

Proposed Aggregation Model for Climate Action Reserve Forest Projects



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Overview

- Eligibility Rules
- Advantages of Participation
 - Forest Inventory Standards for Aggregated Projects
 - Monitoring & Verification for Aggregated Projects
- Qualifications & Role of Aggregators
- Procedural Rules & Requirements





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Eligibility Rules

- All Three Projects Types Can Participate In Aggregates
- No Upper Limit On Number of Participating Projects
- Each Forest Owner May Enroll Up To 5,000 Acres in Aggregate(s) (Single or Multiple)
- No Single Project May Comprise More Than 50% Of Total Combined Acreage In An Aggregate





Eligibility Rules

Need For Input

1. Should there be limits on participation by type or by location?
 - Only one type of project in each aggregate?
 - Only projects from same geographic area in each aggregate?\
2. Should there be a limit on the number of participating projects in an aggregate?





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Inventory Standards

- Target Sampling Error (TSE) For Standalone Projects Is +/-5% at 90% Confidence Level
 - Beyond +/-5%, “Confidence Deduction” Is Applied
- Because Equivalent Statistical Confidence Can Be Achieved At The Aggregate Level, Individual Projects In An Aggregate May Use Larger TSEs



Inventory Standards



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TSE at 90% Confidence Levels For Projects In Aggregate

Number of Participating Projects in the Aggregate	Target Sampling Error (TSE)
2	7%
3	8%
4	9%
5	10%
6	11%
7	12%
8	13%
9	14%
10	15%
11	16%
12	17%
13	18%
14	19%
15+	20%



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Inventory Standards

Need for Input

- Any feedback on the statistical viability of this approach?





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Monitoring & Verification

- Each Project Must Undergo On-Site Verification When It Joins An Aggregate
- Single Verifier Must Be Used For All Projects
- Aggregators May Assist Forest Owners In Preparing Documentation, But Ultimate Responsibility Lies With Forest Owners





Monitoring & Verification

- On-Site Verifications Must Be Conducted Over Time Such That All Projects Are Verified At Least Once Every 12 Years
- Between On-Site Verifications, Forest Owners Must Submit Annual Monitoring Reports For Each Project
- Verifiers Must Annually Audit A Sample of Monitoring Reports (Equal To Square Root Of Total Projects, Or Total Divided By 12, Whichever Is Higher)
- Successful Verification Results in Crediting Of All Projects In Aggregate





Aggregator Role

- May Be Any Individual, Municipality, Or Validly Incorporated Business Entity
- May Act As Service Providers For Forest Owners
 - Manage the flow of monitoring and verification reports
 - Engage in project development, provide inventory services, and/or assist in facilitating verification activities
- Must Act As Agents In Conducting CRT Transactions
- Not Official Agents; Forest Owners Still Ultimately Responsible For Complying With FPP





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Procedural Rules

- Forming An Aggregate
 - Aggregator Must Establish An Account
 - Aggregator Must Submit Application (“Aggregator Document”) With Proof of Incorporation And List Of Initial Project Participants





Procedural Rules

- Joining An Aggregate
 - Forest Owners Must Submit “Aggregate Entry Form”
 - Statement of intent
 - Description of services provided by aggregator
 - Copy of contract(s)
 - Projects Must Undergo Onsite Verification Prior To Joining An Aggregate





Procedural Rules

- Leaving An Aggregate
 - Forest Owners Must Submit “Aggregate Exit Form”
 - Exiting Projects Must Meet Full Protocol Requirements (Inventory Standards & Verification) Unless They:
 - Terminate
 - Join Another Aggregate
 - Projects May Only Leave An Aggregate If Doing So Will Not Change The “Targeted Standard Error” For The Aggregate:
 - More Than 15 Participants; or
 - Other Projects Have Joined Prior To Exit





Procedural Rules

- Issuance and Transfer of CRTs
 - Each Forest Owner Must Have A Separate Account On The Reserve
 - Each Forest Owner Must Separately Sign “Project Implementation Agreement” And Meet All Protocol Requirements
 - CRTs Issued To Forest Owners’ Accounts (not Aggregate)
 - CRTs Must Be Transferred To Aggregate Account Before They Can Be Transferred To Other Account Holders
 - Aggregator Acts As Broker On Behalf Of Aggregate Participants





Procedural Rules

Need for Input

- Any reaction or feedback on this proposed arrangement?
- Any contractual issues or barriers we should be aware of?



Questions?



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