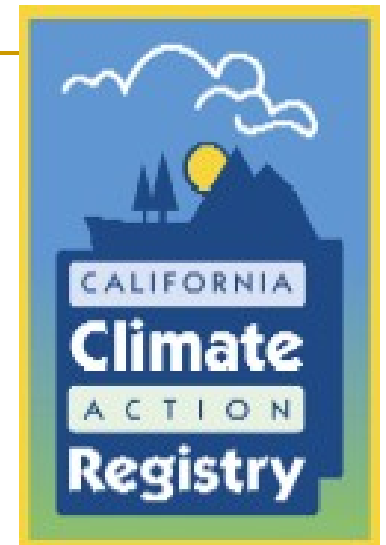

Overview of the Climate Action Reserve

Webinar will begin shortly
For audio, please dial (773) 945-1011
Access code: 181-261-017

Joel Levin
Vice President, Business Development
California Climate Action Registry

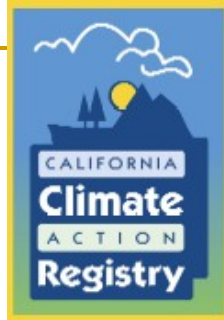


Presentation Overview



1. Background on the California Climate Action Registry and the Climate Action Reserve
 2. What is different about the Reserve?
 3. Our protocols
 4. The project registration process
 5. Finding information on our website
 6. What we will not be covering
 - Software demo
 - Technical details on using the protocols
-

California Climate Action Registry



- Non-profit greenhouse gas registry created 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
-

What is the Climate Action Reserve?



- New CCAR program to register and track carbon offset projects throughout the U.S.
 - Established as its own name, but co-branded with CCAR
 - Intended to be the premier place to register carbon offset projects for North America
 - Until now, U.S.-based projects only
 - Expanding to Mexico and Canada
-

Why is CCAR doing this?



- Public concerns about the voluntary carbon market
 - Projects aren't real or additional
 - Projects create other social or environmental problems
 - Credits are being double counted or sold
 - CCAR reputation for high-quality accounting standards can address these concerns
 - CCAR goal: Be the recognized “seal of approval”
-

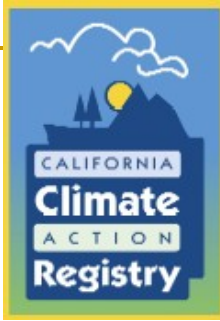
What makes the Reserve different? Recognition



Recognized and Supported by:

- California Air Resources Board
 - State of Pennsylvania
 - Voluntary Carbon Standard (VCS)
 - Leading environmental organizations:
 - Environmental Defense Fund (EDF)
 - Natural Resources Defense Council (NRDC)
 - Sierra Club
-

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
-

What makes the Reserve different?

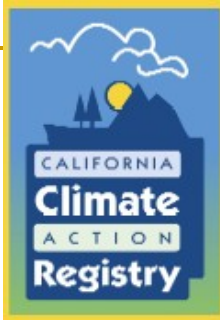
Performance standard = Ease of use



- 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
-

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
-

California Registry 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
-

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 CCAR board in public session
CCAR is unique among non-profits that board meets in public
 8. Adoption by California Air Resources Board in public session
-

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
-

Protocols under consideration for 2009



- Industrial Processes
 - Boiler efficiency
 - Industrial gas destruction
 - Blended cement
 - Coal mine methane

 - Transportation
 - Bus fleet upgrades
 - Bus rapid transit

 - Agriculture and Biologic Sequestration
 - Waste diversion: composting and co-digestion
 - Tidal wetland sequestration
 - Mexico landfill and agricultural methane
-

Renewable Energy and Energy Efficiency Protocols



- No renewable energy protocol is planned
 - You may be able to generate RECs through other programs from methane destruction projects if you are generating electricity
 - No electrical energy efficiency/green building protocols are planned
 - This is only for electricity. We are planning a natural gas efficiency protocol
 - Why? Electricity is certain to be a capped sector under any GHG regulation
-

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
-

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
-

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
-

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
-

Steps to register a project



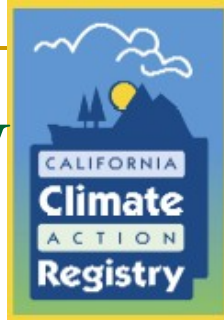
1. Open an account on the Reserve
 2. Submit project for listing
 - Project submittal form and documents
 3. Conduct project activities
 4. Select verifier
 - Verifier submits conflict of interest form
 5. Submit project documents, verification report and verification opinion
 6. Project registered and CRTs issued
-

Fee Structure



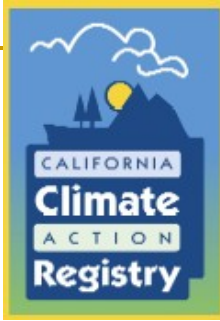
- Account Maintenance: \$500/year
 - Project Listing: \$500/project
 - CRT Issuance: \$.15/tonne
 - CRT Transfer: \$.03/tonne
 - Retirement: Free
-

Relationship with the Climate Registry



- The Climate Registry is a non-profit set up by U.S. states, Canadian provinces, Mexican states and native sovereign nations to track GHG emissions
 - Sister organization to the California Registry
 - The Climate Registry does not track GHG reduction projects—just entity footprints
-

Relationship with VCS—the Voluntary Carbon Standard



- VCS is an international program that links together the highest quality carbon offset programs
 - The Reserve is the only U.S. program recognized by VCS
 - CRTs will be convertible into VCUs—but not the reverse
-

Current Stats



- Reserve launched: May 2008
 - Account-holders: 48
 - Registered or listed projects: 19
 - Another 7 submitted
 - Big pipeline of projects in coming months
 - CRTs issued: 200,000
 - According to ***New Carbon Finance, Voluntary Carbon Index***, November 14, 2008
 - Current average price: \$10.20/tonne
 - The Reserve, together with Gold Standard, account for 58% of carbon trading volume in North America
-

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