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Adapting the Climate Action Reserve & Forest Protocol to Mexico

John Nickerson

August 4th, 2010

Mexico City

Presentation



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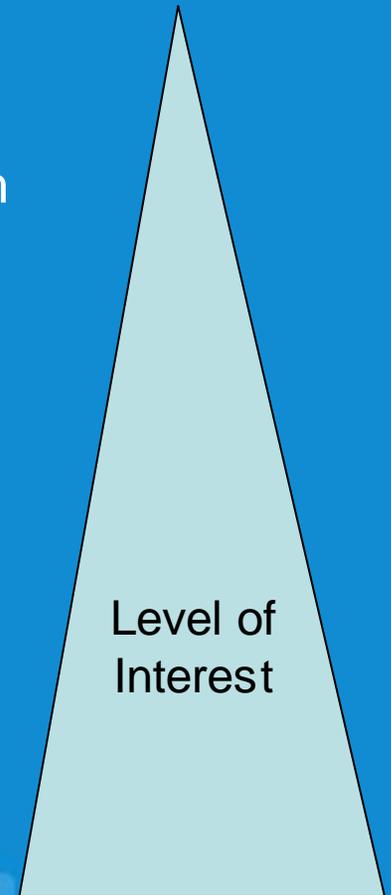
- “ History of Forest Project Protocols
- “ Mexico’s Effort to Address Emissions from Forest Sector (REDD)
- “ Program Elements for REDD Crediting Under Development at ARB
- “ Adaptation of Forest Protocols to Mexico
- “ Implications for Mexico Forest Working Group

of the Forest Project Protocol



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- “ California legislation instructed the California Climate Action Registry to Develop a Forest Protocol (2003)
 - . Promote climate benefits of forests and integrate high environmental standards
- “ Version 1.0 adopted in 2005
 - . No projects submitted under first protocol
- “ Version 2.0 adopted in 2007
 - . 3 projects verified under second version
- “ Version 3.0 and 3.1 adopted in fall of 2009
 - . 2-year stakeholder process with multi-stakeholder workgroup
 - . Over 150 forest projects submitted to the Reserve
- “ Version 3.2 due out at the end of August, 2010
 - . Further clarification



ing the Climate Action Reserve & Protocols to Mexico



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- “ The Reserve had the goal to initiate the process over a year ago!
 - . High demands for time on the domestic protocol
 - . Benefits in delay allow for improved harmonization with Mexico’s REDD effort and ARB’s rulemaking process
- “ Initiated in May, 2010 with a kickoff meeting
- “ Third meeting to be held in person on August 5th, 2010

Mexico's REDD Efforts



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“ Mexico in process of developing REDD strategies

- . Calculating historic rates of deforestation
- . Exploring policy mechanisms to reduce emissions and credit sequestration activities
- . Strong stakeholder participation
- . Strong scientific basis

m elements in a nested framework

ARB Current Thinking



“ Jurisdiction-level requirements

- . Baselines: Reference levels, crediting baselines
- . Trajectory
- . Inventory and MRV
- . Environmental and social safeguards
- . Enforcement and consideration for reversals

“ Project-level requirements

- . Additional, quantifiable, verifiable, real
- . Inventory and Baseline
- . Environmental and social safeguards
- . 3rd party verification

“ Reconciliation

The Phase-in Approach

ARB Current Thinking



- “ Start with Avoided Deforestation
- “ Focus on high deforestation jurisdictions
- “ Required Nested System (Projects to Jurisdictional Accounting)

ARB Contacts and Comments



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” Submit comments by 6pm, August 20, to

<http://www.arb.ca.gov/cc/capandtrade/comments.htm>

Contact (Office of Climate Change)

Barbara Bamberger

1.916.324.2303

bbamberg@arb.ca.gov

Workgroup Participants



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- “ Alianza para la Conservacion Sierra Gorda
- “ Pronatura Mexico
- “ Centro Mexicano de Derecho Ambiental
- “ Rainforest Alliance
- “ CONAFOR
- “ Reforestamos Mexico
- “ Consejo Civil Mexicano para la Silvicultura Sostenible
- “ Servicios Ambientales de Oaxaca
- “ EcoLogic Development Fund
- “ South Pole Carbon Asset Management
- “ Gold Standard
- “ Voluntary Carbon Standard
- “ Terra Global Capital
- “ World Wildlife Fund
- “ Natura Proyectos Ambientales
- “ The Nature Conservancy

Timeline and Mechanics- International Forestry Offsets



- “ Cap and Trade regulation scheduled out this fall
- “ ARB working closely with GCF
 - . Developing REDD framework that could allow credits from subnational program
- “ CAR collaboration with VCS and GCF
 - . Assist with design elements of REDD framework
 - . Develop project methodologies



Projects for a Compliance Market: Nesting

“ Nested Projects:

- . Provide a mechanism to credit REDD++ **projects** within a jurisdictional (federal, state, sub-national) regulatory system.
- . Activities and verification managed at the project level, but reconciled with, and subject to the performance of, the jurisdiction's achieved emissions reductions and removals

“ Attainment of crediting under ARB will require, as previously discussed

- . Meeting ARB minimum requirements
- . Jurisdictional accounting
- . Governmental commitment
- . Achievement of significant reductions (i.e., 50%)



ARB Pathway to Nested Projects

Voluntary projects → Pre-nested projects → Nested projects

- “ There *may* be potential to credit pre-nested projects prior to full jurisdictional attainment
- “ Voluntary projects need no ARB or state action
 - . No uncertainty
- “ Pre-nested projects and nested project methodologies do not exist
 - . Highly conceptual
 - . Opportunity to proffer proposal to ARB and other groups
- “ Workgroup should develop standards catered to multiple project phases, considering transition and nesting mechanisms



Voluntary to Pre-nested to Nested Projects

Voluntary Projects

Project Activities

“Reserve develops voluntary project standards:

“ Activities credited to the voluntary market

“Independent MRV, leakage, permanence assessments

Jurisdiction Activities

“Jurisdiction commitment not required

“Jurisdiction working towards minimum requirements of ARB

“No credits issued by or managed by jurisdiction

“ Current status of market

“ High certainty that Reserve protocol will be accepted in voluntary market



Voluntary to Pre-Nested to Nested Projects

	Voluntary Projects	Pre-nested Projects
Project Activities	<ul style="list-style-type: none"> Reserve develops voluntary project standards: Activities credited to the voluntary market Independent MRV, leakage, permanence assessments 	<ul style="list-style-type: none"> Standards developed for independent voluntary projects govern pilot projects Activities credited to the compliance market Independent MRV, leakage, and permanence assessment
Jurisdiction Activities	<ul style="list-style-type: none"> Jurisdiction commitment not required Jurisdiction working towards minimum requirements of ARB No credits issued by or managed by jurisdiction 	<ul style="list-style-type: none"> Jurisdiction commitment to participation required Meets minimum requirements of ARB for program enrollment Demonstrates progress No credits issued by or managed by jurisdiction

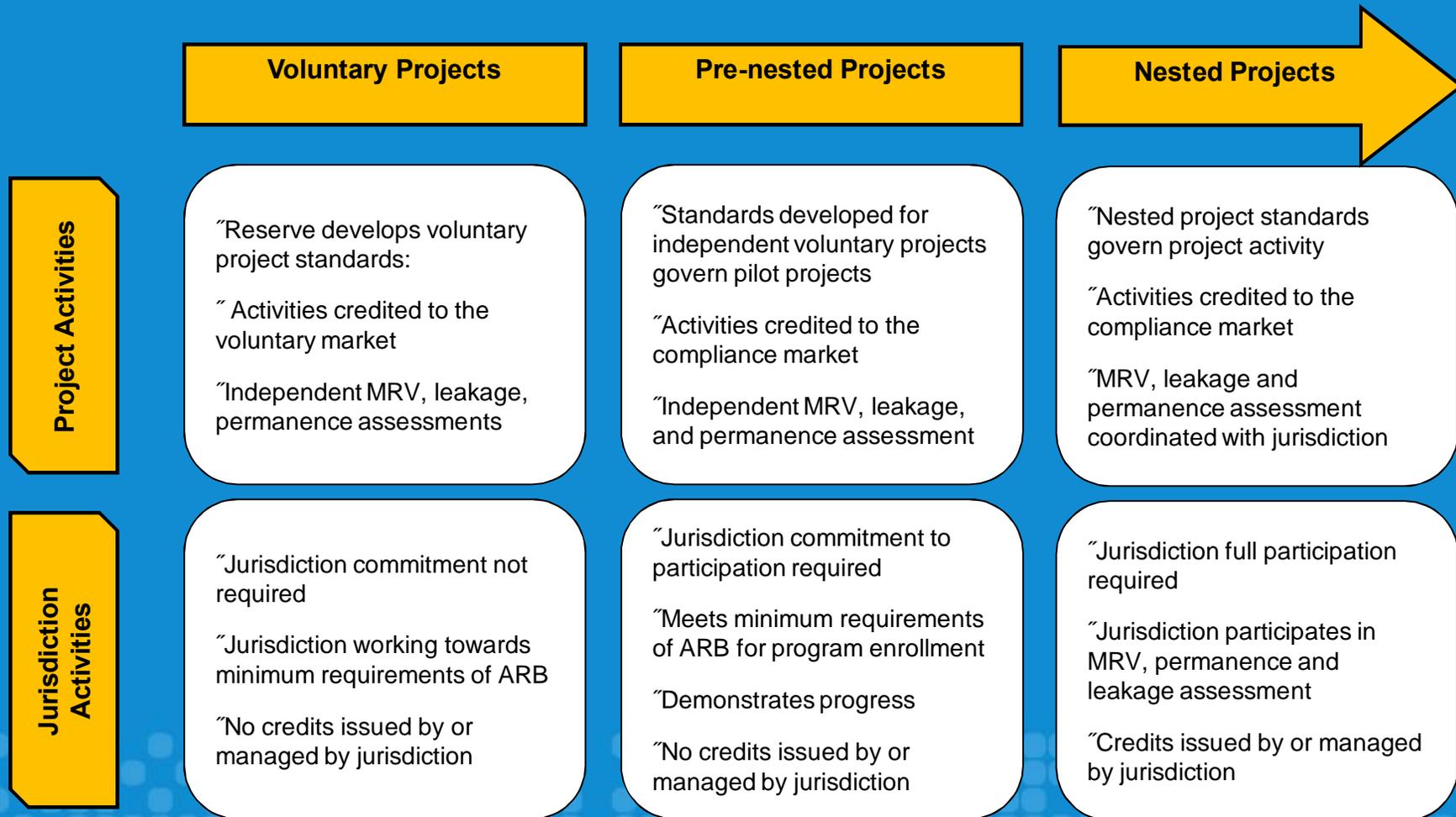
“ Unclear under AB 32 if pre-nested projects will be eligible

“ Unclear how pre-nested projects might operate

“ Workgroup has an opportunity to influence process/rules



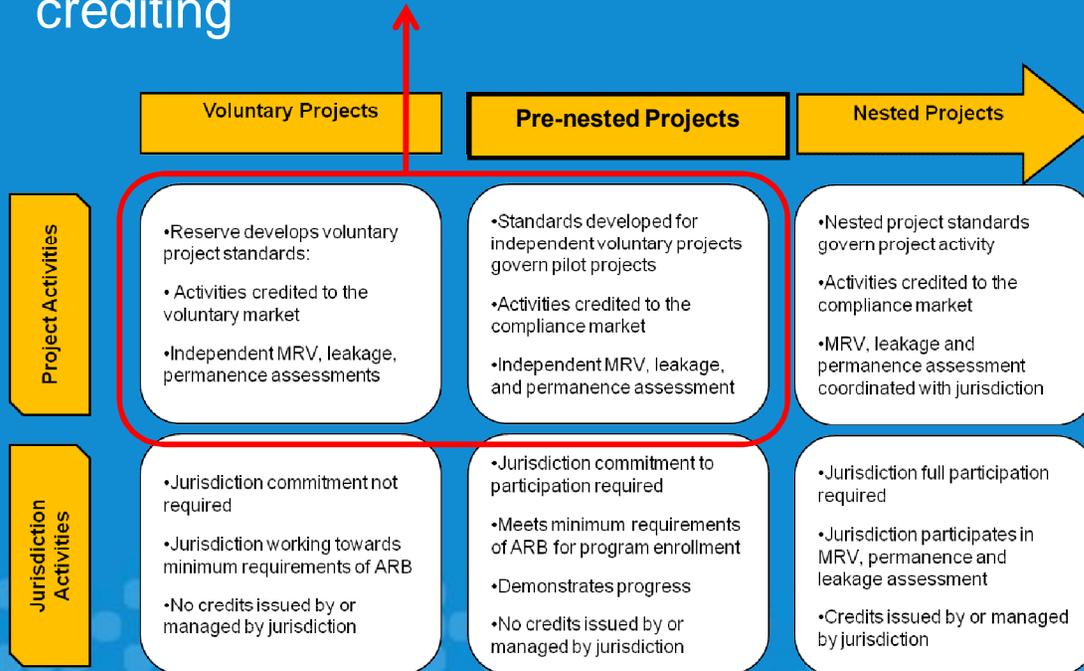
Voluntary to Pre-nested to Nested Projects





Workgroup Objectives

- Three primary objectives for Reserve workgroup:
- Objective 1: Develop voluntary/pre-nested project standards to govern project activities for independent crediting

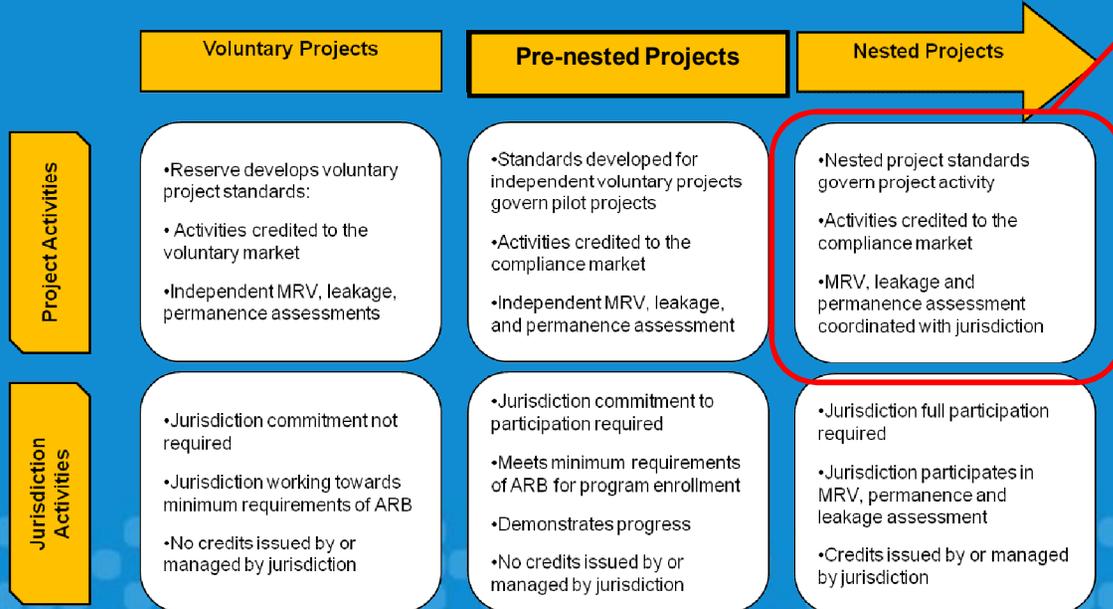




Workgroup Objectives

“ Three primary objectives for Reserve workgroup:

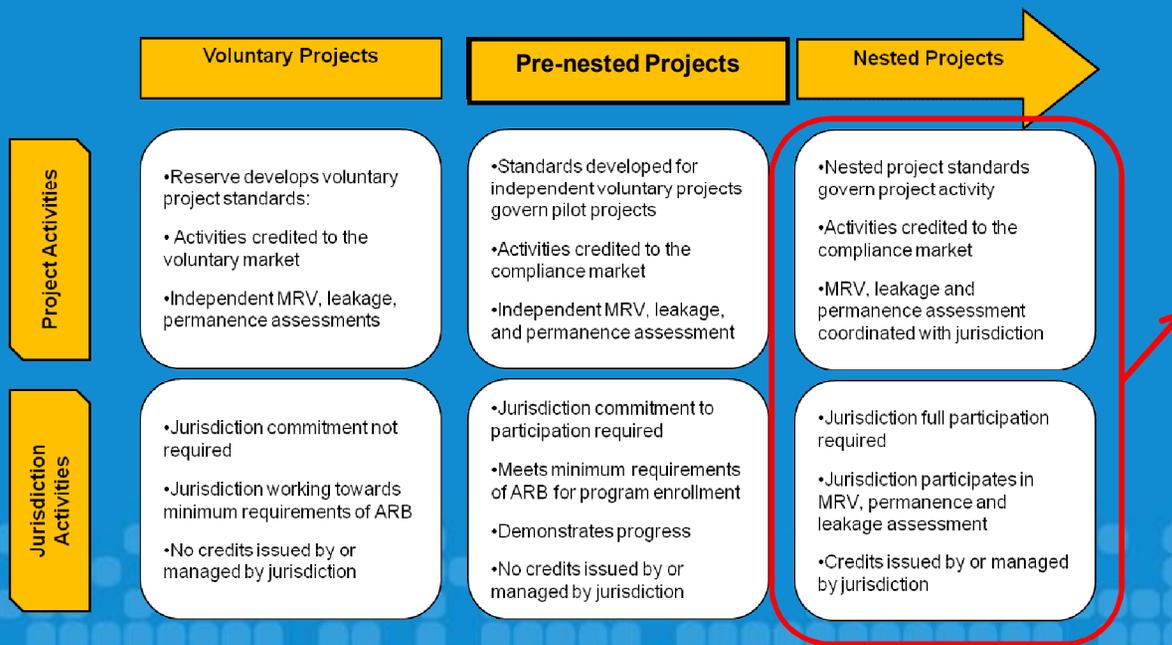
“ Objective 2: Develop nested project standards to govern project activities within a jurisdictional architecture





Workgroup Objectives

“ Three primary objectives for Reserve workgroup:



“ Objective 3: Develop nesting architecture to reconcile project and jurisdictional crediting



Contact Information

John Nickerson

Climate Action Reserve

john@climatereserve.org

Phone: 707-468-8529

Skype: john.nickerson.101