The Nori Marketplace

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What is Nori?

A software company founded in 2017, Nori is building a marketplace to incent investment in projects that remove carbon dioxide (CO₂) from the atmosphere and retain the recovered carbon (C) in a terrestrial reserve (e.g. soils, root systems, above ground biomass, minerals, the built environment).

Nori issues Carbon Removal Certificates (CRCs) to Suppliers who produce verified carbon removal claims. Nori guarantees that the underlying value of one CRC is 1 TCO₂-e removed from the atmosphere and retained in a terrestrial reserve for at least 10 years.
What Nori Does that Others Don’t

- Dedicated carbon removal marketplace
- True CO2 removal price discovery
- Transparency
- Primarily Depends on Transactions for Revenues
- No double crediting
- No double claim
- No wash trading on the Nori Platform
How Will the Nori Market Work?

- Nori is launching in the US but intends to operate globally.
- CRCs are offered for sale in either a First In, First Out (FIFO) market or through a Single Price Forward Contract Auction.
- In the Forward Market, every CRC will be traded for a combination of 1 NORI token and US$s on a designated future settlement date.
- In the auction, CRC suppliers set their selling price floors and Buyers set their purchase price ceilings. Buyers are ranked from highest to lowest bid price; Suppliers from lowest to highest. CRCs are allocated to Buyers and all Buyers pay the price bid for the last CRC allocated (“the settlement price”).
- For more details, go to: https://nori.com/resources
<table>
<thead>
<tr>
<th>Service Offering</th>
<th>Nori</th>
<th>Traditional Offset Registries</th>
<th>Indigo</th>
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</thead>
<tbody>
<tr>
<td><strong>Role</strong></td>
<td>market administrator</td>
<td>registry operator</td>
<td>offset buyer/aggregator</td>
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<tr>
<td><strong>Service Offering</strong></td>
<td>transparent, peer-reviewed carbon removal quantification methodologies; blockchain-based FIFO and Forward market to match buyers and sellers and facilitate full price discovery</td>
<td>partially transparent offset credit quantification methods; central registries for project registration</td>
<td>agronomy advisory and data management services provided to contracted suppliers; (for now) reliance on 3rd party protocols and registries for offset credit quantification and resales</td>
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<tr>
<td><strong>Supply</strong></td>
<td>carbon removal only, all sectors (1st methodology = ag soils)</td>
<td>emission reduction, emission avoidance and carbon removal, all sectors</td>
<td>emission reduction, emission avoidance and carbon removal, agriculture only</td>
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<td><strong>Price</strong></td>
<td>bid and actual settlement prices reported on platform in real time; price discovery through Forward Market bid disclosure</td>
<td>prices determined off-registry in confidential bi-lateral transactions; limited price disclosure</td>
<td>suppliers contract to sell exclusively to Indigo Ag; Indigo Ag has sole discretion to set price for 5 years</td>
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<tr>
<td><strong>Offset/ Certificate Resales</strong></td>
<td>CRCs are retired (&quot;used&quot;) when purchased (no CRC resales); all CRCs fully traceable</td>
<td>offset credits often resold, often in swaps; often results in misleading price and market liquidity signals</td>
<td>Indigo Ag resells offset credits to third parties in combinations of private and public transactions</td>
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<tr>
<td><strong>Supplier's Confidential Data</strong></td>
<td>no confidential data rights transferred to Nori</td>
<td>limited-to-no confidential data rights transferred to the registry operator</td>
<td>full, perpetual, pre-paid rights to use, resell suppliers' confidential data and derivatives of that data transferred to Indigo</td>
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<td><strong>Revenue Model</strong></td>
<td>100% of revenues from transaction fees (10%) and NORI token sales</td>
<td>50% - 80% of revenues from project registration and annually recurring registration maintenance fees</td>
<td>primary source of revenues is income from products derived from sales of farmers operating data and derivatives of that data</td>
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Defining a Nori Project & Additionality

• Nori does not apply an “additionality test”, per se.
  — to the extent an additionality consideration is built into the Nori market design, it is reflected in
  the definition of “project” and the project’s dynamic carbon removal and retention baseline.

• A Nori Project has a start date—we call it a “switch date” — which is
  the year in which the Supplier adopted new practices with the intent to
  draw CO2 from the atmosphere and store the recovered C in a
  terrestrial reserve (soils, root systems, biomass, minerals &/or the built
  environment).

• A Nori Project meets prescribed data reporting requirements for a
  minimum initial term of 10 years, with options for three- to 10-year
  renewals thereafter.
Permanence

- Nori does not establish “permanence”, per se. One CRC represents 1 incremental TCO2e removed from the atmosphere and retained in a terrestrial reserve for at least 10 years.
- CRC Buyers establish permanence by entering into multiple or sequential CRC Forward Contracts to draw down incremental CO2 and secure its retention for the minimum 10-year terms.
- Our research suggests that traditional offset markets’ procedure of registering covenants on land actually fails to ensure that the land is managed to maintain C stocks. So the existing promise of “permanence” is unreliable, while it also impairs the market value of the C storage facility.
The Need for A Discrete Carbon Removal Market

• In existing compliance C&T markets, buyers think that when they pay $15/allowance or offset credit certificate they are paying $15/TCO2e. But the incremental GHG reduction value underlying the average California C&T compliance instrument is likely 0.25 to 0.35TCO2e. So they are actually paying something in the range of $43 to $60/TCO2e.

• In this context, carbon removal and storage in terrestrial reserves, above ground biomass and the built environment is likely a least cost solution.

• But carbon removal and emission reduction or avoidance credits should not be viewed as fungible. A discrete carbon removal market is needed to establish true price discovery for removal & retention.
Working With COMET-Farm (CSU) to Establish Dynamic Project Baselines
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Want to Learn More about Nori and Carbon Markets?

- Check out the Nori Whitepaper, market design webinars, podcasts, etc, at: www.nori.com