



The California Registry & Emission Reduction Project Accounting

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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

Entity Wide Reporting



1. Gather data

- All 6 Kyoto gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆)
- 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

Emission Reduction Project Protocols



- 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 MtCO₂e

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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