

Overview of the Climate Action Reserve



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History of the Climate Action Reserve



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- Founded as the California Climate Action Registry by state legislation in 2001
 - Encourage voluntary reporting and reductions
 - Develop protocols to track GHG emissions and reductions
- Members include leading businesses, government agencies, educational institutions, non-profits, and others across US
 - Over 350 members and 650 million metric tons CO₂e registered for years 2000 - 2007

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Objectives of the Climate Action Reserve



- Address public concerns about the voluntary carbon market that:
 - Projects aren't additional
 - Credits are being double counted or sold
- Our reputation for high-quality accounting standards can address these concerns
 - Show that carbon offsets can be a useful tool in addressing climate change
- Intended to be the premier place to register carbon offset projects for North America
 - Be the recognized "seal of approval"

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What makes the Reserve different? *Recognition*



Recognized and Supported by:

- California Air Resources Board
- State of Pennsylvania
- Voluntary Carbon Standard (VCS)
- Leading environmental organizations:
 - Environment America
 - Natural Resources Defense Council (NRDC)
 - Union of Concerned Scientists
 - Sierra Club
 - Wilderness Society

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What makes the Reserve different? *Transparency*



- Unparalleled transparency makes the Reserve unique
- Public reports include:
 - All protocols
 - List of all account-holders
 - List of all projects and all project documents
 - List of all issued CRTs for every project
 - All retired CRTs

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What makes the Reserve different? *Performance standard = Ease of use*



- Why a performance standard is different
 - The hard work is upfront
 - Assess industry practice as a whole, rather than individual project activities
- Less subjective determination to qualify
- More certainty in amount of credits
- Lower risk for developers
- Faster project processing

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What makes the Reserve different? *Separation of Roles*



- Reserve develops protocols but does not develop projects
- Does not take ownership of offsets
- 501(c)3 non-profit status
- Third-party verification
 - Consistent with international standards
 - Accreditation done by ANSI
 - Conflict of interest analysis on every project

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What makes the Reserve different? *Linking voluntary and compliance markets*



- For now, main demand is from the voluntary market
- In the future, projects may be usable for compliance in California, Western Climate Initiative or federally
 - Regulators have yet to make decisions on these questions

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Our Protocols



- Developed with broad public input
- Goal is to create a uniform standard that is widely recognized and builds on best practice
 - We incorporate the best elements of other protocols
 - We do not accept protocols from other programs (i.e. CDM, Gold Standard, VCS, etc.)
- Designed as step-by-step instructions on project development

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Protocol Development Process



1. Literature review
2. Scoping/kick-off meeting
3. Multi-stakeholder workgroup formation
4. Draft protocol to workgroup
5. Revised draft released for public comment
6. Public workshop
7. Adoption by Reserve board in public session
The Reserve is unique among non-profits that board meets in public
8. Adoption by California Air Resources Board in public session

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Existing Protocols

- Forestry
 - Conservation-based forest management
 - Avoided conversion
 - Reforestation
 - CA-only, but soon will be national
- Landfill gas capture
- Agricultural methane capture
- Urban forestry

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Protocols under consideration for 2009

- **Industrial Processes**
 - Boiler efficiency
 - Industrial gas destruction*
 - Natural gas T&D systems
 - Coal mine methane*
- **Transportation**
 - Truck stop electrification
- **Waste diversion:**
 - Composting
 - Co-digestion*
- **Soil sequestration**
 - Cropland
 - Rangeland
 - Biochar
- **Mexico:**
 - Landfills*
 - Agricultural methane*

* *In-progress*

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Determining eligibility— five steps



- Regulatory screen—not legally required
- Performance standard for additionality
- Project started operation after 1/1/2001
 - This will be changing with new protocols
- Location--must be in the United States
 - Mexico and Canada coming soon
- Compliance--must meet all applicable environmental regulations

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Verification



- Developer selects an accredited verifier
 - Accreditation being done by ANSI with CCAR oversight
- Verifier submits conflict of interest form
- Developer hires verifier
 - Verifier makes determination how many tonnes of reduction have taken place
 - Project documents, verification report and verification opinion submitted to CCAR

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Crediting reductions

- Developer opens an account on the Reserve
 - Reserve software is operated by APX
- CCAR credits the project developer's account with the appropriate number of CRTs (climate reserve tonnes, pronounced "carrots")
 - Project documents are visible to the public
- Each CRT has a unique serial number for tracking
 - Includes embedded information about the project, project type, vintage, and location

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Transferring credits

- Developer contracts to sell CRTs with an interested buyer
 - Financial transaction is outside of the system
 - Buyer must have an account on the system or seller can retire them on behalf of buyer
- Developer instructs the system to transfer the CRTs into the buyer's account
- Buyer can hold them, retire them or transfer them to someone else
- CRT futures can now be traded on the CCFE

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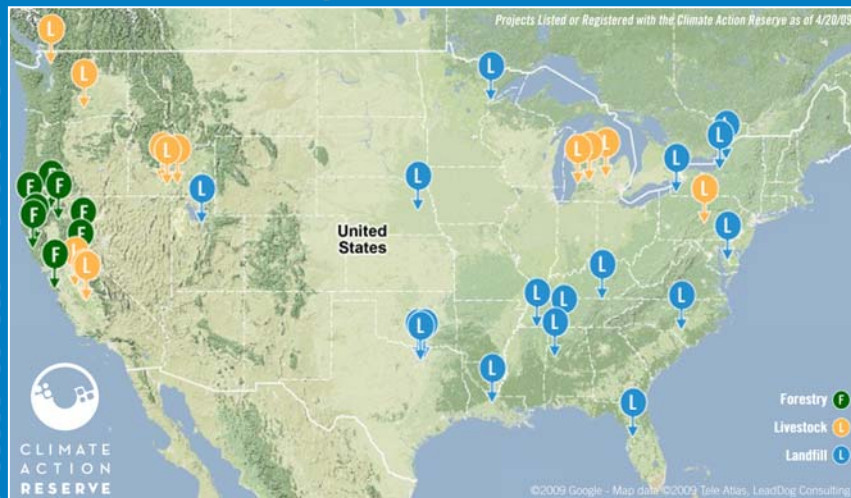


Current Stats

- Reserve launched: **May 2008**
- Account-holders: **80**
- Registered or listed projects: **38**
 - Another **17** submitted
- CRTs issued: **603,394**
- Recent average price: **\$6.30/tonne**
 - According to *New Carbon Finance, Voluntary Carbon Index*, March 11, 2009

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Listed & registered projects



Contact Information



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