

ANNUAL REPORT **2018**



CLIMATE
ACTION
RESERVE

Dear friends and colleagues,

In 2018, we saw numerous reminders about the urgency of addressing climate change – from more extreme weather events to record-setting wild fires to even the US federal government’s Fourth National Climate Assessment highlighting the need to act. And in response, we saw advancements in climate leadership and activism from governments, corporations, nonprofits and strong individuals.

The Climate Action Reserve was honored to support and work alongside these climate leaders. We collaborated with diverse stakeholder groups to update our Nitrogen Management and US Forest Project Protocols, advancing our core work in GHG emissions reductions. We also expanded the geographic reach and sector inclusion of our core work with the registration of the first Mexico landfill offset project and the first grassland projects. We were appreciative of the opportunity to work with the European Commission and California Air Resources Board to support the premier carbon pricing event during the Global Climate Action Summit. We saw more climate leadership on the global stage when we hosted a delegation to the UNFCCC COP24 climate conference in Katowice, Poland. Our delegation included bipartisan representatives from California, Maryland, Hawaii, Massachusetts and Washington, as well as corporate and nonprofit leaders.

Looking ahead to 2019, we are optimistic that together we will continue to make progress in our shared goals of swiftly and effectively addressing climate change.

Warm regards,
Craig Ebert
President, Climate Action Reserve

The Climate Action Reserve is an environmental nonprofit organization that promotes and fosters the reduction of greenhouse gas (GHG) emissions through credible market-based policies and solutions. A pioneer in carbon accounting, the Reserve serves as an approved Offset Project Registry (OPR) for the State of California’s Cap-and-Trade Program and plays an integral role in supporting the issuance and administration of compliance offsets. The Reserve also establishes high quality standards for offset projects in the North American voluntary carbon market and operates a transparent, publicly-accessible registry for carbon credits generated under its standards.

Drawing from its experience and expertise in GHG accounting, the Reserve launched the Climate Impact Score program to quantify and assess the climate impact of projects financed by investments and the Climate Forward program to accelerate action on

climate change by encouraging investment now in projects that mitigate future GHG emissions. Additionally, the Reserve hosts the annual North American Carbon World conference, the premier event for climate and carbon professionals to learn, discuss, and network. The Reserve is a 501(c)3 private nonprofit organization headquartered in Los Angeles, California with satellite offices around the U.S. For more information, please visit www.climateactionreserve.org.

About the Climate Action Reserve



Reserve Offsets Program

Protocols

- In October 2018, the Reserve Board of Directors adopted the Nitrogen Management Project Protocol Version 2.0, which was developed with the generous support of a Conservation Innovation Grant from the USDA Natural Resources Conservation Service (NRCS).
- To support projects developed under the US Forest Project Protocol, the Reserve developed the Climate Action Reserve Inventory Tool (CARIT) and the Standardized Inventory Methodology (SIM). The organization also developed two new tools to assist nitrogen management projects. All four tools were developed with the generous support of Conservation Innovation Grants from the USDA NRCS.
- The Reserve developed the GrassMap, which can be used to assess project eligibility and feasibility under the Grassland Project Protocol (GPP) V2.0.
- To improve usability and update standards to reflect current science and practice, the Reserve started the process to update the US Forest Project Protocol (Version 5.0 released for public review and comment in November 2018), US Landfill Project Protocol, Urban Forest Protocol, Grassland Project Protocol, and Mexico Forest Protocol.

Program

- During 2018, the Reserve registered 28 new offset projects and 19 million offset credits, reaching a total of 557 projects and 121 million offset credits.
- The Reserve is also proud to report that over five million Climate Reserve Tonnes (CRTs) were retired in the voluntary carbon market during 2018, bringing the total offset retirement of CRTs since the program began to over 35 million.
- The Reserve registered its first grassland project in June 2018. Developed by Ducks Unlimited, Inc., May Ranch in southeast Colorado is permanently protecting 14,546 acres of grassland from conversion to cropland. The second and third grassland projects were registered the same month.

Mexico

- To support and achieve GHG emissions reductions in Mexico, the Reserve has adopted five protocols to date for offset project development in Mexico, covering boiler efficiency, forestry, landfill, livestock, and ozone depleting substances.
- In 2018, we registered our first landfill project in Mexico at the privately-owned Energía Renovable de Cuautla S.A. de C.V.'s La Perseverancia Biogas Plant in Cuautla, Morelos, and the second forest project, the Proyecto Carbono Forestal, Ejido San Nicolás Totolapan, CDMX in Delegación Magdalena Contreras, Distrito Federal.
- The Reserve also developed a white paper with the State of Jalisco on how forest project activities can be reconciled with jurisdictional accounting within the REDD framework. And to help ejidos and forest community members learn about the project development, implementation, and verification, the Reserve developed several key resources for project development in Mexico.

Reserve Program Statistics

(as of December 31, 2018)

Account holders	254
Total projects	557
Offsets issued	121,654,567
CRTs/ROCs converted to ARBOCs – early action and compliance	56,275,227
CRTs in the forest buffer pool	199,617
Total CRTS retired	35,755,074

PROJECT MAP

F

 Forest (ARB)

L

 Livestock (ARB)

M

 Mine Methane (ARB)

O

 Ozone Depleting Substances (ARB)

O

 Composting

F

 Forest

G

 Grassland

L

 Landfill

L

 Livestock

M

 Mine Methane

N

 Nitric Acid Production

N

 Nitrogen Management


O

 Organic Waste Digestion

O

 Ozone Depleting Substances





Climate Impact Score and Climate Forward

Climate Impact Score

Climate Impact Score, the Reserve's pioneering program that quantifies financial investments' GHG reductions, continued to spark interest and drive ambition in the financial sector. The Reserve completed work for its first Climate Impact Score client, the Clean Energy Federal Credit Union based in Colorado. This work included assessing climate investments for eight different loan scenarios. The Reserve also continued working on a climate impact assessment for another client, the Connecticut Green Bank and generating interest from other institutional lenders and associations.

Climate Forward

The Reserve further developed the Climate Forward program to provide new opportunities for developing and receiving credits for GHG emissions reduction and sequestration projects on an ex-ante basis. The Climate Forward program accelerates action on climate change by encouraging and widening opportunities for companies and organizations to proactively invest today in projects that mitigate future GHG emissions.

Climate Forward program highlights in 2018 include:

- Finalized the Climate Forward program manual, forecast methodology approval manual, and confirmation manuals
- Finalized the logo and branding identity for Climate Forward
- Designed and launched www.climateforward.org
- Held three webinars introducing the program to a combined audience count of 199
- Developed the Climate Forward registry software
- Worked on approving five methodologies under the pilot program
- Held numerous outreach meetings introducing the program to key stakeholders

NACW

North American Carbon World (NACW) 2018 marked the seventeenth consecutive year the Climate Action Reserve hosted this premier conference for carbon and climate policy. From environmental justice in local communities to subnational leadership across North America and LCFS updates, NACW 2018 covered an extensive range of key issues in carbon markets and climate policy.

COP24

The Climate Action Reserve, in partnership with The Climate Registry, led a joint delegation of elected and appointed senior government officials from California, Hawaii, Maryland, Massachusetts and Washington; business leaders; academics; and NGOs to the UNFCCC Conference of the Parties (COP) 24 in Katowice, Poland. The delegation members showcased their strengthened commitments to the Paris Agreement, fostered collaboration on advancing climate solutions, and increased thought-leadership on bold and far-reaching climate initiatives.

Global Climate Action Summit (GCAS)

The Climate Action Reserve was honored to work directly for the European Commission and State of California to provide strategic operational, planning, and communications support for the Global Climate Action Summit (GCAS) high profile affiliate event, Carbon Pricing Delivering Climate Ambition.

Reserve trainings, workshops, and webinars

The Reserve hosted five verification trainings, several protocol trainings and protocol overview webinars, and special topic webinars on a wide range of timely topics, such as CORSIA, COP24, corporate offsetting, Oregon Clean Energy Jobs bill, and the current state of Mexico's carbon market (conducted in Spanish). Reserve staff also presented and participated in numerous events across North America.

Events

Financial Summary

FISCAL YEAR 2018 REVENUE AND SUPPORT



FISCAL YEAR 2018 EXPENSES



CONDENSED STATEMENT OF FINANCIAL POSITION

Total Assets	\$	4,224,995
Liabilities	\$	1,898,477
Net Assets	\$	2,326,518
Total Liabilities and Net Assets	\$	4,224,995
Total Revenues and Other Support	\$	3,608,301
Expenses	\$	4,021,207
Changes in Net Assets	\$	(412,906)

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Board of Directors

Climate Action Reserve

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