

# Overview of the Climate Action Reserve

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# What is the Climate Action Reserve?



- New initiative established by CCAR to track carbon reduction projects
- Climate Action Reserve
  - Will be established as its own name, but co-branded with CCAR
- This will be the premier place to register carbon reduction projects in the United States

# Why is CCAR doing this?

- Current status of carbon market
  - Bad press, skeptical public
- Key concerns
  - Projects are real and additional
  - Projects don't create other social or environmental problems
  - Credits aren't being double sold
- CCAR system and reputation can address these concerns
- Carbon market can be an important element in addressing climate change
- CCAR goal: To be the “stamp” that buyers and sellers recognize

# How does it work?

## Act 1: The protocol



- Protocol is an accounting standard
- Protocols developed for specific project typologies
  - Forestry
  - Methane bio-digesters
  - Landfills
- Protocol defines the baseline and what is additional
- Step-by-step instructions
- Credibility of protocol is central to credibility (and value) of a project

# How does it work?

## Act 2: The project



- Project developer seeks pre-approval of project (optional)
- Project developer carries out project--a specific activity in a specific place that results in:
  - A reduction in GHG emissions; or
  - An increase in GHG sequestration

# How does it work?

## Act 3: The verifier



- Developer selects a verifier
- Verifier submits conflict of interest Form
- Developer hires verifier
  - Verifier reviews project against the appropriate protocol
  - Verifier makes determination about how many tons of reduction (or sequestration) has taken place
- Project documents and verifier's opinion are submitted to CCAR
  - Public can see project documents on CCAR website

# How does it work?

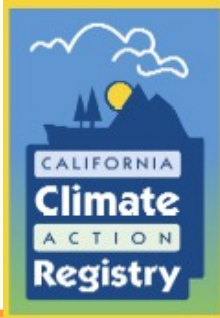
## Act 4: The carrot



- Developer opens an account in CCAR's web-based software system
- When CCAR accepts the project documents and verifier's opinion, it credits the project developer's account with the appropriate number of CRTs (carbon reduction tons, pronounced "carrots")
- Each CRT has a unique serial number for tracking
  - Includes embedded information about the project, project type, vintage, and location

# How does it work?

## Act 5: The trade



- Developer contracts to sell CRTs with an interested buyer
  - Financial transaction is outside of the system
  - Buyer must have an account on the system
- Developer instructs the system to transfer the CRTs into the buyer's account
- Buyer can hold them, retire them or trade them to someone else



# Why do people buy?



- Voluntary Market
  - Pre-regulation
  - Retail sales
  - Voluntary commitments
- Mandatory Market
  - Compliance
  - Trading/speculation
- Significance of CARB endorsement of forestry protocols

# Fee Structure

- Pre-approval (optional)
- Project registration
- Account maintenance
- CRT Issuance
- Transaction Fee
- Retirement

# Current Status of the Climate Action Reserve



- It is currently live and accepting projects, although not all parts are in place
  - Projects can be verified now
  - First projects have been submitted and (barring any problems) should be approved soon
- Protocols
  - Currently have approved protocols for forestry, bio-digesters and landfills
- Software
  - Online software will go live in March
  - Projects verified before that will initially use spreadsheet

# Current Status of the Climate Action Reserve



- Website
  - New website with information on the Climate Action Reserve will be live in mid-February
- Verifiers
  - We currently have approved and trained verifiers for forestry. Others will be ready as early as April 1
- Public Launch
  - Public announcement scheduled for mid- February

# Contact Information



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