The California Registry & Emission Reduction Project Accounting

EPA Emissions Inventory Conference
Portland, Oregon
June 4, 2008
Overview

- Overview of the California Registry
- GHG Emission Reduction Project Protocols
- The Voluntary Carbon Market
Background on the California Registry

- Public/private partnership created by state legislation in 2000
  - Facilitate companies in establishing state-recognized baselines
  - Develop GHG accounting protocols
  - Encourage voluntary public reporting and promote early actions to reduce GHG emissions
  - Board represents business, government, NGOs

- Close ongoing ties to the state
Role of Protocols

- Detailed accounting standards
  - Provides step-by-step guidance in measuring emissions and ensures that “a ton is a ton” across different sectors and organizations

- Two types: Entity and Project

- Entity protocols measure organization’s footprint
  - Facilitate year on year tracking of GHG emissions inventory
1. Gather data
   - All 6 Kyoto gases (CO$_2$, CH$_4$, N$_2$O, HFCs, PFCs, SF$_6$)
   - Direct stationary, mobile, process and fugitive emissions
   - Indirect emissions: i.e. purchases of electricity and steam
   - California, national or international reporting
   - Tracking mostly through utility bills and fuel use records

2. **Verify** data using third-party verifiers

3. **Report** data publicly
Registry Entity Protocols

- General Reporting Protocol
- Power Utility Protocol
- Cement Protocol
- Forest Sector Protocol
Projects are discrete activities undertaken with the intention of reducing, avoiding or sequestering emissions.

Demonstrate coherent reduction independent of other emissions trends.

Projects are often undertaken for emissions trading purposes or carbon neutrality claims.

Projects demand a different type of accounting.
Key Project Accounting Concepts

- Generally accepted international standards (CDM, WRI, ISO 14064, etc.)
- Reductions must be real, additional, quantifiable, and permanent
  - Similar to EPA Acid Rain program
- Additionality is central to project accounting (determine reductions relative to BAU)
California Registry

Project Protocols

- Forest Project Protocol
- Livestock Digester Protocol
- Landfill Gas Capture & Combustion Protocol
- Additional protocols under development include:
  - Co-digestion
  - Bus rapid transit
  - Tidal wetland restoration
  - High GWP gas mitigation
  - Other forestry
Project Accounting Frameworks

- **Project-specific (bottom-up) approach**
  - Projects developed on case-by-case basis by project developer
  - Project documents represent conditions for a single project

- **Standardized (top-down) approach**
  - Criteria developed by GHG program
  - Applicable to multiple projects within sector
The Performance Standard

There are several benefits to a standardized approach
- Low up-front costs to project developers
- Efficient review and approval of projects
- Transparency and consistency
- Same approach applies across projects
- Prescriptive guidance to eliminate judgment calls
- But... high initial resource investment to program
Project Protocol Components

- Define the GHG reduction project
- Determine eligibility (e.g., “additionality”)
- Establish the accounting boundary
- Calculate GHG reductions
  - Baseline emissions quantification
  - Project emissions quantification
  - Reductions = Baseline emissions – project emissions
- Verify project performance
- Register GHG reductions
Determining Eligibility

Eligibility in five steps:

– Step 1: Performance threshold assessment
  - Assessment of the market penetration of technology to determine if BAU?

– Step 2: Regulatory test
  - Is it required by law?
  - Narrows pool of eligible projects
Determining Eligibility

- Step 3: Project Start Date
  - Projects starting operation after Jan 1, 2001
- Step 4: Project Location
  - Must be based in the United States
- Step 5: Regulatory Compliance
  - Project activity must comply with all air & water quality regulations
The Voluntary Carbon Market

- Non-compliance production, sale and purchase of VERs
- Multiple sources of demand:
  - Companies seeking climate neutrality or pre-compliance
  - Individuals desiring to offset emissions
  - Investors and speculators
- Rapid growth (>65 million tonnes of VERs traded in 2007)
- Almost triple the 2006 volume of 23 MtCO$_2$e
Developing Market Needs

- Integrity
- Consumer confidence
- Standardization and consistency
- Learn through experience
- Structure and oversight
California Registry Roles in the Voluntary Market

- Protocol development and refinement
  - Develop new protocols
- Verification and registration
- Manage The Climate Action Reserve
  - VER tracking system (register, serialize, track transfers and retire)
  - For more information go to: www.climateregistry.org
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