

RGGI Stakeholder Meeting: **Learning Session on** **Flexibility Mechanisms**



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Background on the Reserve

- Created by State law in 2001 as the California Climate Action Registry
 - Initially focused on voluntary emissions reporting for California companies in advance of future regulation
- Renamed and reorganized in 2008 as the Climate Action Reserve to address regulatory offsets in the U.S.
- Pioneered application of Performance-Based Offset Protocols
 - Have now adopted 13 Offset Protocols
- Now have nearly 500 offsets projects in system; over 20 M credits issued

Existing Reserve Protocols



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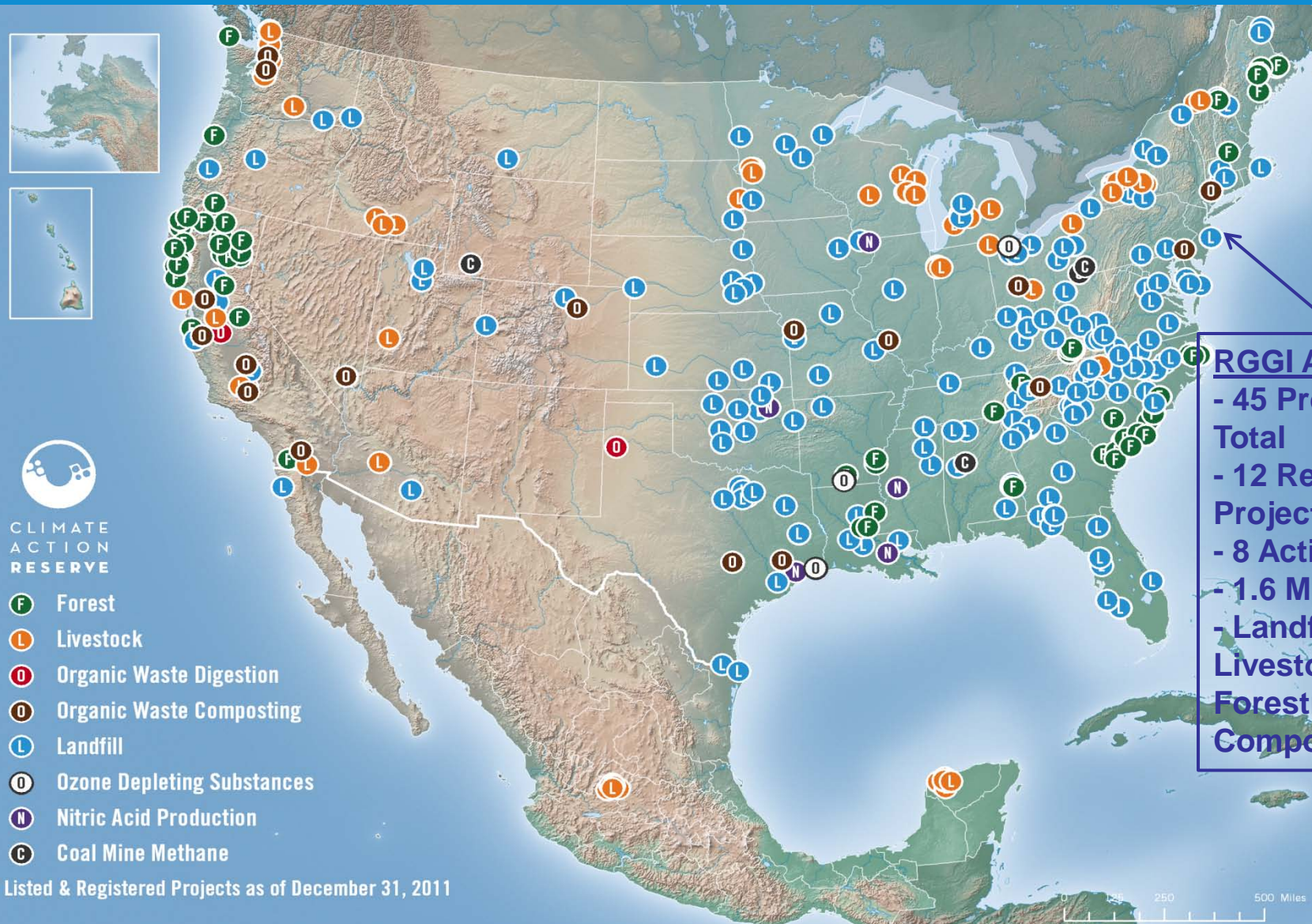
- **Forestry** (Reforestation, Improved Forest Management, Avoided Conversion)
- **Urban Forestry**
- **Livestock Methane Capture**
- **Ozone Depleting Substances (US)**
- Landfill Gas Capture
- Organic Waste Digestion
- Coal Mine Methane
- Nitric Acid Production
- Organic Waste Composting
- Rice Cultivation
- Livestock Methane Capture (Mexico)
- Landfill Gas Capture (Mexico)
- Ozone Depleting Substances (Article 5 Countries)

ARB Approved

Offset Projects in the Reserve



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RGGI Area

- 45 Projects Total
- 12 Registered Projects
- 8 Active States
- 1.6 M offsets
- Landfill, Livestock, Forestry, and Composting

Offsets in the California Cap-and-Trade Program



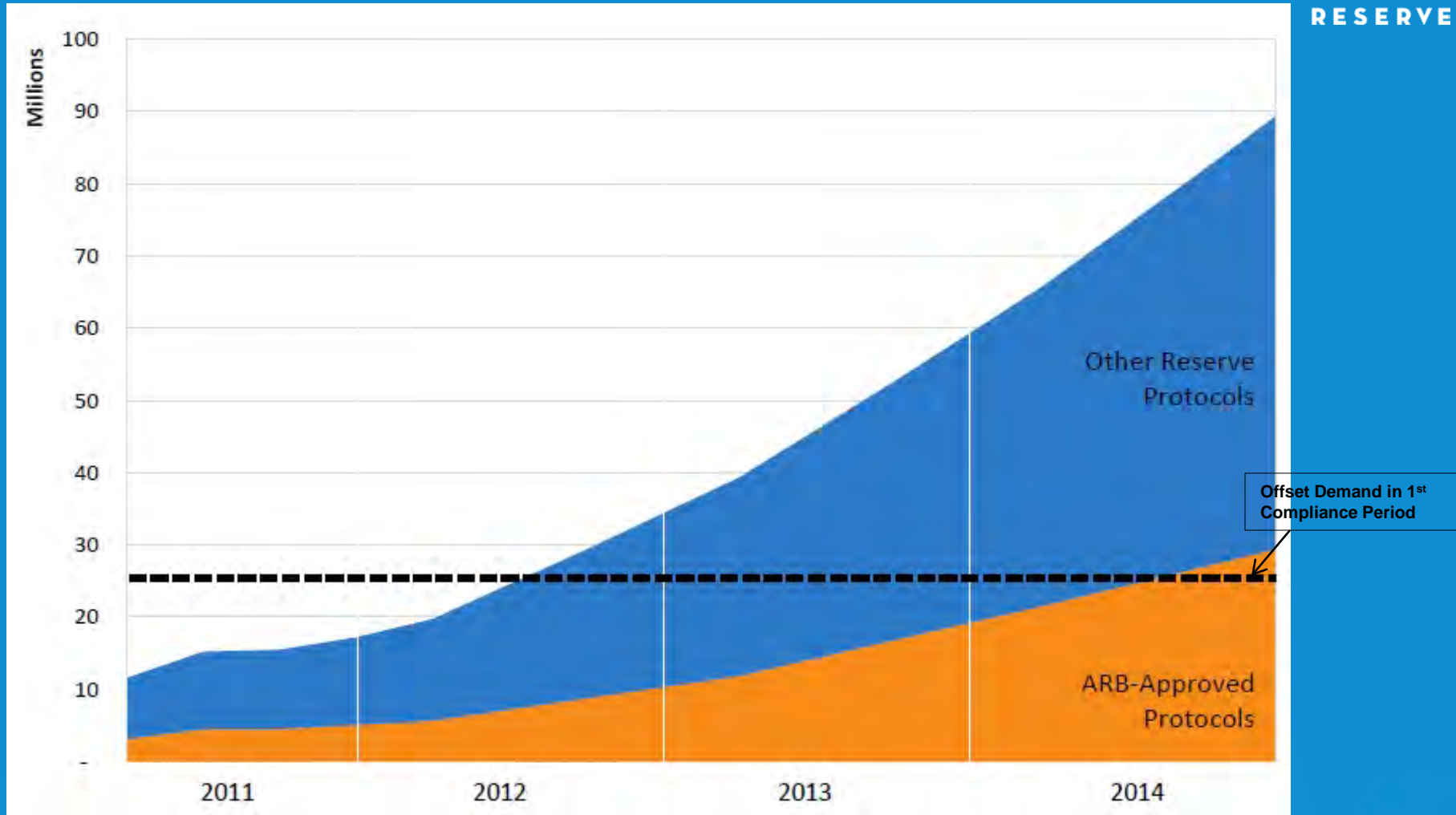
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- ARB Regulation on Offsets
 - May come from anywhere in the U.S.
 - Provisions on start dates, credit periods, and recognition of early action credits
 - Quantitative limits on offset usage (8% of compliance obligation)
 - Provisions for credit invalidation
 - ARB to accredit third-party registries to help administer the offsets program.
 - Reserve will be an accredited registry
- 4 CAR Protocols Adopted by ARB
 - ARB is evaluating additional project types

Projected Offset Supply



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Growth Opportunities



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- Additional Protocols in Development or Under Consideration
 - Nitrogen Management on Agricultural Lands (fertilizer application)
 - Operation and Maintenance of Natural Gas T&D Systems
 - In-Situ Composting
 - Low-GWP Substitutes for HFCs in Insulation Foam
 - Energy Efficiency and Renewables in Mexico
 - Adaptation to Canada
- Potential Offset Volume from All Sources is in 100s of M Annually
 - Domestic forestry and agriculture (wide application)
 - Industrial gas projects (high GWP)
 - Methane capture (multiple sources, broad applications, high GWP)



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Offset Protocols

- CAR Development process
 - Evaluation, scoping, whitepaper assessment
 - Stakeholder outreach, workgroup consideration
 - Public review; CAR Board
 - Potential consideration by ARB and others
- Ongoing operations and revisions
 - Guidance and Clarifications
- Protocol Updates
 - Scientific/technical review for quantification
 - Common practice assessment for performance threshold

Project Registration



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- Mechanism
 - Listing: initial application to review project eligibility
 - Monitoring/Reporting: project activities occur and data is collected
 - Verification: third-party review and evaluation of monitoring/reporting data with Reserve oversight
 - Registration: Reserve review of verification reports and all associated documentation
 - Credit Issuance: Once all documentation is reviewed and approved by the Reserve
- Timing
 - Average is about 1 year from listing to issuance
 - Shortest has been 60 days; longest is 2 years
 - Industrial gas projects are fastest; forestry is most complex

Verification Process Details



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- Training and Accreditation
 - Verifiers must first be accredited by ANSI to ISO standards for each sector
 - Reserve then conducts protocol specific training and testing to accredit verification bodies
- Legal Obligation and Conflict of Interest
 - Verification bodies contract directly with projects, but their duty of care obligation is first to the Reserve
 - Projects/Verifiers must undergo a stringent COI review by the Reserve that includes disclosure and mitigation requirements
- Verification Activities and Costs
 - Verification includes assessment of legal attestations for regulatory compliance, title, etc., data review and analysis, and field site visits
 - Costs range depending on project type and complexity



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For Further Information

Climate Action Reserve

Policy and Program Manuals available at:

www.climateactionreserve.org

Protocols: policy@climateactionreserve.org

Project Registration & Verification: reserve@climateactionreserve.org

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