



## AMERICAN CARBON REGISTRY APPROVES FOREST CARBON RISK MITIGATION PRODUCT

ARLINGTON, VA, November 30, 2010 – The [American Carbon Registry](#)® (ACR), a nonprofit enterprise of Winrock International, announces approval of the *Carbon Reduction Guarantee*, a risk mitigation product for U.S. and international forest carbon projects. Companies registering forest carbon projects on ACR now have the flexibility to use the risk-mitigation product to guarantee their projects against unforeseeable environmental threats or “reversals” in lieu of making contributions to a buffer pool. The *Carbon Reduction Guarantee*, exclusive to ACR, is provided by Carbon Reduction Corporation, a wholly owned subsidiary of Finite Carbon Corporation.

*“As the leading forest carbon project developer in the U.S., Finite Carbon identified the need for Carbon Reduction Guarantees,”* said Scott Nissenbaum, president of Finite Carbon Corporation. *“We partnered with American Carbon Registry because of their deep domain expertise in forestry and are pleased to offer an ACR-approved risk mitigation product that can provide new peace of mind for landowners considering and undertaking carbon offset projects.”*

Despite the significant environmental and economic co-benefits forest carbon projects provide, they also present an inherent risk of reversal of the greenhouse gas emissions reductions they produce. For example, reversals can occur due to natural factors (fire, hurricane, infestation) or a participating landowner’s decision to discontinue the project during its term. In either case, the carbon dioxide (CO<sub>2</sub>) which had already been quantified as an emission reduction could be reversed, or re-released, into the atmosphere.

The risk of reversal is a difficult liability to manage since the future price of carbon is unknown. The *Carbon Reduction Guarantee* is a key innovation because it removes this unknown, allowing companies to fully mitigate reversal risk up-front at a predetermined cost. Carbon Reduction Corporation is responsible to ACR to cover reversals in projects using the product, regardless of the type or magnitude.

*“Through our work with the U.S. forest sector, we have seen the importance of reducing uncertainty for carbon market participants to encourage participation,”* said Jad Daley, climate program director at The Trust for Public Land. *“Having this kind of straightforward guarantee product will remove a key entry barrier at a pivotal moment for American carbon markets.”*

To date, the primary risk-mitigation mechanism for forest carbon projects has been the buffer pool, a model pioneered by Winrock International and now employed by all major carbon offset programs including ACR. To register forest carbon projects, companies are required to conduct a project-specific assessment of reversal risk. Based on the risk assessment, they must contribute offsets equal to a percentage of overall emissions reductions to a pooled account to manage risk across multiple projects. In the event of any individual project reversal, an equal number of offsets are retired from the buffer pool to compensate for the loss.

Companies who use the *Carbon Reduction Guarantee* product are not required to make buffer pool contributions, so they can retain and sell all forest carbon offsets from their project at the attractive prices these often secure today.

*“It makes perfect sense that forest carbon projects should have a financial guarantee mechanism like other industries,”* said Nicholas Martin, ACR chief technical officer. *“We are excited to approve this product that allows project proponents and landowners implementing ACR afforestation / reforestation, improved forest management and REDD projects to market all their offsets, yet fully mitigate future reversal risks. ACR strives to lead the market in innovation while maintaining the highest standards of environmental integrity that voluntary and pre-compliance buyers demand.”*

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#### **About the American Carbon Registry®**

The nonprofit American Carbon Registry® (ACR), an enterprise of [Winrock International](#), is a leading carbon offset program recognized for its strong standards for environmental integrity. Founded in 1996 as the GHG Registry by Environmental Defense Fund and Environmental Resources Trust, ACR has 15 years of experience in the development of rigorous, science-based carbon offset standards and methodologies as well as in carbon offset issuance, serialization and transparent online transaction and retirement reporting. As the first private voluntary GHG registry in the world, ACR has set the bar in the global voluntary carbon market for offset quality and operational transparency. For more information, please visit [www.americancarbonregistry.org](http://www.americancarbonregistry.org)

#### **About Winrock International**

Winrock International is a nonprofit organization that works with people in the United States and around the world to empower the disadvantaged, increase economic opportunity, and sustain natural resources. Winrock is headquartered in Little Rock, Ark. [www.winrock.org](http://www.winrock.org).

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