



CLIMATE  
ACTION  
RESERVE

**2014 ANNUAL REPORT**



Dear Friends and Colleagues,

In 2014 the Reserve continued to show strength and resilience as we worked to promote actions to reduce greenhouse gas emissions and combat global climate change. We were thrilled and honored to win top prize in the Environmental Protection category at the 5th Annual 2014 CLASSY Awards, which were presented in collaboration with the United Nations Foundation. Each of the nominated programs across a broad array of categories provided us with inspiration that we can make positive change in the world.

The Reserve's high quality carbon offsets served an important role in supporting the environmental integrity and financial benefit of the North American voluntary carbon market. Climate Reserve Tonnes (CRTs) saw robust activity as corporations and organizations incorporated high quality offsets into their sustainability profile and retired over 4.4 million CRTs in 2014.

The Reserve also remains a major force in California's regulatory carbon market. We continued to operate the largest accredited registry for the California cap-and-trade program and played an integral role in the development and administration of the state's program.

We also expanded our reach across the globe as we established new partnerships and continued our long history of successful collaborations. We expanded our role in advising governments on how to implement credible trading programs, with work to support Kazakhstan's emission trading system. We also collaborated with a large and diverse set of stakeholders – including with a local indigenous community in Oaxaca – to develop the San Juan Lachao forest carbon project, the first forest offset project under the Reserve's Mexico Forest Protocol.

We're proud to be a part of a community of organizations that are innovating, collaborating, and working daily to craft real solutions to climate change that can serve as models for broader global action. Thank you to our long-time collaborators and new partners for your ongoing involvement in and support for these important initiatives.

I look forward to continuing our work together in the year ahead.

Warm regards,  
Gary Gero  
President

# About the Climate Action Reserve



The Climate Action Reserve is a nonprofit environmental organization that encourages actions to reduce greenhouse gas emissions and works to ensure environmental benefit, integrity and transparency in market-based solutions to address global climate change.

The Reserve operates the largest accredited greenhouse gas offset registry for the California cap-and-trade program and has played an integral role in the development and administration of the state's program. For the North American voluntary

carbon market, the Reserve establishes high quality standards for carbon offset projects, oversees independent third-party verification bodies and issues and tracks the transaction of carbon credits (Climate Reserve Tonnes) generated from such projects in a transparent, publicly-accessible system.

In addition to protocol development and project registration, the Reserve provides thought leadership and technical expertise to governments in support of the development of market-based policies and programs around the globe.



# Reserve Highlights

## PROGRAM

The Reserve worked closely with the San Juan Lachao community in Oaxaca, Mexico to develop the first forest offset project under the Reserve's Mexico Forest Protocol with support from Mexico environmental nonprofit Pronatura and The Walt Disney Company.

The California Air Resources Board (ARB) issued the first credits under its U.S. Forest Compliance Offset Protocol to a Reserve project, CKGG Improved Forest Management.

ARB issued the first credits under its U.S. Livestock Compliance Offset Protocol to a Reserve project, New Energy One Livestock Project.

The Reserve provided verification oversight services to The Climate Registry to support their voluntary program and Massachusetts Department of Environmental Quality regulatory reporting program.

## EVENTS

In partnership with The Climate Registry, the Reserve led a delegation of state and local officials, business leaders, and climate policy experts to the UNFCCC COP 20 in Lima, Peru. The Reserve hosted side events on subnational leadership, market linkages, and advanced transportation.

The Reserve participated in Gov. Jerry Brown's four-day trade mission to Mexico, during which Gov. Brown and Undersecretary Rodolfo Lacy (a Reserve board member) from the Mexico Ministry of Environment and Natural Resources signed a Memorandum of Understanding (MOU) to cooperate and coordinate efforts on implementing carbon pricing systems and other market-based instruments, promoting emissions reductions from forestry, and promoting renewable energy.

The Reserve hosted a very successful NACW conference, which brought together approximately 600 carbon and climate professionals. NACW 2014 featured many distinguished speakers including Matt Rodriguez, California Environmental Protection Agency; Hector De La Torre, California Air Resources Board; and Peter Lehner, Natural Resources Defense Council.

Additionally, the Reserve was honored to speak at and host several other high level events, including: VerdeXchange, United States Composting Council, California's Cap and Trade: A First Year Assessment, Climate Leadership Conference, Climate Action Reserve Mexican Business Leaders Roundtable, Argus Climate Summit, DeCarbonizing California: 2020 – 2050, Emissions Market Association Annual Conference, EPA Coal Bed Methane Outreach Program, ACES Conference, California Legislative Staffer Session, and California Council of Land Trusts.



# Reserve Highlights

## POLICY

With support from the California Department of Forestry and Fire Prevention (CalFIRE) and extensive contributions from a diverse workgroup, the Reserve updated and expanded the Urban Forest Project Protocol. The new and updated protocols include opportunities for cities and urban areas to earn offset credits for urban forest management activities that increase carbon stored in trees.

The Reserve developed recommendations for improving the design and operation of Kazakhstan's domestic offset program, and met with government officials and other stakeholders to provide guidance on offset program implementation.

The Reserve began work to create a standardized Grassland Project Protocol.

With support from the Instituto para la Protección Ambiental (IPA or Institute for Environmental Protection) of the state of Nuevo León, Mexico, the Reserve began work to adapt the Article 5 Ozone Depleting Substances (ODS) Project Protocol for use in Mexico.

The Reserve helped inform the development and adoption of the Mine Methane Capture Compliance Offset Protocol by ARB and the development of the draft proposal of the Compliance Offset Protocol for Rice Cultivation Projects.

In January 2014, the Reserve released Version 2.1 of the Organic Waste Digestion (OWD) Project Protocol.

## AWARDS AND RECOGNITION

The Climate Action Reserve was featured in the Mayors' National Climate Action Agenda, a climate pledge from the mayors of Los Angeles, Houston and Philadelphia, to commit to local efforts to reduce greenhouse gas emissions, support efforts for binding federal and international policies, and support the development and expansion of appropriate offset projects.

The Climate Action Reserve was awarded the Environmental Protection prize at the largest social impact awards in the country. The CLASSY Awards, in partnership with the United Nations Foundation, recognizes nonprofit organizations for their leadership in implementing creative new solutions to drive significant social progress forward. More than 3,600 programs worldwide were evaluated during a yearlong research process.

The Reserve awarded the 2014 Mary D. Nichols Climate Action Champion Awards to Wendy James, CEO of The Better World Group, and Jean-Yves Benoit, Director of the Carbon Market Division at the Québec Ministry of Environment. The annual awards recognize outstanding leadership and deep commitment to the reduction of greenhouse gas emissions.

The Reserve presented the inaugural Project Developer Awards to the Yurok Tribe for achieving the most emissions reductions, Camco International Group for registering the most carbon offset projects, and Zanker Road Resource Management for demonstrating outstanding leadership and innovation in its work during the past year.

## BOARD

Elected Heather O'Neill, Vice President of Strategic Partnerships at Advanced Energy Economy, to our Board of Directors. Ms. O'Neill adds a strong and experienced perspective from the emerging clean energy economy.

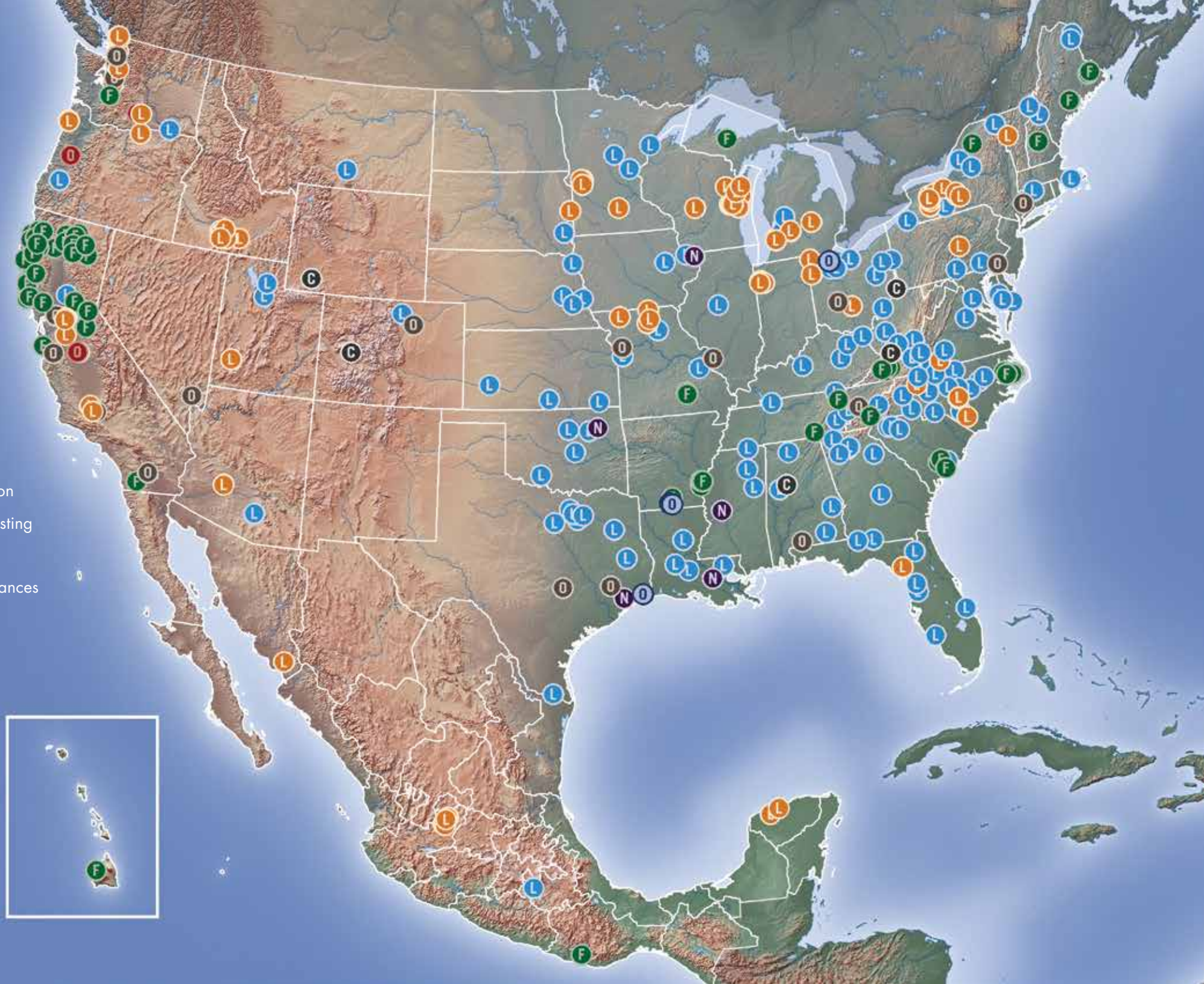
Elected Rodolfo Lacy Tamayo, Undersecretary for Environmental Policy and Planning at the Mexico Secretariat of Environment and Natural Resources, to our Board of Directors. We are pleased to gain from his expertise and guidance as we continue our work in Mexico and in cross-border initiatives between Mexico and California.

# Reserve Statistics

AS OF DECEMBER 31, 2014

## PROJECT MAP

- Forest
- Livestock
- Organic Waste Digestion
- Organic Waste Composting
- Landfill
- Ozone Depleting Substances
- Nitric Acid Production
- Coal Mine Methane
- Urban Forest



ACCOUNT HOLDERS 314

TOTAL PROJECTS 403

**CRTS ISSUED 56,697,801**

Organic Waste Composting	335,773
Landfill	19,691,070
Livestock	1,834,765
Forestry	13,443,096
Nitric Acid Production	7,567,875
Coal Mine Methane	780,685
Ozone Depleting Substances – U.S.	7,575,889
Ozone Depleting Substances – Article 5	4,009,926
Organic Waste Digestion	63,972
In forest buffer pool	1,394,750

**CRTS CONVERTED TO ARB OFFSET CREDITS (ARBOCS) – EARLY ACTION: 10,495,509**

**CRTS CONVERTED TO ARBOCS – COMPLIANCE: 4,494,505**

**TOTAL CRTS RETIRED: 9,970,402**

# Financial Summary

## FISCAL YEAR 2014 REVENUE AND SUPPORT



## FISCAL YEAR 2014 EXPENSES



## CONDENSED STATEMENT OF FINANCIAL POSITION

Total Assets	\$	7,806,517
Liabilities	\$	6,060,750
Net Assets	\$	1,745,767
Total Liabilities and Net Assets	\$	7,806,517
Total Revenues and Other Support	\$	4,212,121
Expenses	\$	3,911,329
Changes in Net Assets	\$	300,792

# Board of Directors

## ADVISORY BOARD

**Right Honorable Kim Campbell**  
Former Prime Minister of Canada

**Hon. Gray Davis**  
Former Governor, State of California,  
Of Counsel, Loeb & Loeb

**Hon. Fran Pavley**  
California State Senator

**Diane Wittenberg**  
Founding President, California Climate  
Action Registry

**Ed Begley, Jr.**  
Actor and environmental activist

## GOVERNING BOARD

**Linda Adams, Chair**  
Former Secretary for Environmental Protection, California Environmental  
Protection Agency; Partner, Clean Tech Advocates

**Peter M. Miller, Secretary**  
Senior Scientist, Natural Resources Defense Council

**Jeffrey Kightlinger, Treasurer**  
General Manager, Metropolitan Water District of Southern California

**Jan Schori, Audit Committee Chair**  
Retired General Manager, Sacramento Municipal Utility District

**Steve Corneli**  
Senior Vice President, Policy, Strategy & Sustainability, NRG Energy

**Cynthia Cory**  
Director, Environmental Affairs, California Farm Bureau Federation

**Rodolfo Lacy Tamayo**  
Undersecretary for Environmental Policy and Planning,  
Mexico Secretariat of Environment and Natural Resources

**John Laird**  
Secretary, California Natural Resources Agency

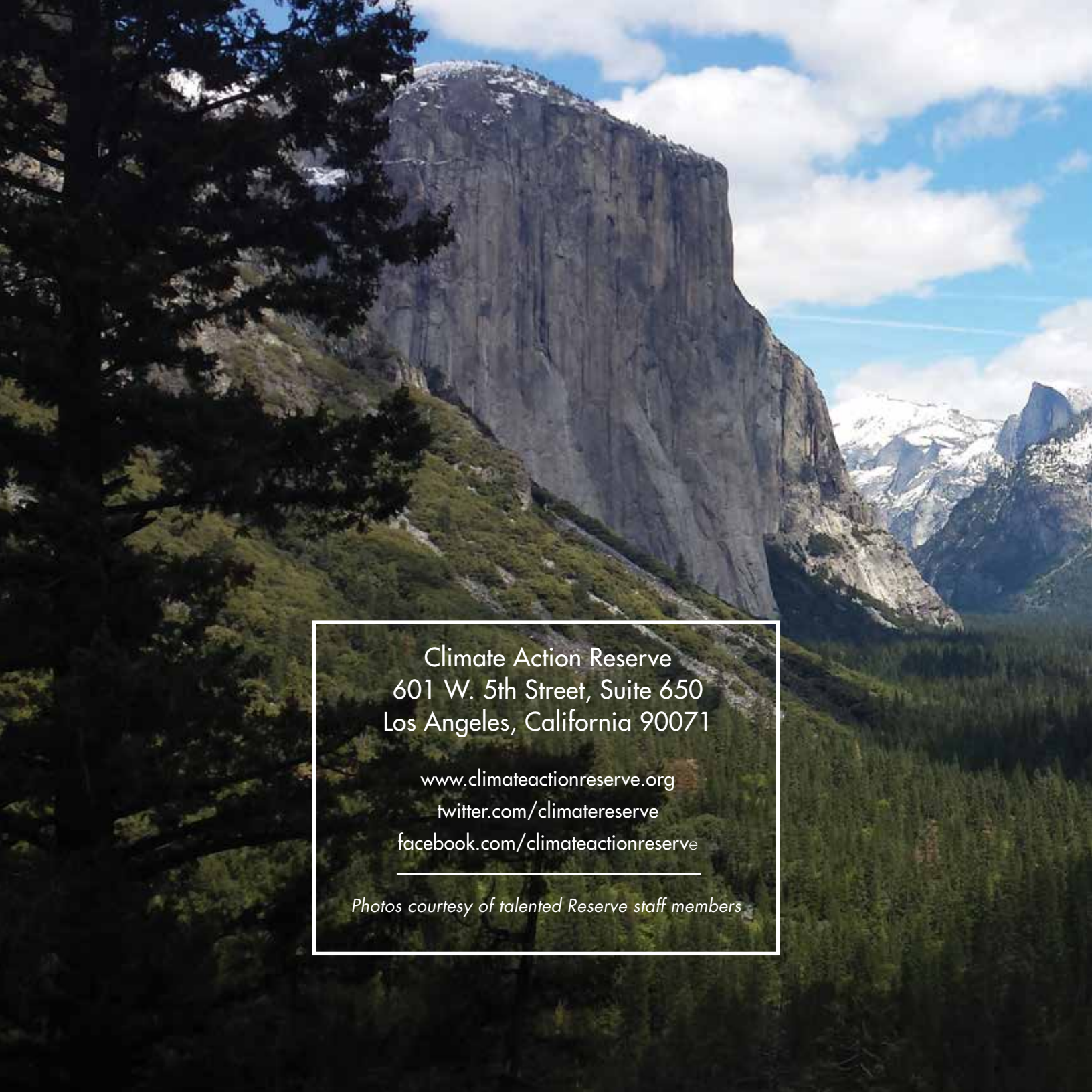
**Peter Liu**  
Managing Director, Clean Energy Advantage Partners;  
Founder, New Resource Bank

**Betsy Moler**  
Retired Executive Vice President, Government Affairs & Policy, Exelon  
Corporation; Former Chair, Federal Energy Regulatory Commission

**Heather O'Neill**  
Vice President, Strategic Partnerships, Advanced Energy Economy

**Tim Profeta**  
Director, Nicholas Institute for Environmental Policy Solutions,  
Assoc Prof of the Practice at the Sanford School of Public Policy,  
Duke University

**Dr. Stephan Schwartzman**  
Director, Tropical Forest Policy, Environmental Defense Fund



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*Photos courtesy of talented Reserve staff members*