

State of the Voluntary Carbon Markets: *Standards, Projects and Governments on a Lo(cal) Diet*

RGGI Learning Session on Flexible Mechanisms

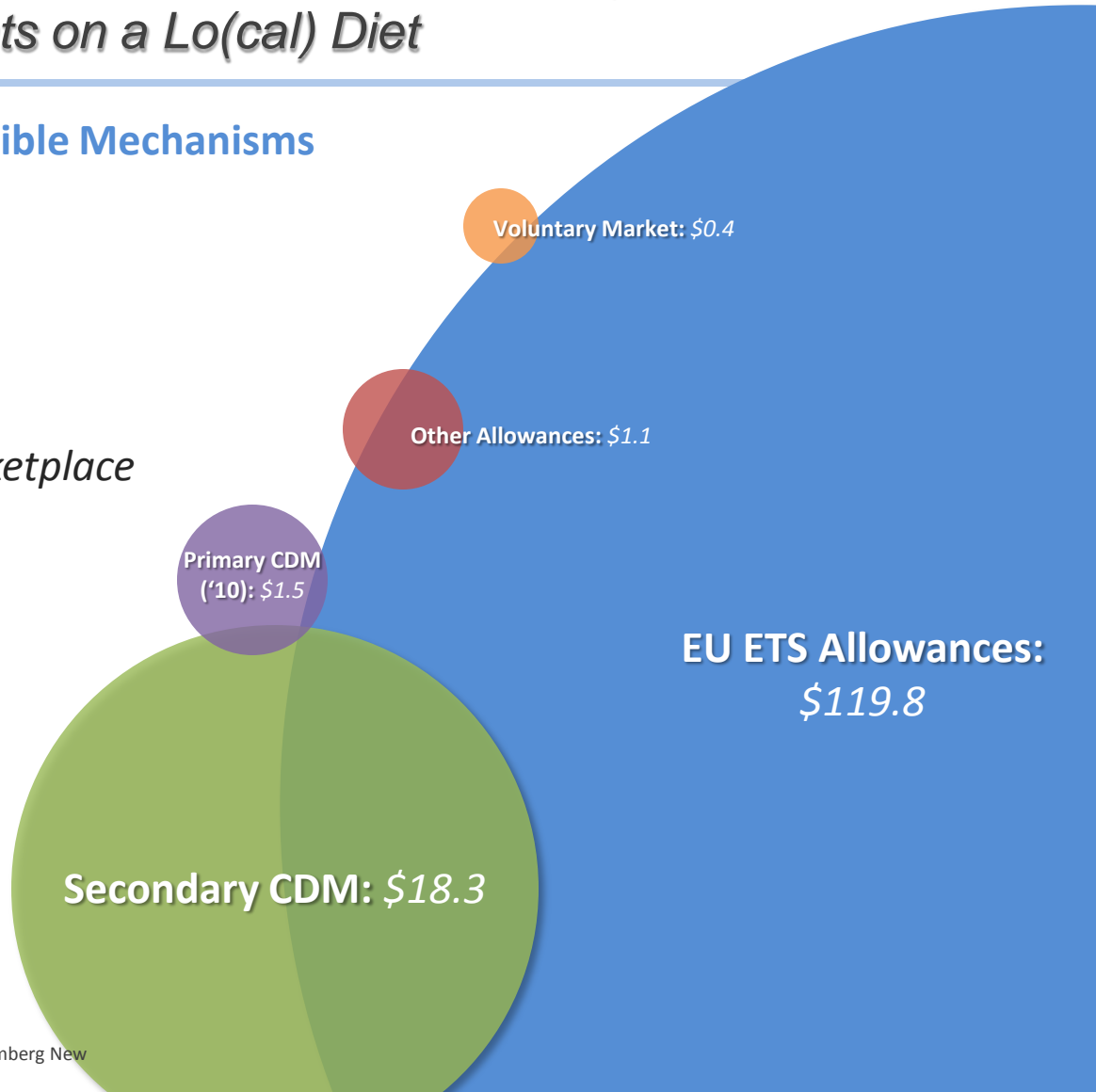
New York, NY

January 24th, 2012

Molly Peters-Stanley

Manager, Carbon Programs

Forest Trends' Ecosystem Marketplace

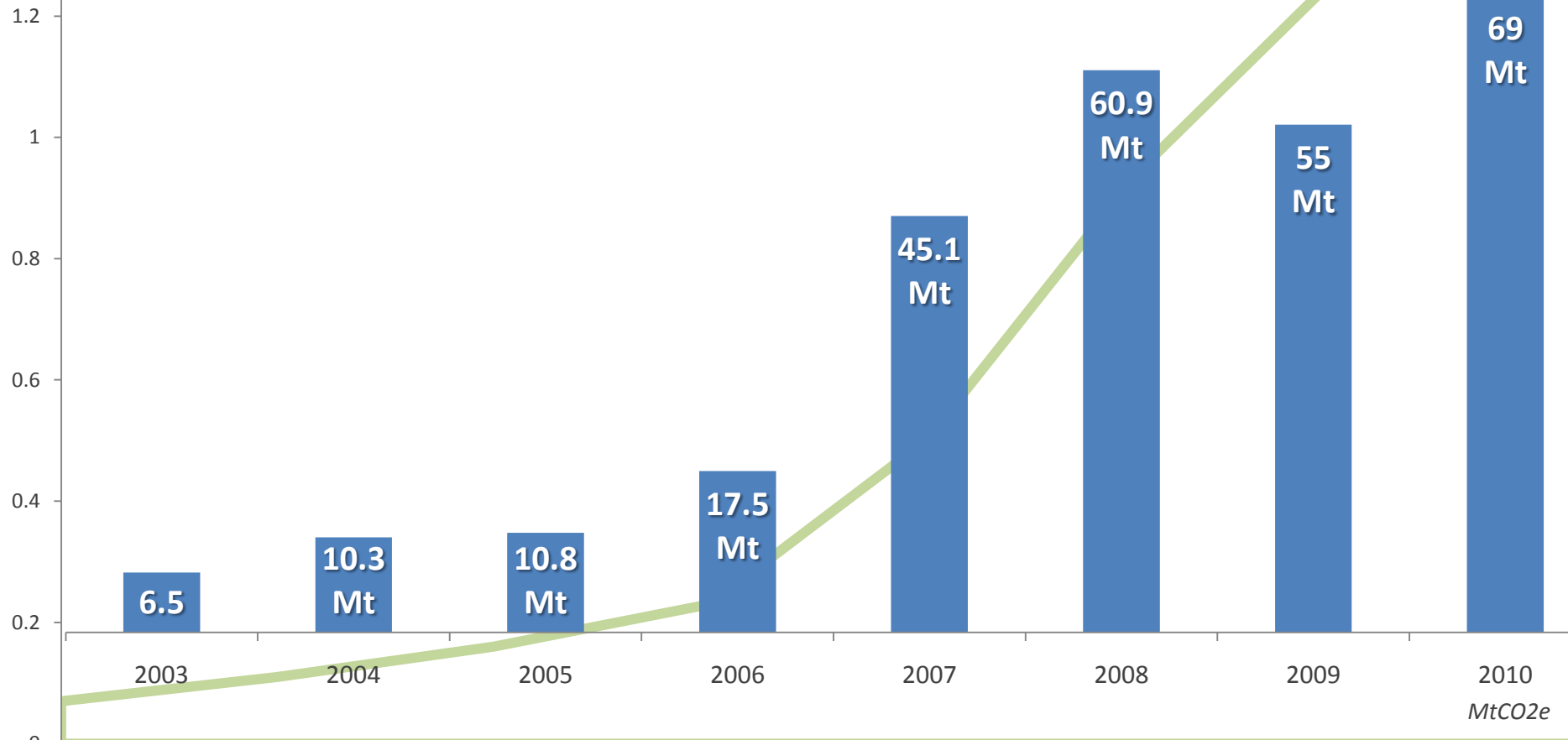


\$Billion

Ecosystem Marketplace

SIZE AND GROWTH: The voluntary OTC carbon market (excluding CCX) has transacted 275 MtCO₂e worth a cumulative \$1.7 bn since 2003

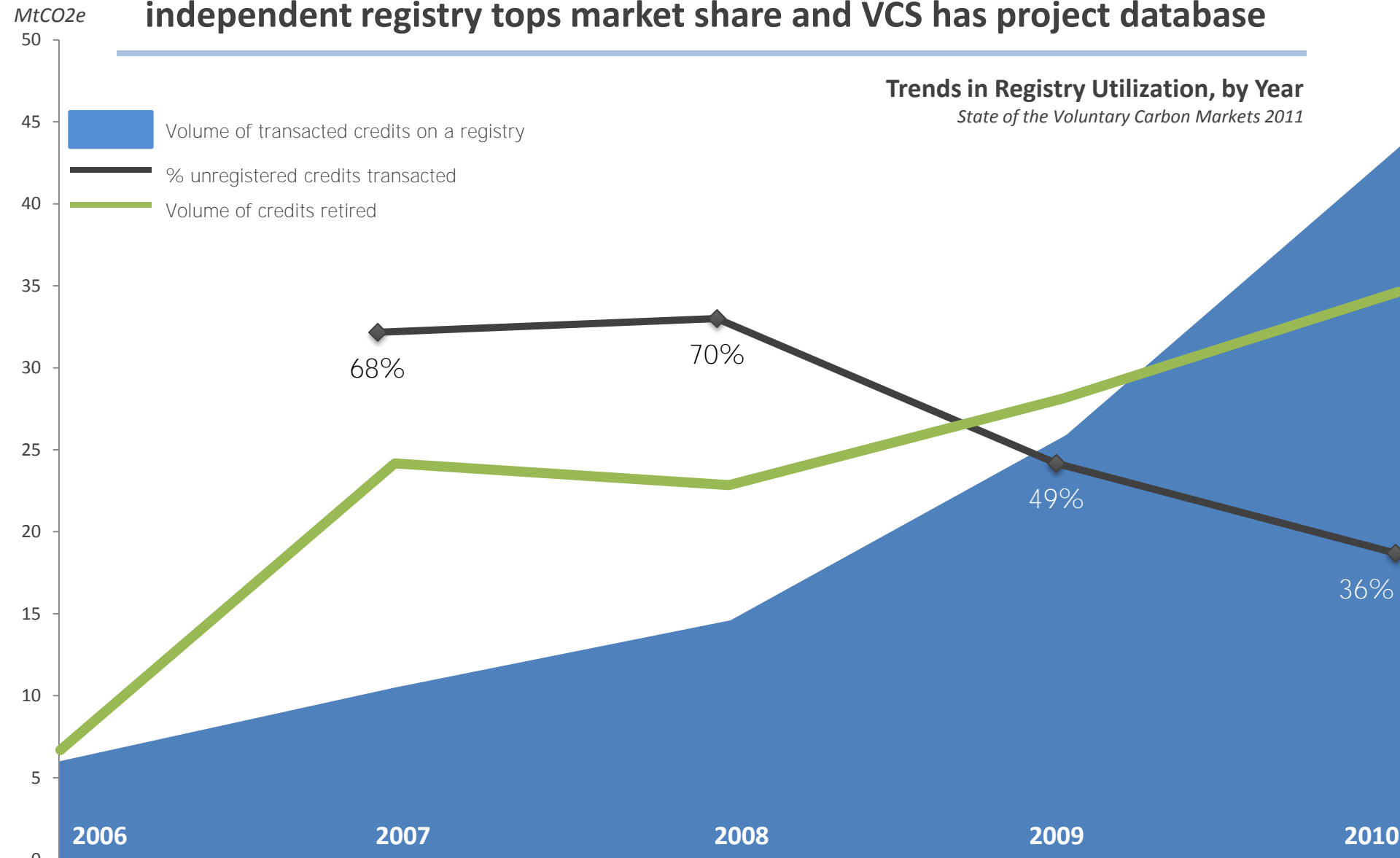
Transacted Volumes (in MtCO₂e) and Cumulative Value (in \$bn) of Voluntary Carbon OTC Market
State of the Voluntary Carbon Markets 2011



TRANSPARENCY: registry use on the rise; since 2008, Markit independent registry tops market share and VCS has project database

Trends in Registry Utilization, by Year

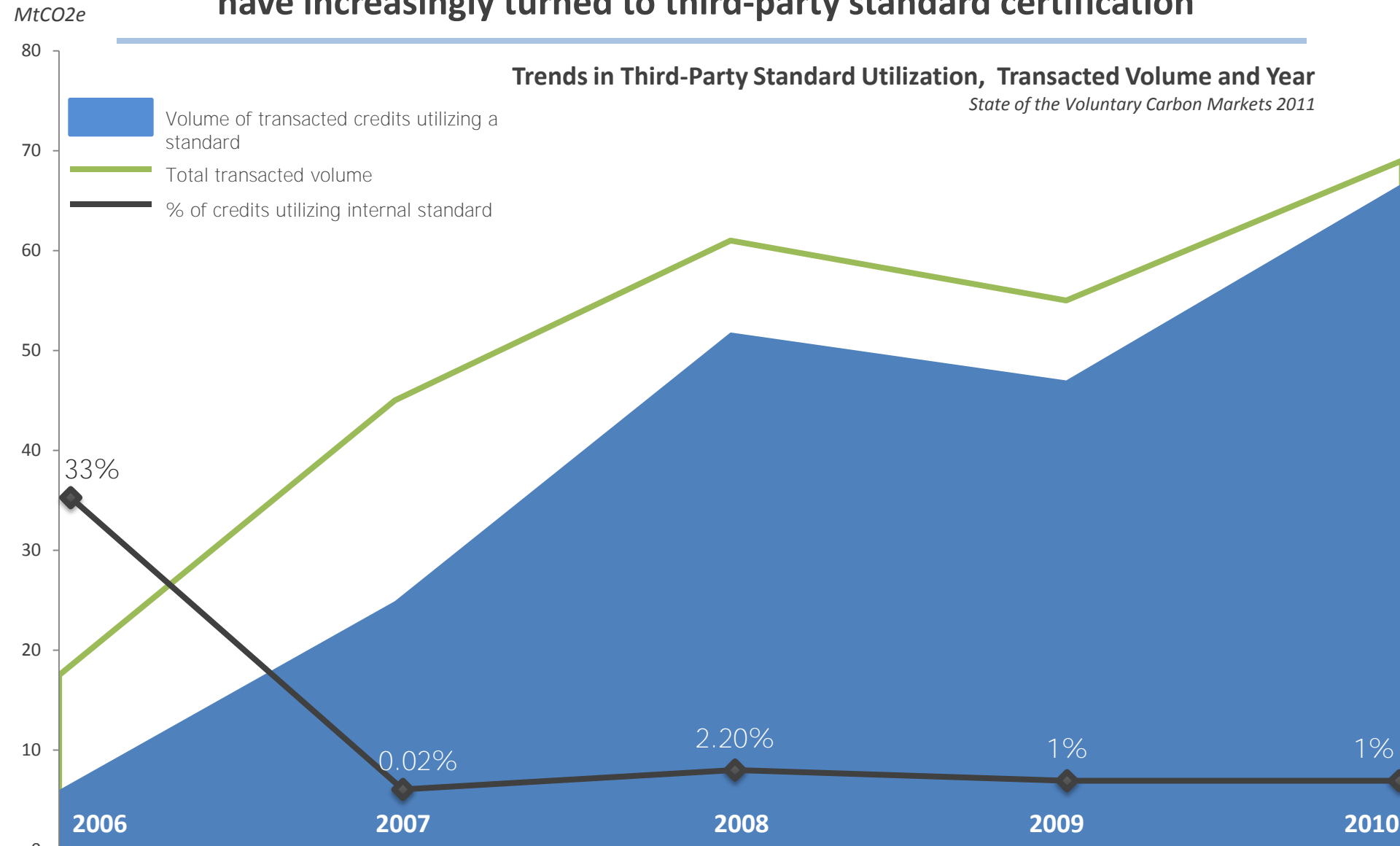
State of the Voluntary Carbon Markets 2011



STANDARDIZATION: in recent years – particularly in 2010 – suppliers have increasingly turned to third-party standard certification

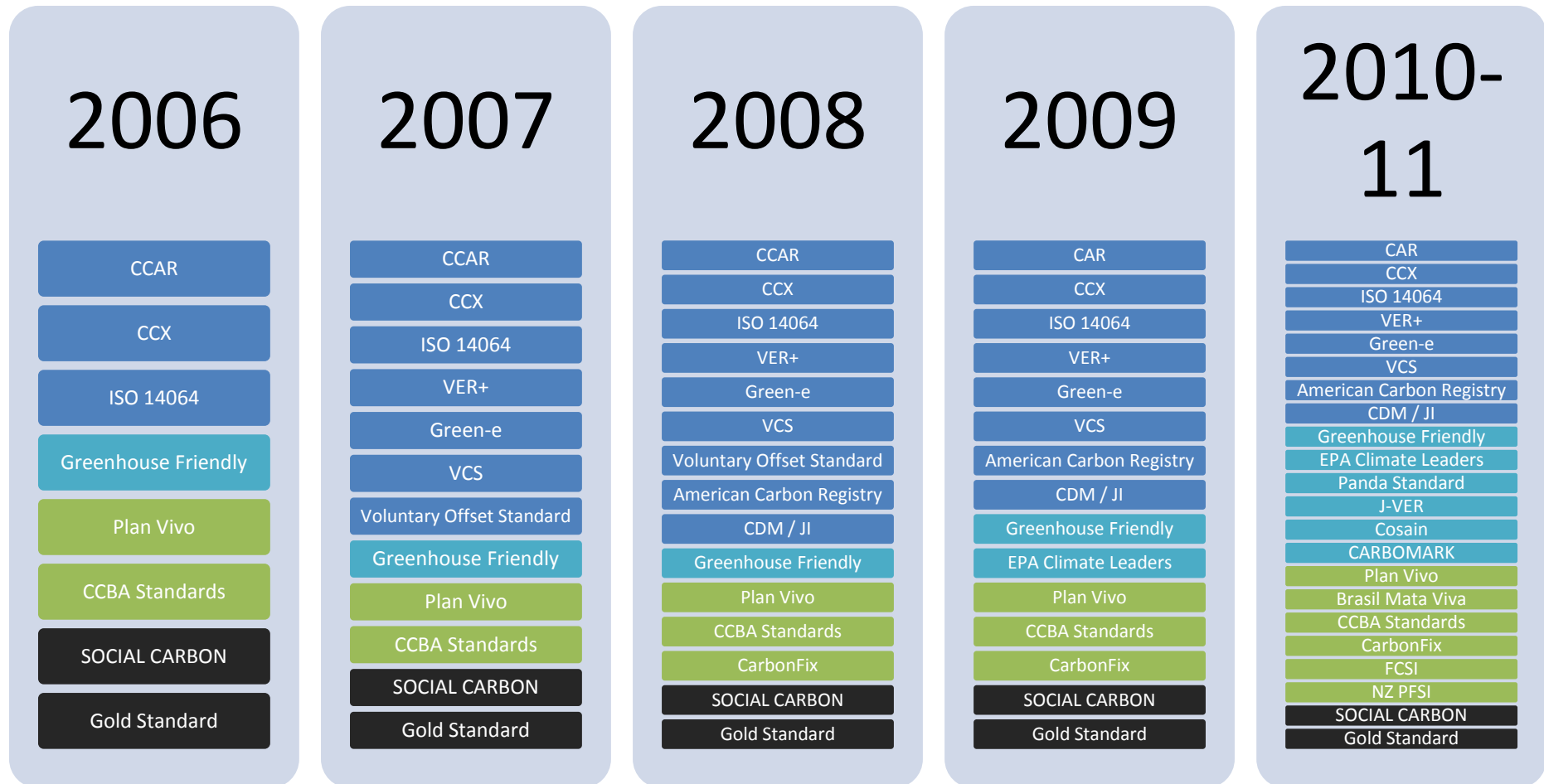
Trends in Third-Party Standard Utilization, Transacted Volume and Year

State of the Voluntary Carbon Markets 2011



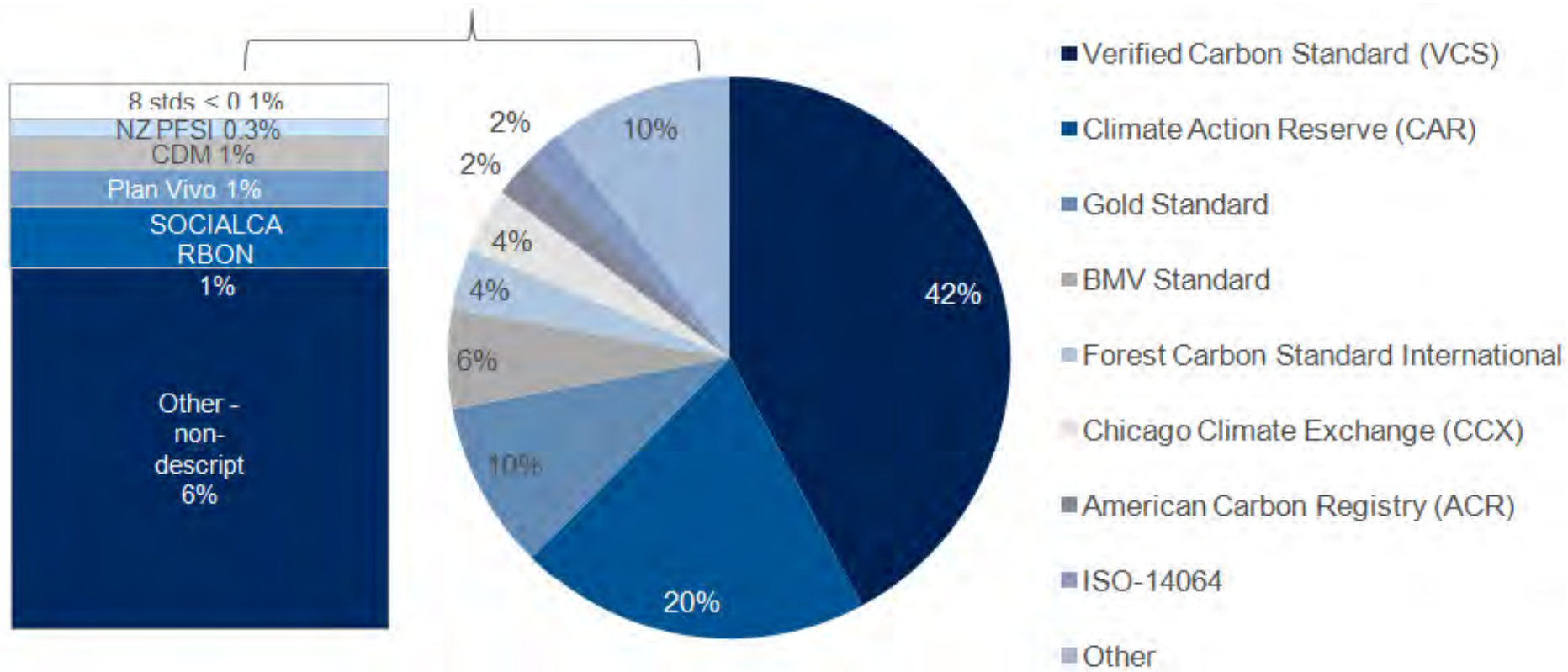
STANDARDIZATION: the voluntary market has both consolidated around broad-based standards and spun off place- and forest-specific standards

Trends in Utilized Third-Party Standards, by Year



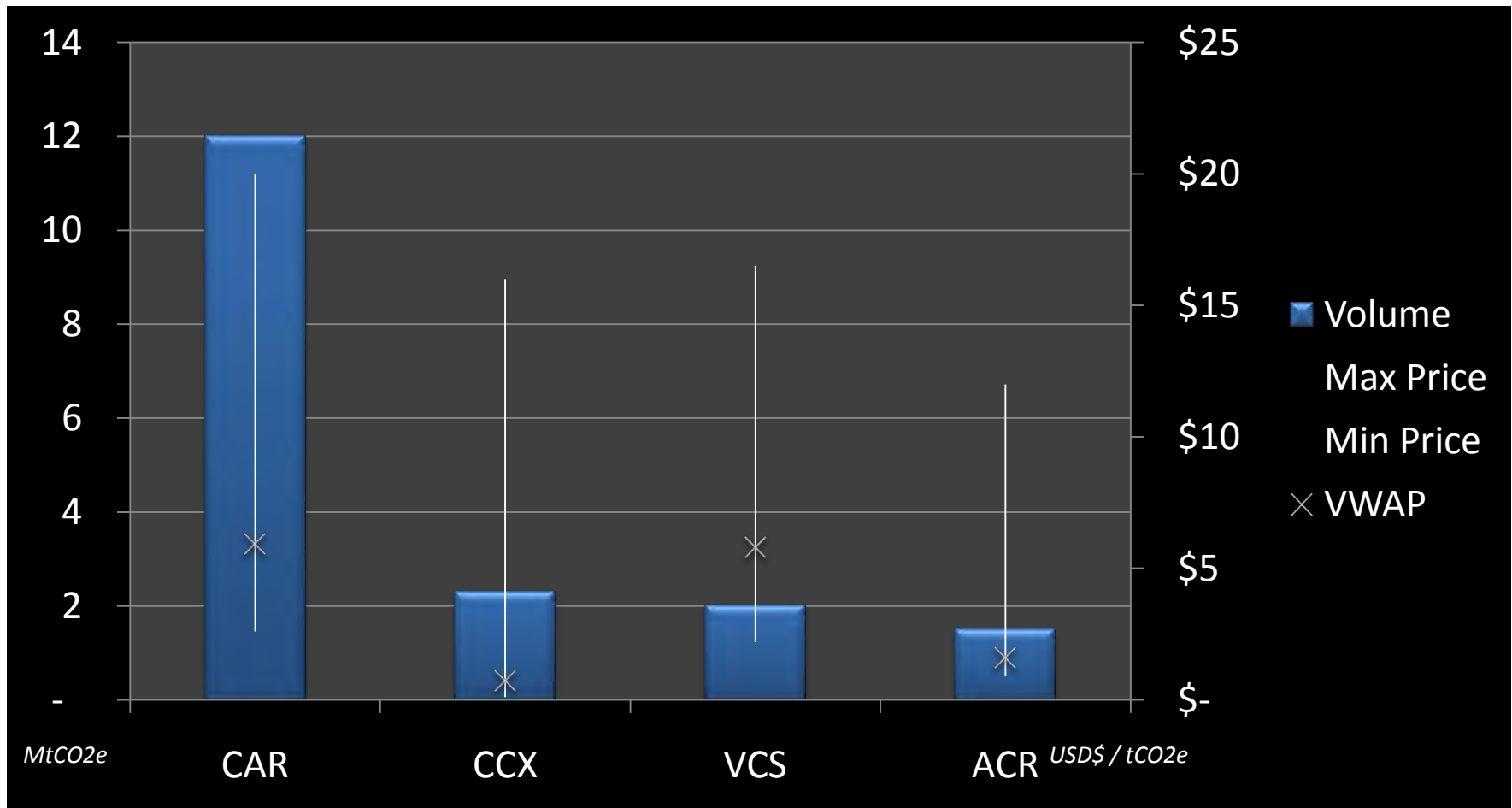
STANDARDIZATION: the voluntary market has both consolidated around broad-based standards and spun off place- and forest-specific standards

Market Share by Third-Party Standard, OTC 2010



STANDARDIZATION: Pre-compliance volumes up in 2010, and prices for Climate Action Reserve followed in 2011 through today

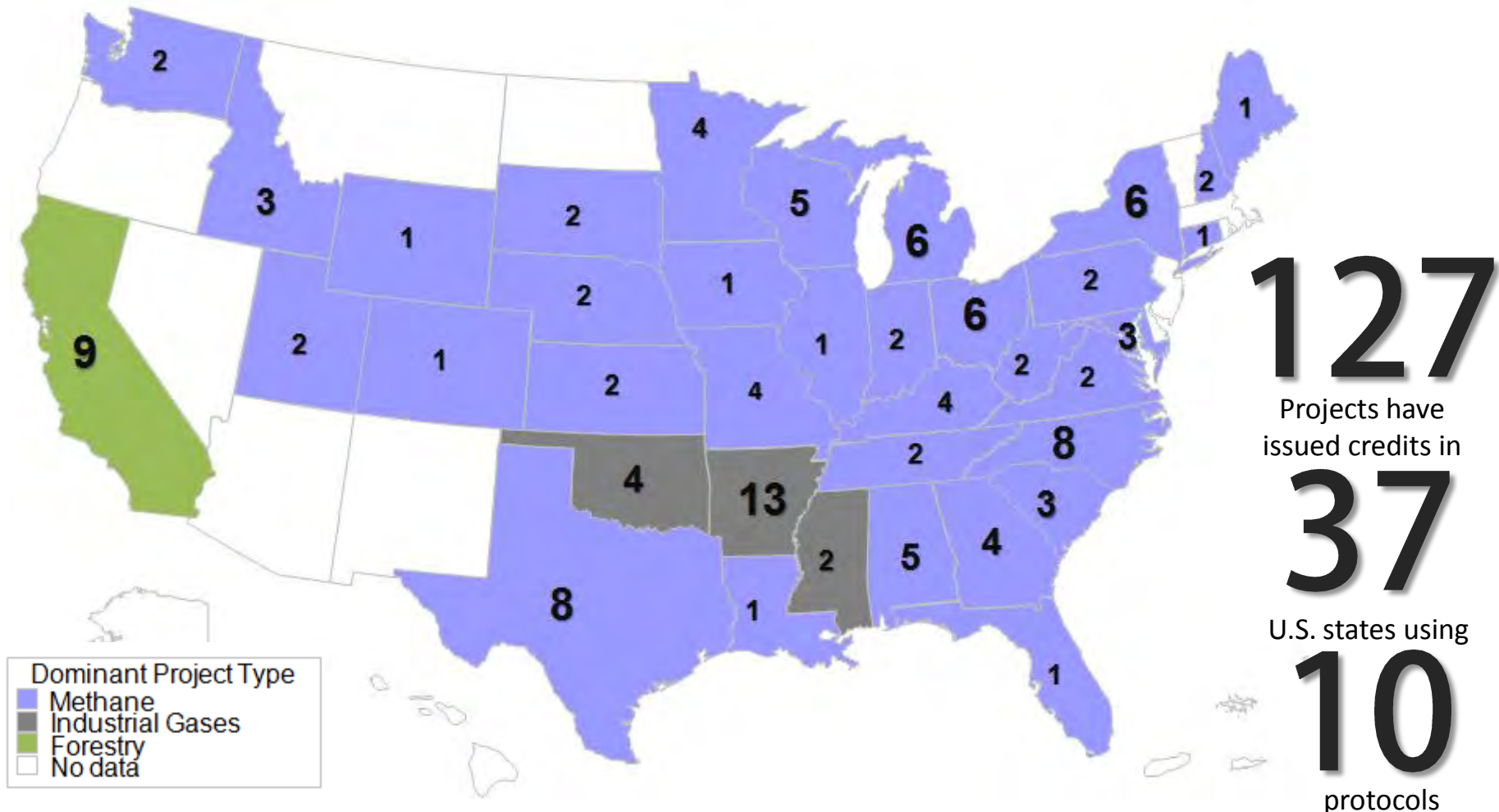
Market Information by Third-Party Standard, US –Specific, OTC 2010 (*Data Labels: Indicative Current Range*)



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STANDARDIZATION: Federal climate bill speculation spurred demand for the Reserve's landfill methane credits – now the ODS are shifting to Cali

Climate Action Reserve: Dominant Project Type and Number of Projects with Issued Tons, by State

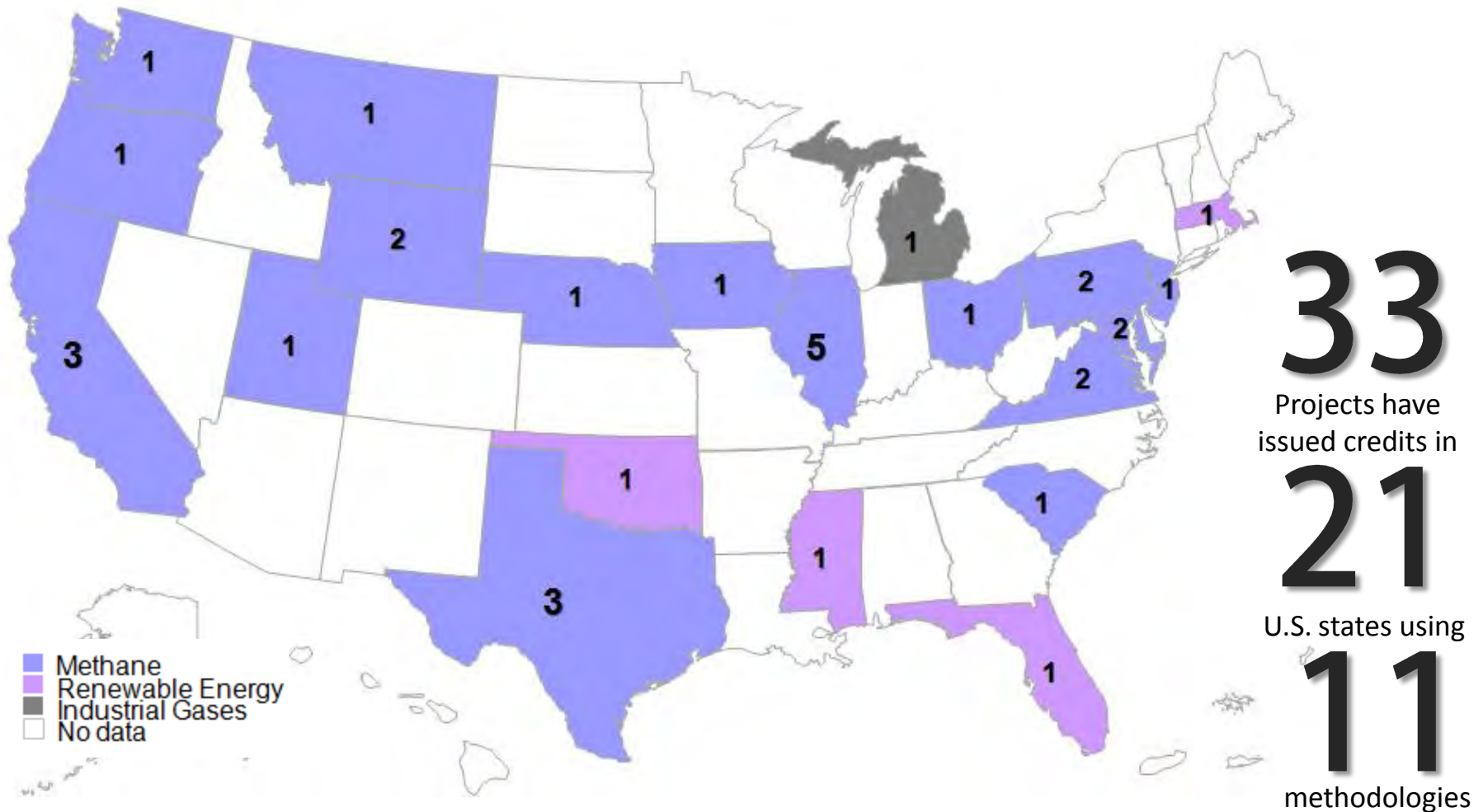


Source: Climate Action Reserve Registry

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STANDARDIZATION: VCS sees a wider array of project types, significantly lower volumes. Only source for verified RE credits – priced for scarcity

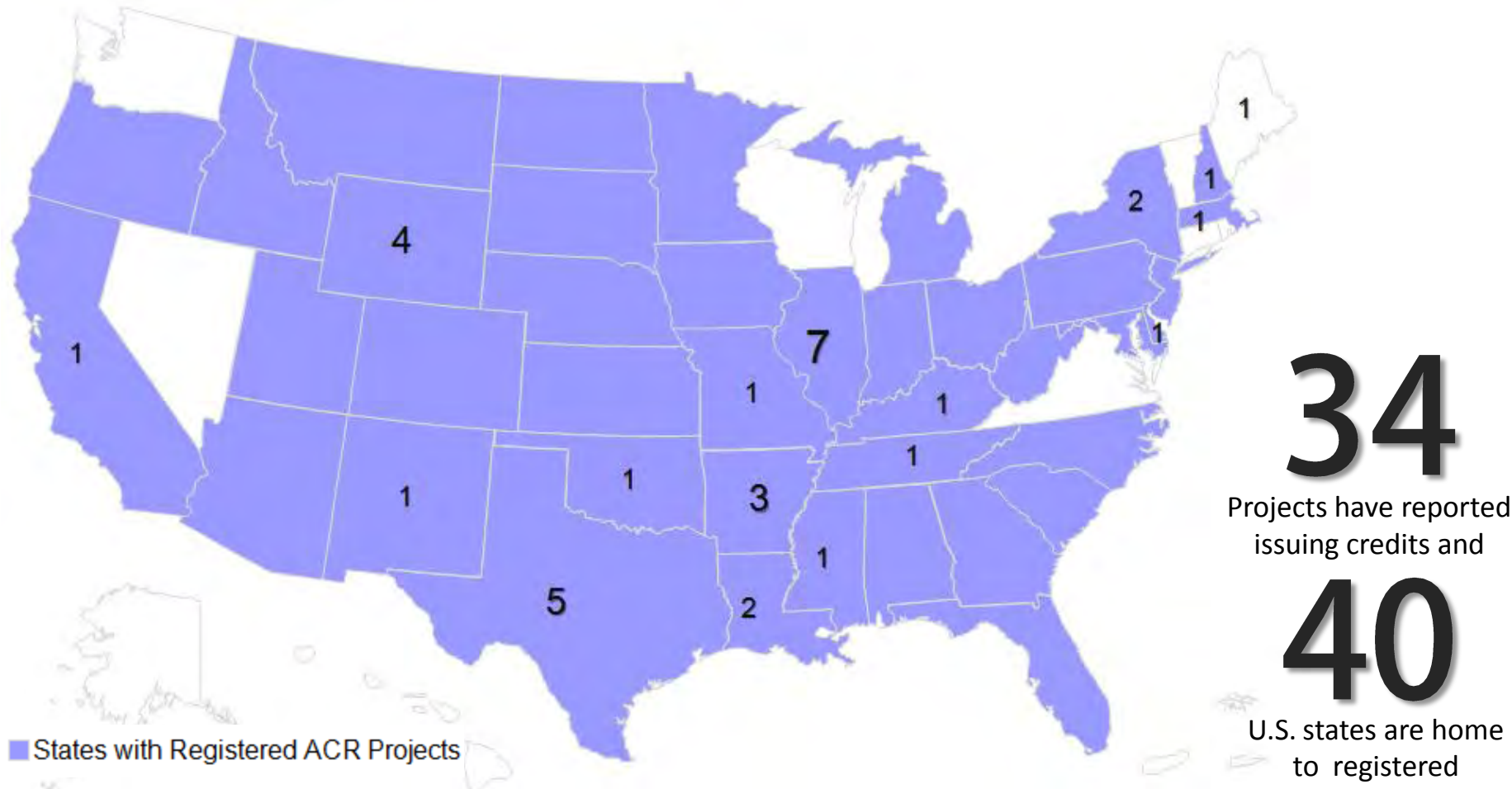
Verified Carbon Standard: Dominant Project Type and Number of Projects with Issued Tons, by State



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STANDARDIZATION: Market players waiting to see if ACR credits will get the Cali nod – and some pre-compliance transactions accordingly

American Carbon Registry: States w/ Registered Projects and Number of Projects with Issued Tons, by State



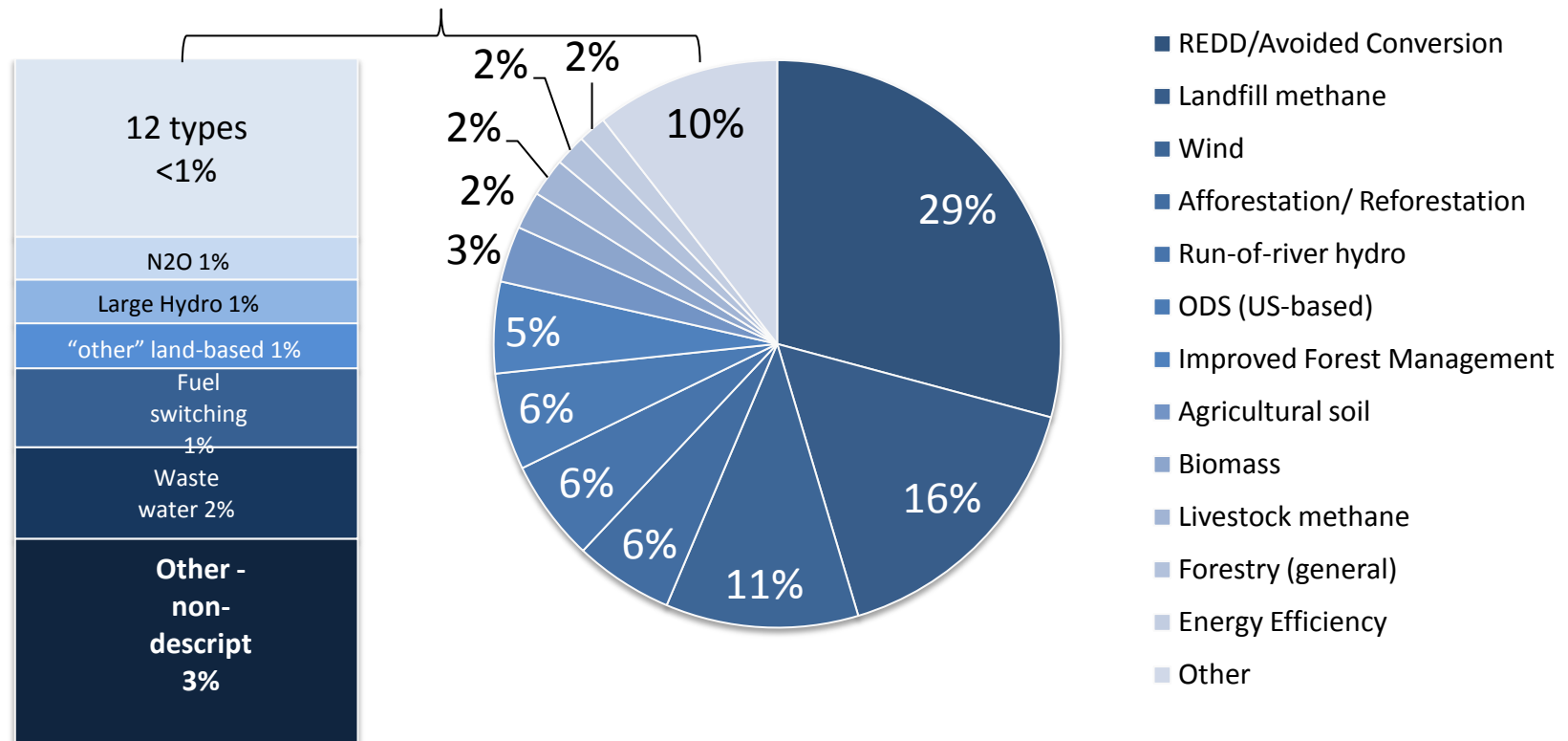
Source: American Carbon Registry Website

STANDARDIZATION: the U.S. market is oversupplied in some categories (i.e. landfill methane) with tight supply in others (i.e. energy)

RGGI OFFSET TYPE	STANDARDS WITH LARGEST VOLS OF EXISTING ISSUANCE	CURRENT PRICE / <i>tCO₂e</i>	LATEST NEWS FROM STANDARD
LANDFILL METHANE	Climate Action Reserve	\$1.5 - \$3 (VCS similarly priced)	The Reserve: December 2011, adopted Rice Cultivation Project Protocol
AG METHANE	Climate Action Reserve	\$8 - \$10 (VCS \$6 - \$9.5)	VCS: Has approved the “tagging” of VCS credits with Thai government’s Crown Standard
SF6 DESTRUCTION	American Carbon Registry	N / A	ACR: Last week issued for public comment a modular wetlands restoration methodology – for Louisiana and eventually other degraded U.S. coastal wetlands
AFFOR / REFOR	American Carbon Registry	N / A	
ENERGY EFFICIENCY	NO STRONG STANDARD FOR THIS TYPE – ISSUED OR PIPELINE	N / A	

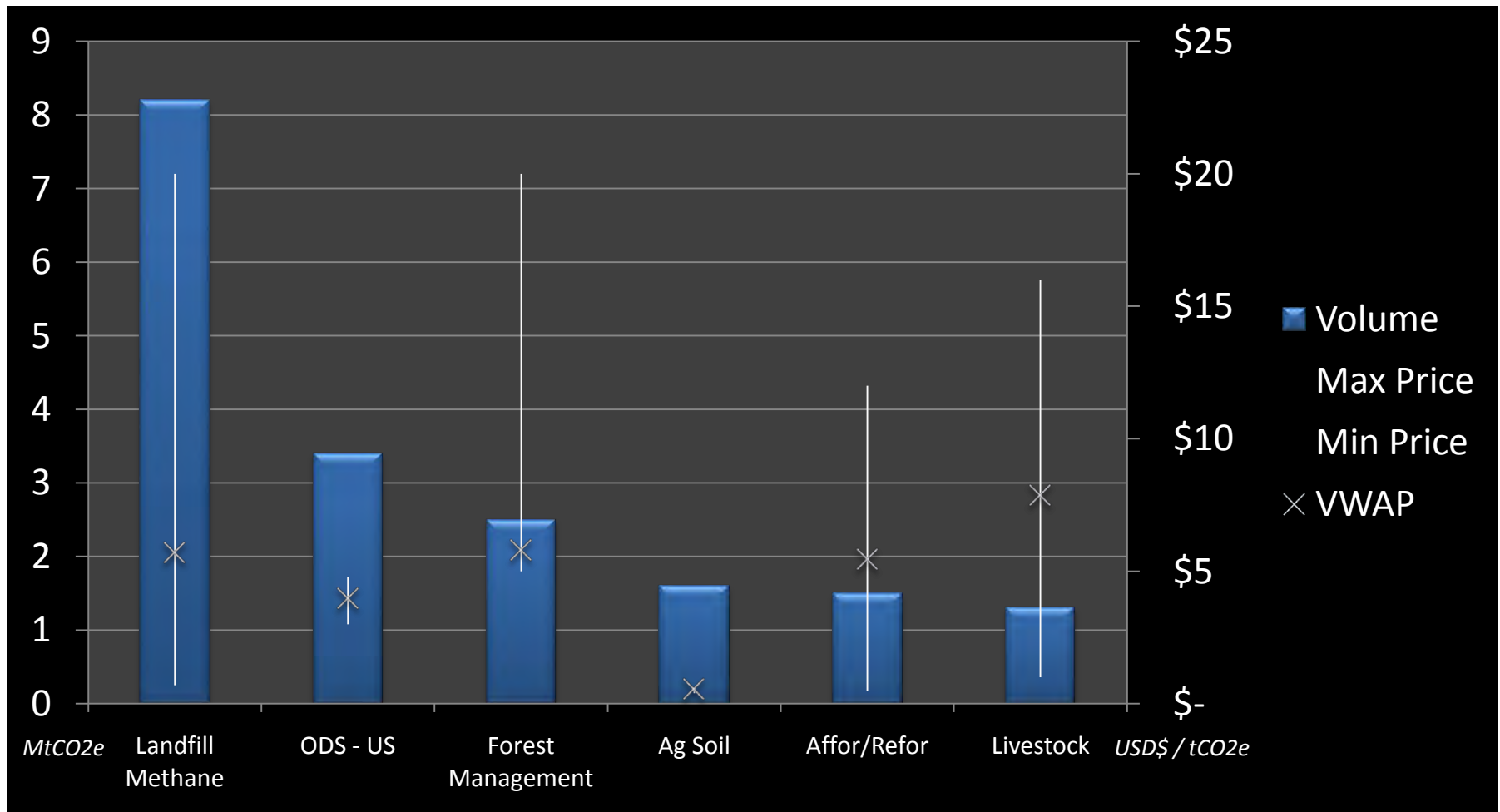
PROJECTS: Globally, forestry took center stage in 2010 – while landfill methane saw disappointment in U.S. Senate and collapsed in H2

Transaction Volume by Project Type, OTC 2010



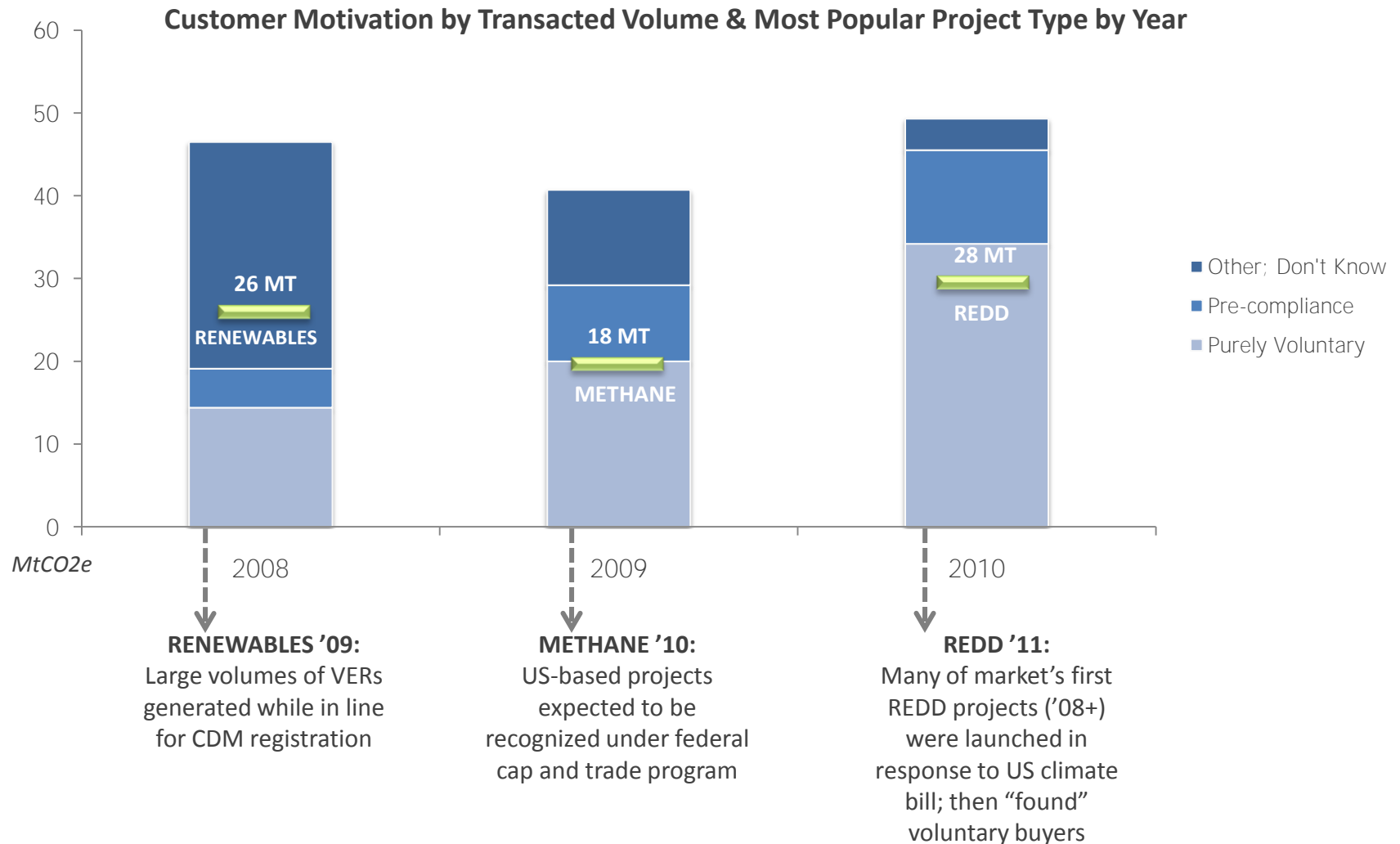
PROJECTS: In the US, Cali program is changing US offset price landscape
– where eligible ODS credits are up 120% or more over 2010 prices

Market Information by Project Types, US –Specific, OTC 2010 (*Data Labels: Indicative Current Range*)



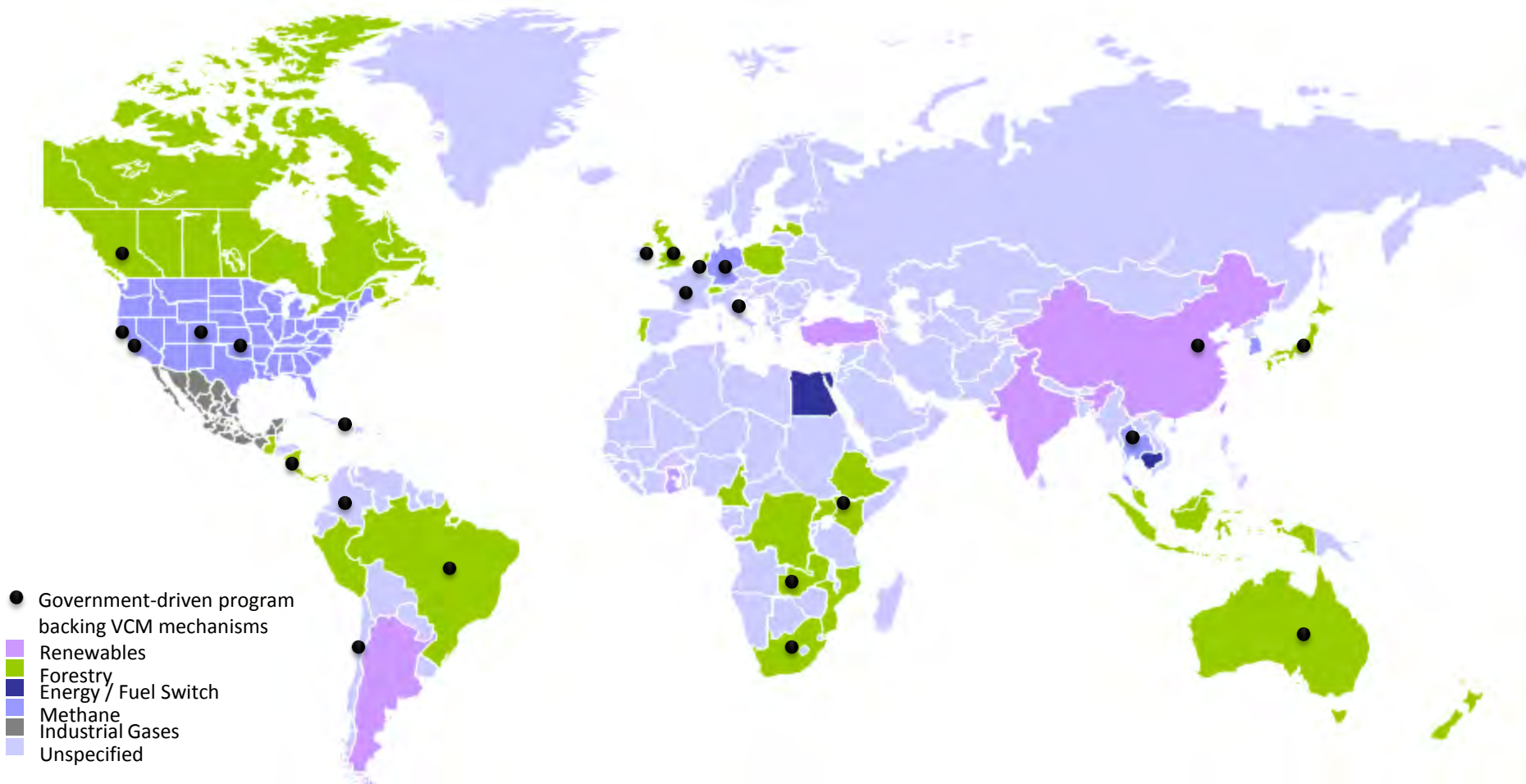
Source: "State of the Voluntary Carbon Markets 2011", Ecosystem Marketplace and Bloomberg New Energy Finance

BUYERS: Market responds strongly to compliance/government signals, evidenced by most traded project type in each year



DOMESTIC MARKETS: as in the compliance markets, voluntary domestic markets for supply *and* demand are a recent & significant development

Dominant Project Type Transacted OTC 2011, and Government-led Programs Using Voluntary Market Mechanisms



Source: "State of the Voluntary Carbon Markets 2011", Ecosystem Marketplace and Bloomberg New Energy Finance



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Questions? Comments?

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