>
<td>40000 (Metric Tons)</td>
</tr>
<tr>
<td>Quantity of CRTs to be Issued:</td>
<td>40000 (Metric Tons)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Installment Quantity:</td>
</tr>
</tbody>
</table>

* Required Field

**Reserve Software - Project Emissions/Reductions Page**
Can enter additional issuance installments at any time.

<table>
<thead>
<tr>
<th>Action</th>
<th>Partial Issuance</th>
<th>Status</th>
<th>Vintage</th>
<th>Quantity (CRTs)</th>
<th>Current Installment</th>
<th>Reporting Period Begin</th>
<th>Reporting Period End</th>
<th>CRT Serial Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>View</td>
<td>Issued</td>
<td>Issued</td>
<td>2012</td>
<td>40,000</td>
<td>30,000</td>
<td>1/1/2012</td>
<td>1/31/2012</td>
<td>CAR-1-US-809-4-556-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MS-2012-424-1 to 300</td>
</tr>
<tr>
<td>View</td>
<td>Issued</td>
<td>Issued</td>
<td>2012</td>
<td>40,000</td>
<td>300</td>
<td>1/1/2012</td>
<td>1/31/2012</td>
<td>CAR-1-US-809-4-556-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MS-2012-423-1 to 300</td>
</tr>
<tr>
<td>View</td>
<td>Invoiced, Pending Payment</td>
<td>Issued</td>
<td>2012</td>
<td>40,000</td>
<td>2,000</td>
<td>1/1/2012</td>
<td>1/31/2012</td>
<td>CAR-1-US-809-4-556-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MS-2012-423-1 to 300</td>
</tr>
<tr>
<td>View</td>
<td>Issued</td>
<td>Issued</td>
<td>2011</td>
<td>1,000</td>
<td>1,000</td>
<td>12/31/2011</td>
<td></td>
<td>CAR-1-US-809-4-556-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MS-2011-408-1 to 1000</td>
</tr>
</tbody>
</table>

Reserve Software - Project Emissions/Reductions Page
Trainings

• Reserve will continue to provide trainings on the Reserve software, program rules and requirements, and specific protocols

• Reserve Project Developer & Verifier Software Training. Trainings are held via webinar and go over software functionality. Next training offered: Thursday, May 31st

• Reserve Project Developer trainings are 1 hour trainings on specific project protocols. Next training offered:

• Software tutorials to be released shortly
PROJECT DEVELOPER
BEST PRACTICES
Agenda

• Discuss Best Practices For:
  ✷ Software Use
  ✷ Monitoring & Reporting
  ✷ Verification
Software Use

• Account Access
  – The Account Manager is the main point of contact for the Reserve, responsible for creating additional logins for organization
  – Additional logins can be created with similar privileges to those of the account manager or limited access privileges. Two types:
    • Admin, with equal access privileges to the account manager’s, or
    • Limited Access, with restricted rights to view or take action on projects and/or CRT accounts
**Privilege Login Management**

**Login Name:**
- Limited

---

**Project Privilege Login Management**

<table>
<thead>
<tr>
<th>Active Project Name</th>
<th>Project View-Only</th>
<th>Project Data Management and Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>a livestock test</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>act test</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Forest Test 01.28.2011</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>IFM test</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Test Project Auto Save</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>UF test</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>UF Test 1</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>UF test 2</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>UF test 3</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>UF test RY</td>
<td>☑</td>
<td>☑</td>
</tr>
</tbody>
</table>

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**Account Privilege Login Management**

<table>
<thead>
<tr>
<th>Open Accounts</th>
<th>Account View-Only</th>
<th>Account Certificate Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default - 1203 Active Accounts</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Default - 1204 Retirement Accounts</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>sub-acc1 - 1225 Active Accounts</td>
<td>☑</td>
<td>☐</td>
</tr>
</tbody>
</table>
Software Use

• CRT Retirements
  – Retirements on behalf of third parties must be conducted per Terms of Use Section 9
  – Retirements greater than 99 CRTs must be disclosed to the Reserve
  – Retirements greater than 99,999 CRTs must be disclosed publically
  – Steps for conducting retirements on behalf of third parties:
    • Create Group Retirement Subaccount in name of the third party
    • Transfer CRTs into account, reason should be ‘On Behalf of Third Party’
    • ‘Disclose Account to Public’ if the quantity of CRTs reaches greater than 99,999 CRTs
### Edit Account

- **Account Type:** Retirement Accounts
- **Name:** My Retirement Client ABC
- **Allow public to view this Account:** No
- **Status:** Open
- **Reason Closed:**
- **Status Effective Date:** 4/9/2012 11:31:45 PM
- **Quantity of CRTs in Account:** 0

### Open Accounts

<table>
<thead>
<tr>
<th>Account ID</th>
<th>Account Name</th>
<th>Account Name/Alias</th>
<th>Account Type</th>
<th>View/Transfer CRTs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1293</td>
<td>Default</td>
<td></td>
<td>Active Accounts</td>
<td>0</td>
</tr>
<tr>
<td>1225</td>
<td>sub-acct1</td>
<td></td>
<td>Active Accounts</td>
<td>100</td>
</tr>
<tr>
<td>1226</td>
<td>sub-acct2 private</td>
<td></td>
<td>Active Accounts</td>
<td>189</td>
</tr>
<tr>
<td>1294</td>
<td>Default</td>
<td></td>
<td>Retirement Accounts</td>
<td>0</td>
</tr>
<tr>
<td>1295</td>
<td>My Retirement Client ABC</td>
<td></td>
<td>Retirement Accounts</td>
<td>1,500</td>
</tr>
<tr>
<td>1297</td>
<td>My Retirement Client XYZ</td>
<td></td>
<td>Retirement Accounts</td>
<td>2,000</td>
</tr>
</tbody>
</table>

### Incoming CRT Transfers

- CRTs
Project Reporting

• Who is the Project Developer?
  – PD Account Holder must hold full legal title to CRTs
  – One party must have clear/explicit title
  – If multiple parties are involved, contracts must grant CRTs to the PD Account Holder
  – The Attestation of Title indicates a PD has exclusive ownership rights to the GHG reductions or removals associated with the project and for which the Reserve will issue CRTs
    • The Attestation of Title must be in the name of the ‘Account Holder’
    • The signatory must have authority to bind the organization in legal agreements.
    • Technical consultants whom have completed the Designation of Authority do not have authority to sign the attestation
Livestock Calc Tool

- The livestock calculation tool was last updated on March 28, 2012.
- Updates with large substantial changes will be announced to all account holders
  - Small updates for increased clarity and usability will not
- Be sure to check to livestock page prior to beginning work on a new calculation tool
- A user consultation was held in March. However, if you encounter issues, please contact the Reserve.
Variances

• If a requirement of the protocol cannot be met, may apply for a variance
  – Only or monitoring/metering issues
  – Variances for eligibility or general methodology not accepted
• Be as explicit as possible in request:
  – What requirement do you need a variance for?
  – What do you propose to do?
  – Is proposal conservative?
  – Reserve works to accommodate reasonable requests, but may deny
    variances at its sole discretion
• The Reserve makes no guarantee that ARB will accept variance determination
• A log of approved variances can be found here:
Project Monitoring

• All project types have required monitoring criteria (Section 6 of each protocol)

• As a starting point, monitoring plans should address all requirements
  – Tables in Section 6 show main monitoring criteria and monitoring frequencies
  – Include outline of individual roles and responsibilities to track necessary parameters
  – Inputs to main calculations (e.g. type of destruction devices, pre-proj systems, effluent management, ODS species involved, etc.)
Project Monitoring (Cont.)

• Plans detail how *all* required SSRs are monitored

• Plans must detail how regulatory compliance is monitored
  – Non-compliance events must be disclosed, even if they are immaterial

• Plans should discuss roles and operations as far as data transfer and calculating emissions
  – Calculations must conform to protocol requirements
Project Monitoring (Cont.)

• Track project implementation through time with detailed monitoring report
  – Document execution of monitoring plan
  – Use Daily/Weekly/Monthly Checklists

• Cover data substitution events and procedures in the monitoring reports
Tips for a Smooth Verification

• Have monitoring plan and data in place prior to site visit
  – Provide a copy to your verifier well in advance of site visits
• Ensure that monitoring report is detailed enough to show the monitoring plan is being carried out
• Update monitoring plan to reflect operational or equipment changes meters swapped/personnel change
  – Personnel Changes
  – New Meters
• All pertinent personnel should be available at site visit
• Contact the Reserve directly if you have trouble recognizing or correcting issues
Additional Tips

- Ensure all forms submitted are the most recent available. Project documents are located here:
- Pay attention to any Errata & Clarifications recently issued
  - Applicable up until verifications are completed
- Address all verifier corrective action requests in a timely manner
- Aim to complete verification well before delivery deadlines to allow time for clarifications/review
Project Registration Review Process

• The Reserve reviews the verification documents prior to
  – Reviews include three independent reviewers
• We may request additional information to inform our review
• Within 10 business days we will provide a project status update on the status of the review
• To expedite CRT Issuance you may pre-pay the CRT Issuance fee to APX
FORESTRY UPDATE
Resources for Forest Owners

- Forest Project Design Document Template
- Sequential Sampling Worksheet
- Forest Calculation Worksheet
- In Development
  - Calculation tool for accounting for harvested wood products
  - Guidance on regression calculations for height measurements
  - Calculation tool for accounting for the Avoided Conversion discount factor
  - Guidance for simplifying the use of the Component Ratio Method
Policy Regarding Optional Pools

- Optional pools will not be credited per March 2011 announcement
- Exception: Credits for Avoided Conversion of soil carbon only using standardized methodology
  - Consists of 3 parts:
    - Baseline determination
    - Quantification methodology
    - Verification of soil carbon
Biomass Equations

- Biomass equations located on the Forest Protocol Resources page on Reserve’s website at:
  http://www.climateactionreserve.org/how/protocols/adopted/forest/resources/
- Equations for Alaska (rainforest only) available shortly
- Currently developing guidance to apply Component Ratio Method to West Coast assessment areas for below-ground biomass instead of use of the Cairns equations
Project Implementation Agreement (PIA) Update

- The PIA has been updated to reflect mostly minor changes in light of our evolving program and changed circumstances.
- Key changes include the following:
  - Section 1 Defined Terms- Financial risk contribution provisions removed because they were obsolete.
  - Section 4(c) Term- PIA termination provision amended to reflect the fact that ARB has not agreed to assume liability for enforcing the permanence of any CRTs that are not transferred over to the Regulatory Program.
  - Section 7(a)(1) Transfer of Property Assignment and Assumption provisions expanded to allow an amendment to the PIA, in the Reserve’s discretion.
  - Section 18, Indemnification.
Qualified Conservation Easements

- Qualified Conservation Easements make the Reserve a third-party beneficiary and incorporate the PIA
- Use of a Qualified Conservation Easement lessens the reversal risk rating for a forest project
- Existing conservation easements must be modified to be considered a “qualified” conservation easement
- The Reserve can provide template language for the conservation easement
- Not required for Avoided Conversion projects (to be clarified in Errata & Clarification)
Forest Projects with Encumbrances

• Current Guidance:
  – All projects must sign an Indemnification Agreement
  – New projects (not listed) with conservation easements must obtain a written acknowledgement from counterparty that they can proceed with carbon project

• Future Guidance:
  – Working to ensure greater clarity with respect to control of forest carbon
Forest Project Protocol
Version 3.3

- Forest Project aggregation rules incorporated into protocol
- Lying dead wood accounting to ensure Natural Forest Management requirements are met
- Sequential sampling for the verification of all sampled pools
- Baseline methodology to incorporate soil carbon for Avoided Conversion projects
- Appendix A
  - Soil carbon sampling
  - Quantification of standing dead wood, including standardized guidance for volume and decay adjustments.
  - Quantification of lying dead wood.
  - Annual Harvested Wood Products accounting.
  - Use of regression equations for estimating tree heights
ACCOUNT HOLDER
FEEDBACK AND Q&A