

CAR releases Mexican forest CO2 protocol, eyes California ETS

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The Climate Action Reserve (CAR) has begun a public comment period for a forest carbon offset protocol for Mexican projects that could make those credits usable in California's cap-and-trade scheme and other global markets.

CAR, a U.S. organization that establishes strict carbon offset protocols for the voluntary carbon market and for California's compliance scheme, said the draft protocol was completed earlier this month after 1.5 years of work and is now open for public comments until January 20.

The group said it hopes the protocol will guarantee the environmental and social benefits of Mexico's forest carbon offset projects, and ensure the resulting offsets "are recognized in international carbon markets."

California will launch an ambitious emissions trading scheme in 2013, which is set to become the first compliance market that will accept credits from projects to reduce emissions from deforestation and degradation (REDD).

Meanwhile, the Mexican government is in the midst of developing its national REDD strategy with some support from the U.S. government, and is piloting REDD projects that could potentially supply carbon credits to an international REDD market, if one is agreed at future U.N. climate talks.

"Throughout the process, the protocol has sought to align with Mexico's REDD+ strategy and with California's cap-and-trade program with a goal of providing credible compliance offsets as rapidly as possible," CAR said in a statement.

The organization added that the protocol can be used domestically by Mexican companies that want "credible mechanisms" to offset their own emissions.

The protocol requires that the projects are secured by monitoring and verification, and the use "buffer pools" of carbon credits to insure against both natural and human-related disturbances to the forest protection activities.

POCKETS OF DEMAND

California regulators have said they will allow emitters to use "sector-based" offset credits from sub-national deforestation projects from 2015, provided California enters into a memorandum of understanding with the host government.

So far, the state has been in talks with the [states of Chiapas, Mexico and Acre, Brazil](#).

Additional demand for REDD credits may eventually emerge from the Western Climate Initiative (WCI), a regional cap-and-trade scheme in which California and three or four Canadian provinces will participate from 2013.

Although the markets being designed by California and the WCI would accept credits from individual offset projects, the international REDD market that has been envisioned – but is still being debated by many U.N. climate negotiators favors projects devised on a national level.

Some fear that as countries move towards systems to account for deforestation and related GHG emissions under a [global REDD framework](#) using national reference levels to measure reduction rather than project-level baselines, credits from individual projects may not be recognized.

As a result, CAR designed the Mexican forest protocol in a flexible way that enables it to be adapted to a plan currently being developed by the Verified Carbon Standard (VCS) and the REDD Offsets Working group, who are [creating a "pathway"](#) to bring project-level Redd activities under broader state/province and national accounting and crediting systems.

CAR said it hopes to finalize the protocol by May 2012 and to implement and test the protocol by May 2013.

At the same time, it hopes to identify pilot projects that can use the protocol and demonstrate "proof of concept."

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