



California's Cap-and-Trade Risk Management "101"

Cap-and-Trade Symposium
Sacramento
July 17th, 2013

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The Big Picture



Know the rules

Flexibility

Transparency

Cost
containment

Timing
concerns

Compliance
periods

Banking

Offsets

Clearing +
rules

OTC +
anonymity

Reserve
Auction

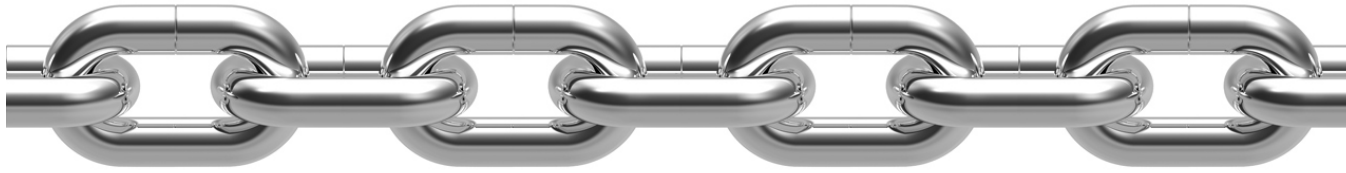
Offsets

Forward v.
spot

What
products?

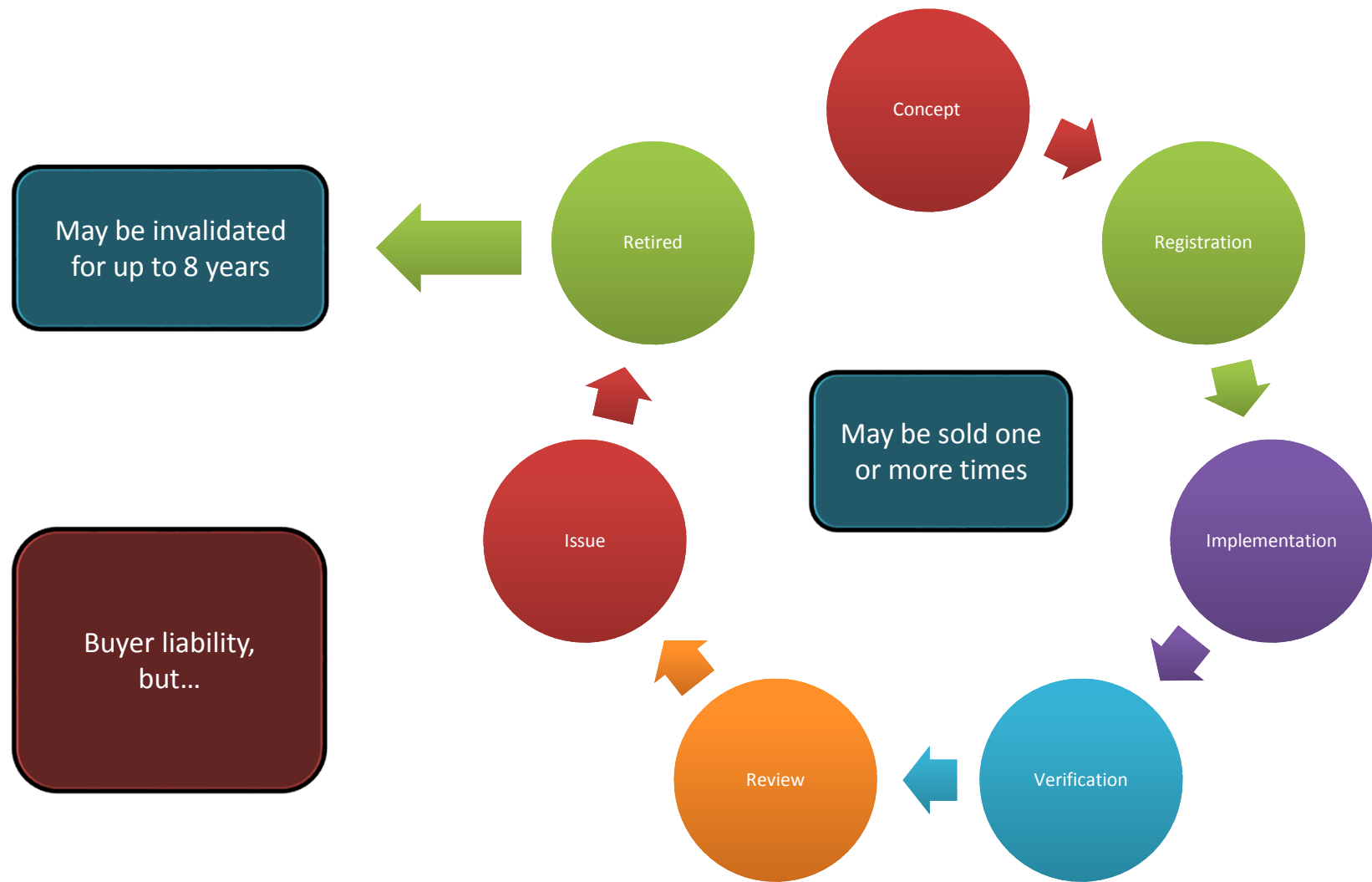
Risk or opportunity?

Offset Value Chain



What to look for/provide in an offset
Who can you do business with?

Lifecycle of an Offset



Stakeholders



OPO (owner)



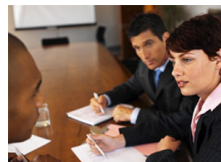
Subcontractors



Covered Entity



APD (project developer)



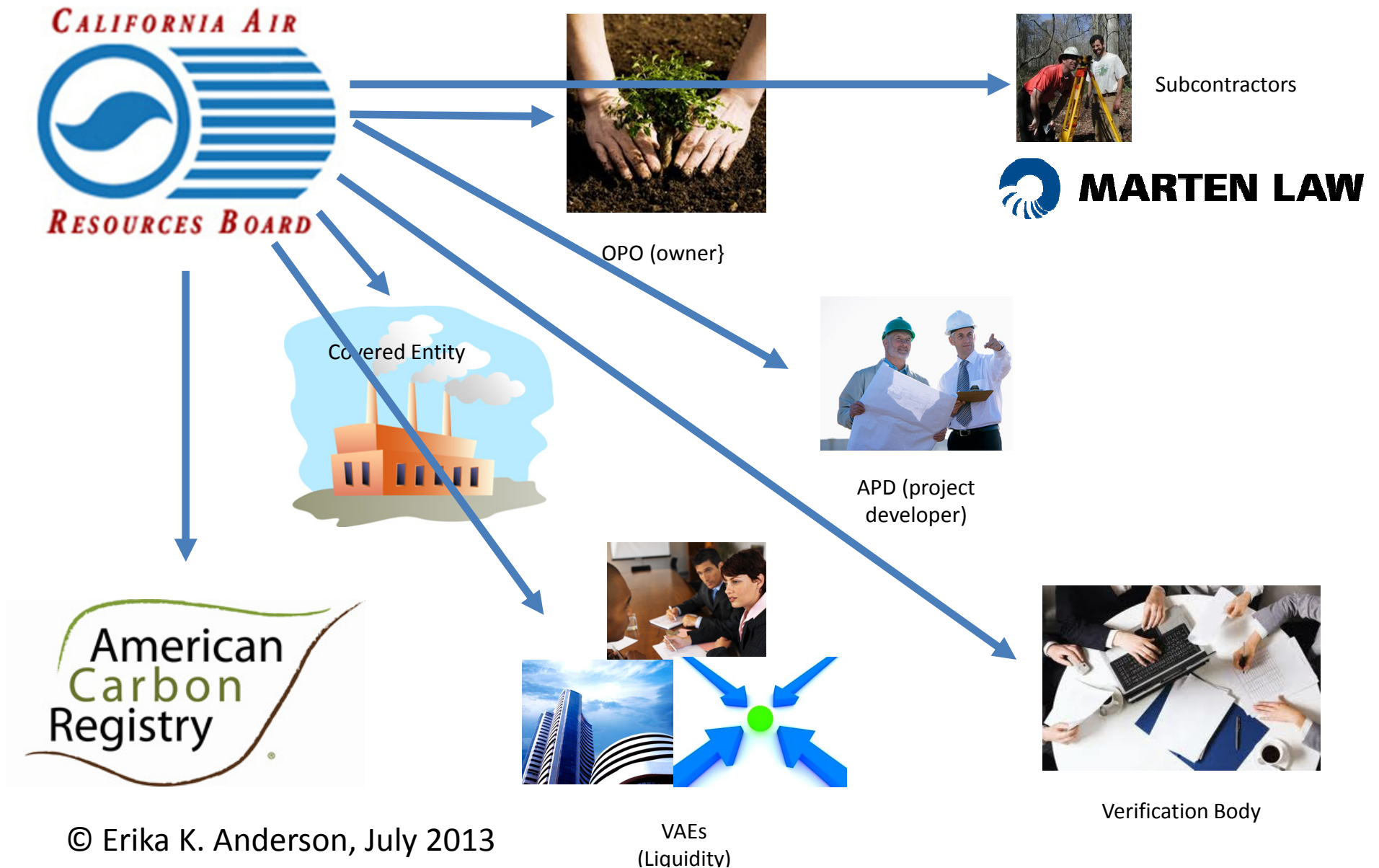
VAEs
(Liquidity)



Verification Body



Reach of ARB



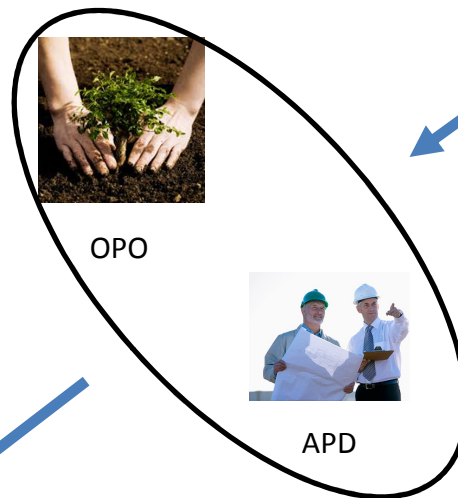
Making an Offset



Subcontractors

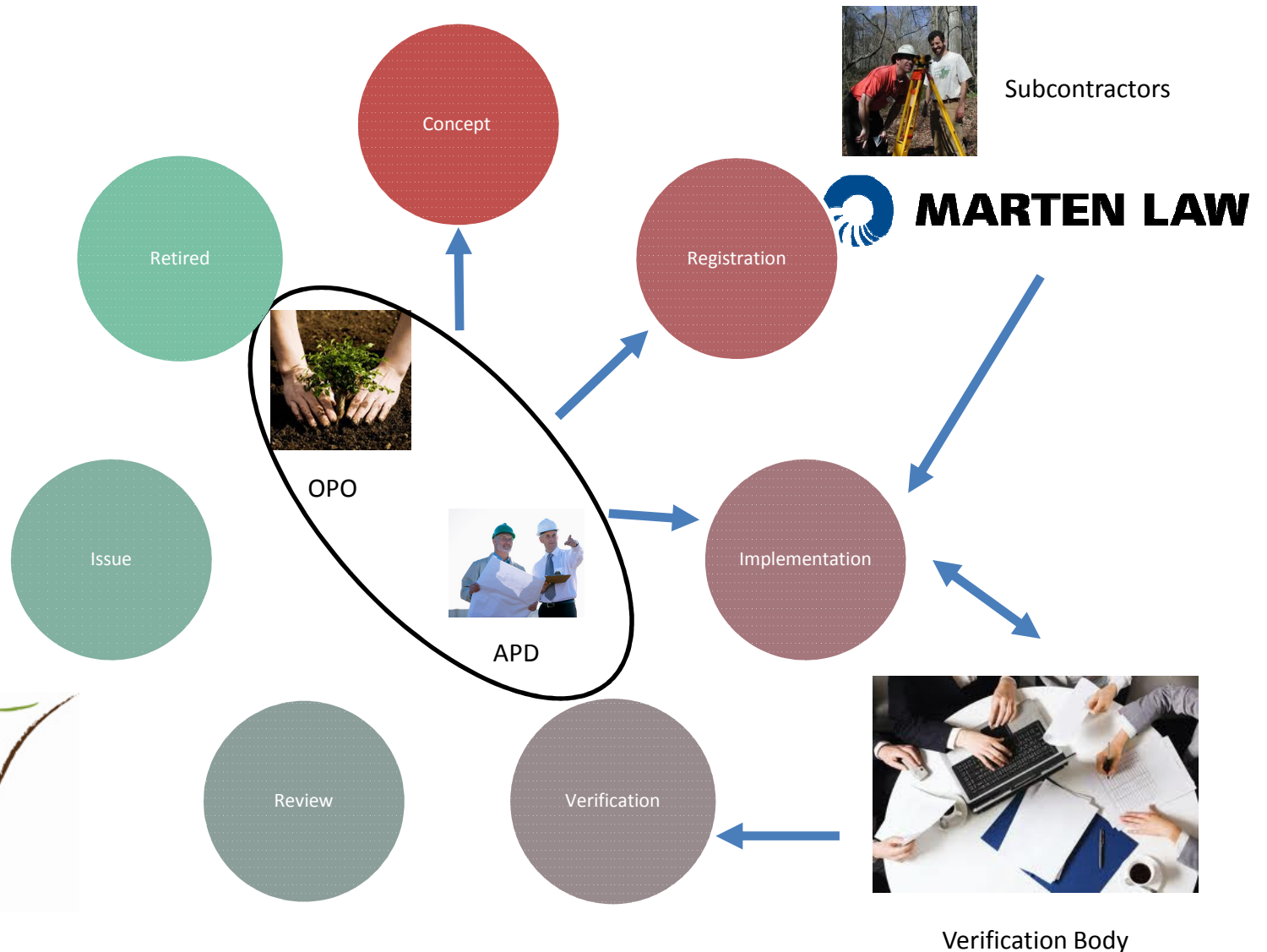


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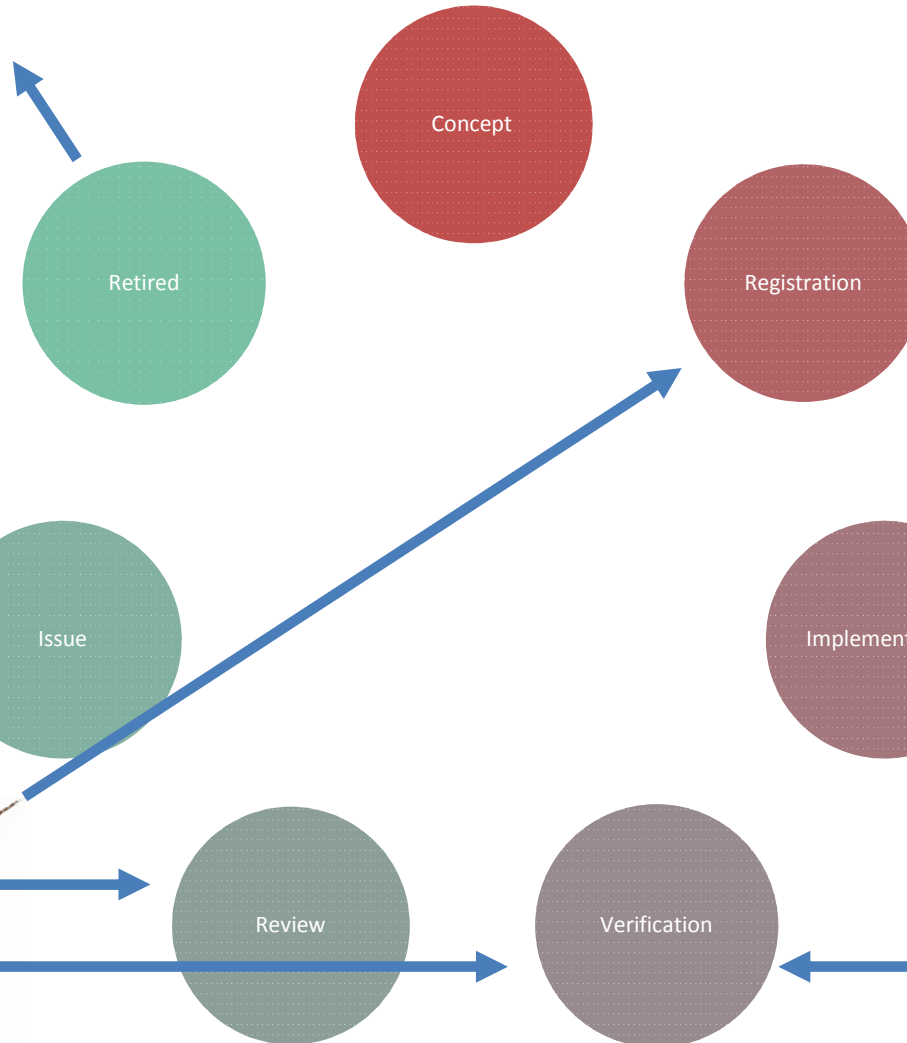


Verification Body

Making an Offset



Role of the Registry



Verification Body

Transacting



OPO (owner)



APD

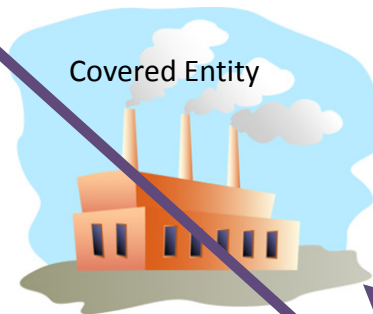


VAEs
(Liquidity)

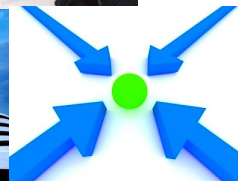
Transacting: VAEs



OPO (owner)

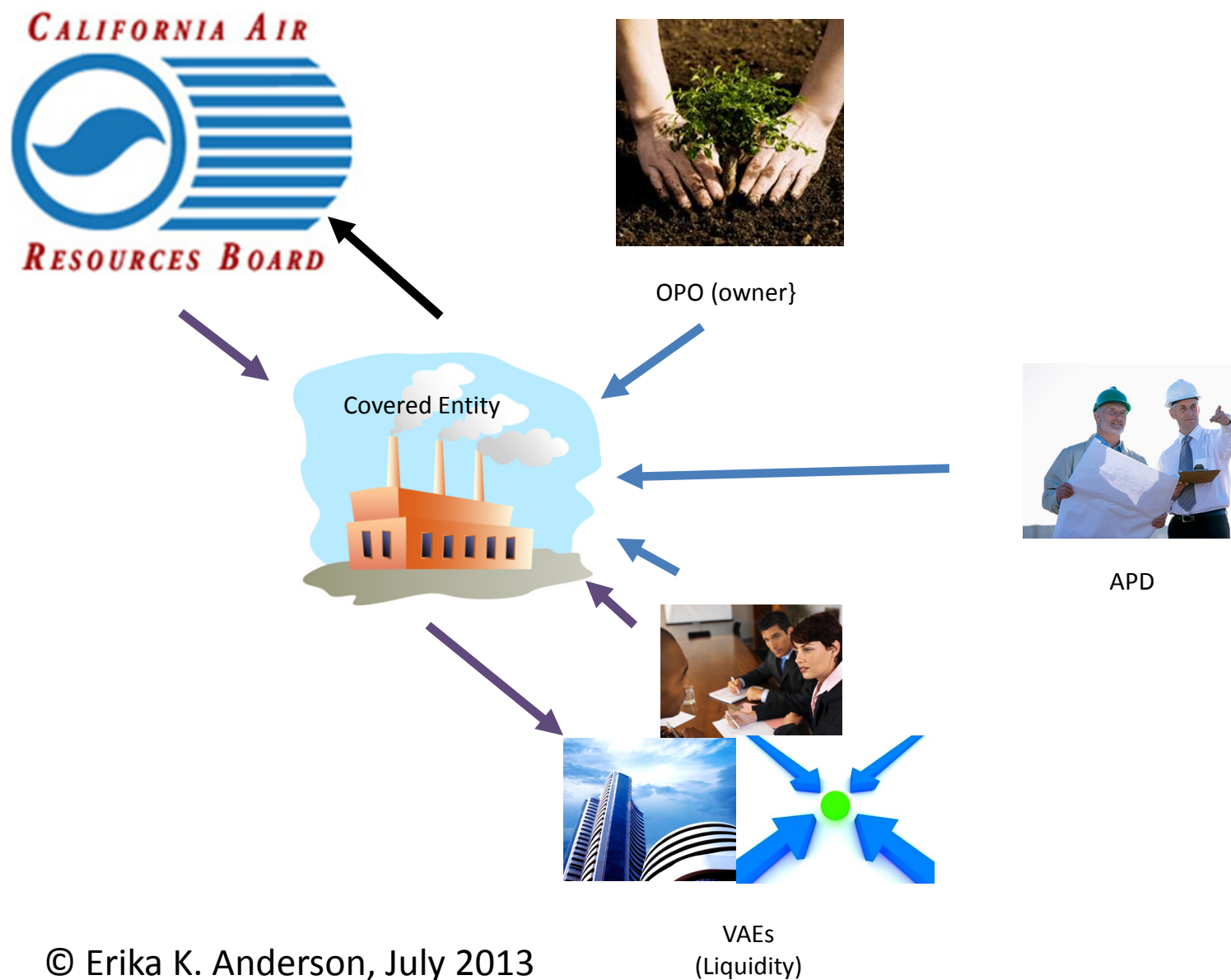


APD



VAEs
(Liquidity)

Transacting: CEs



Transacting



OPO (owner)



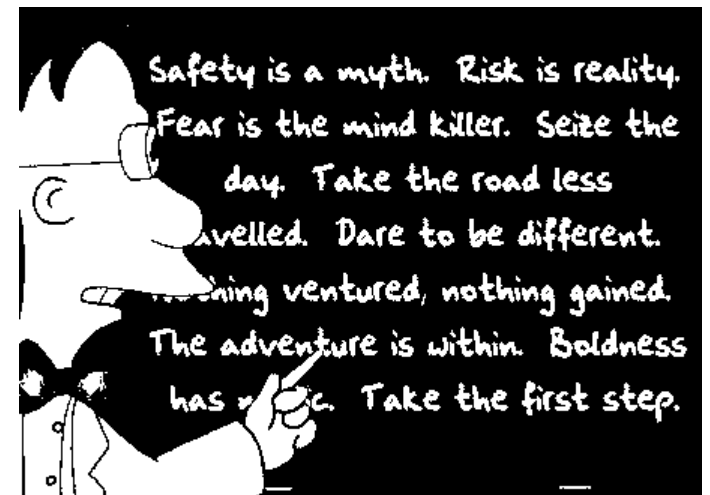
APD



VAEs
(Liquidity)

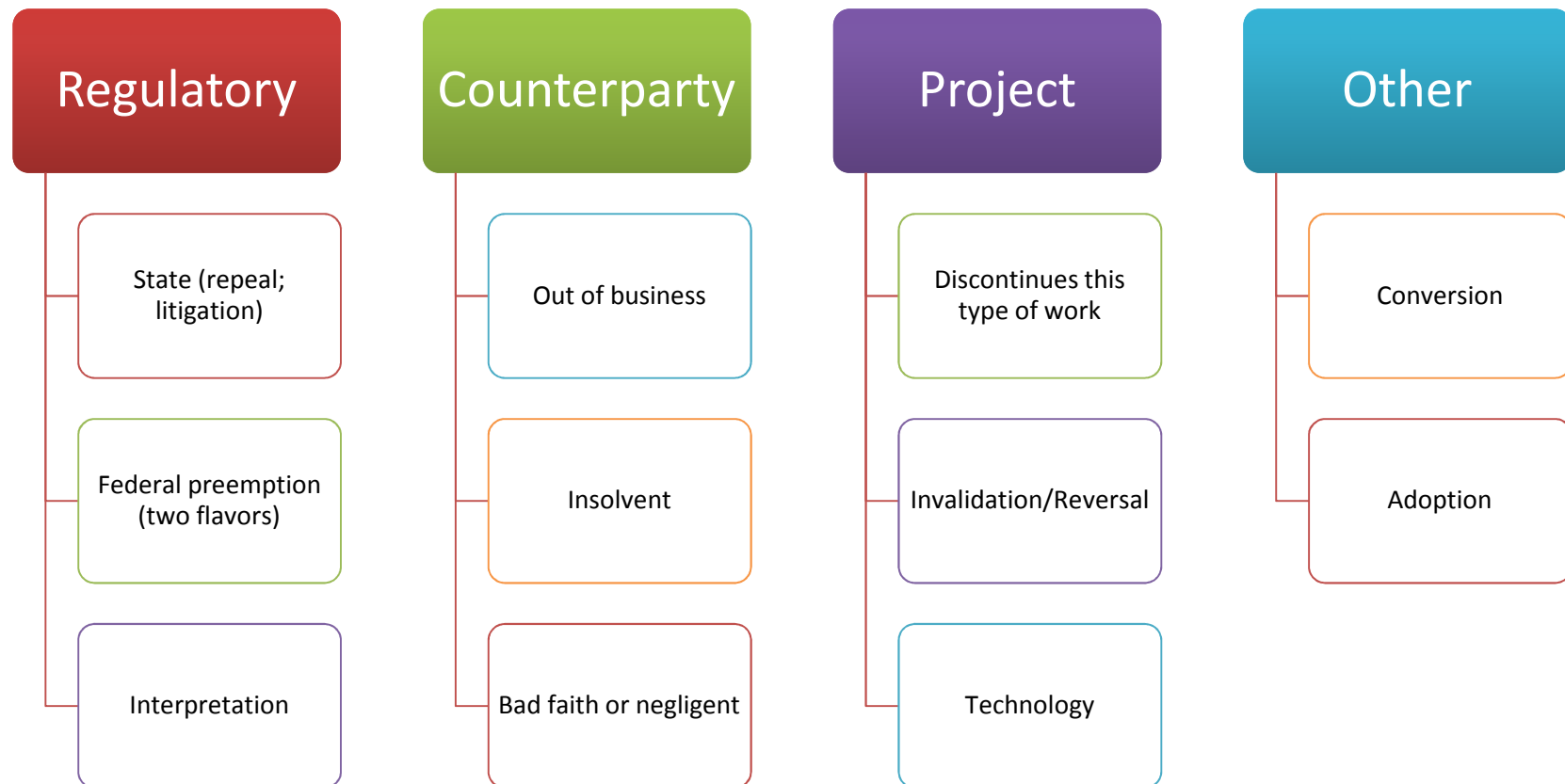


Risk

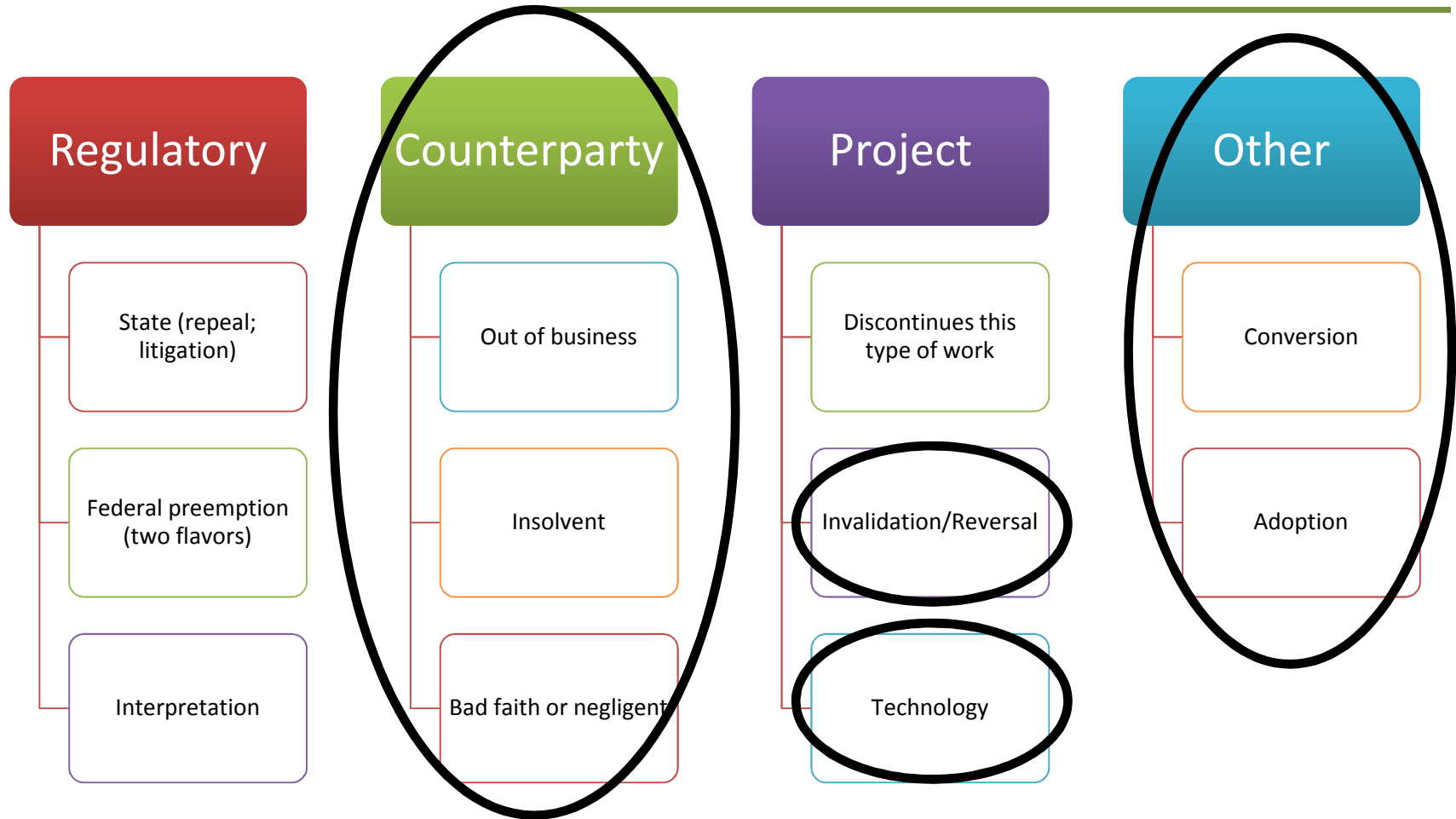


Opportunity

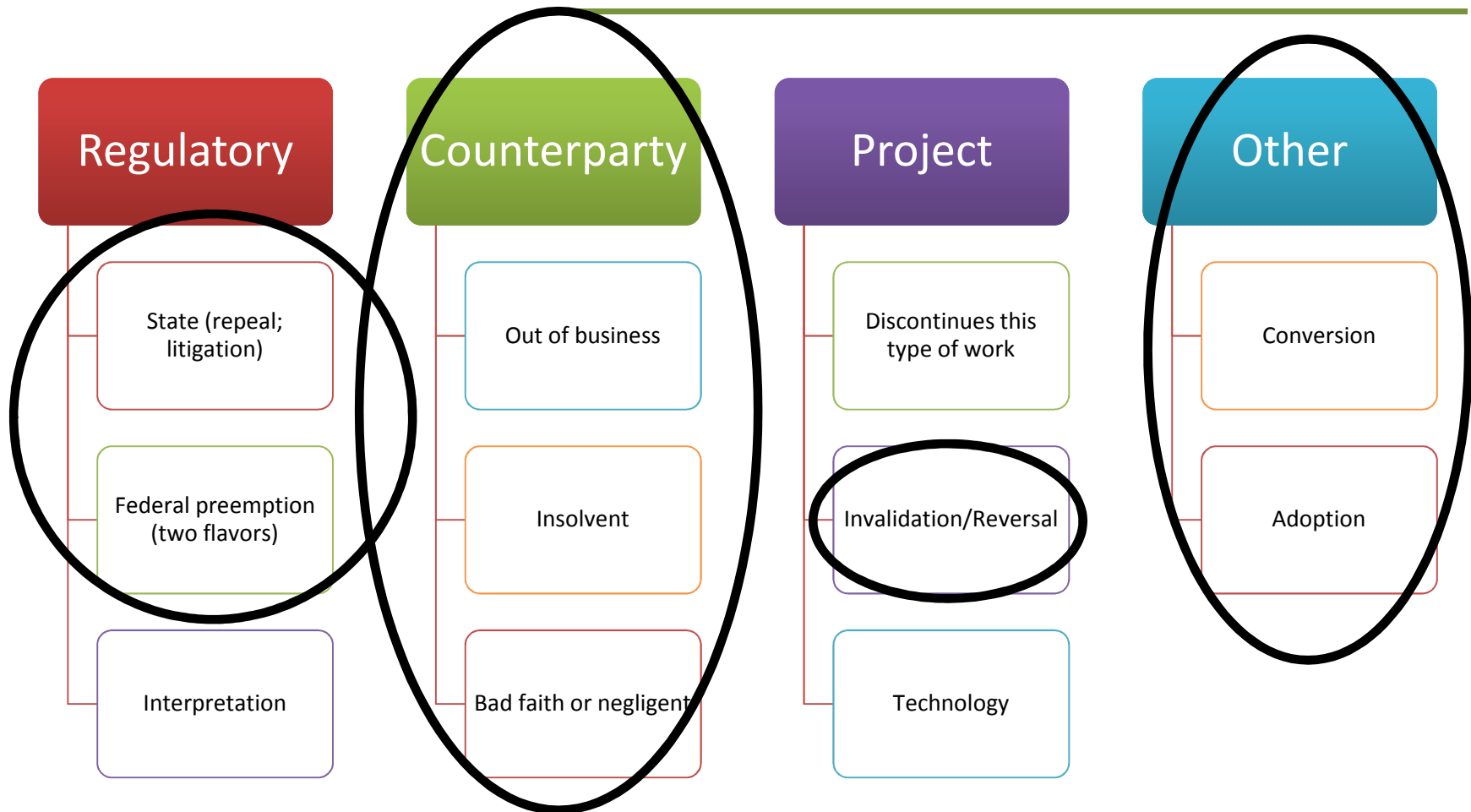
Risk



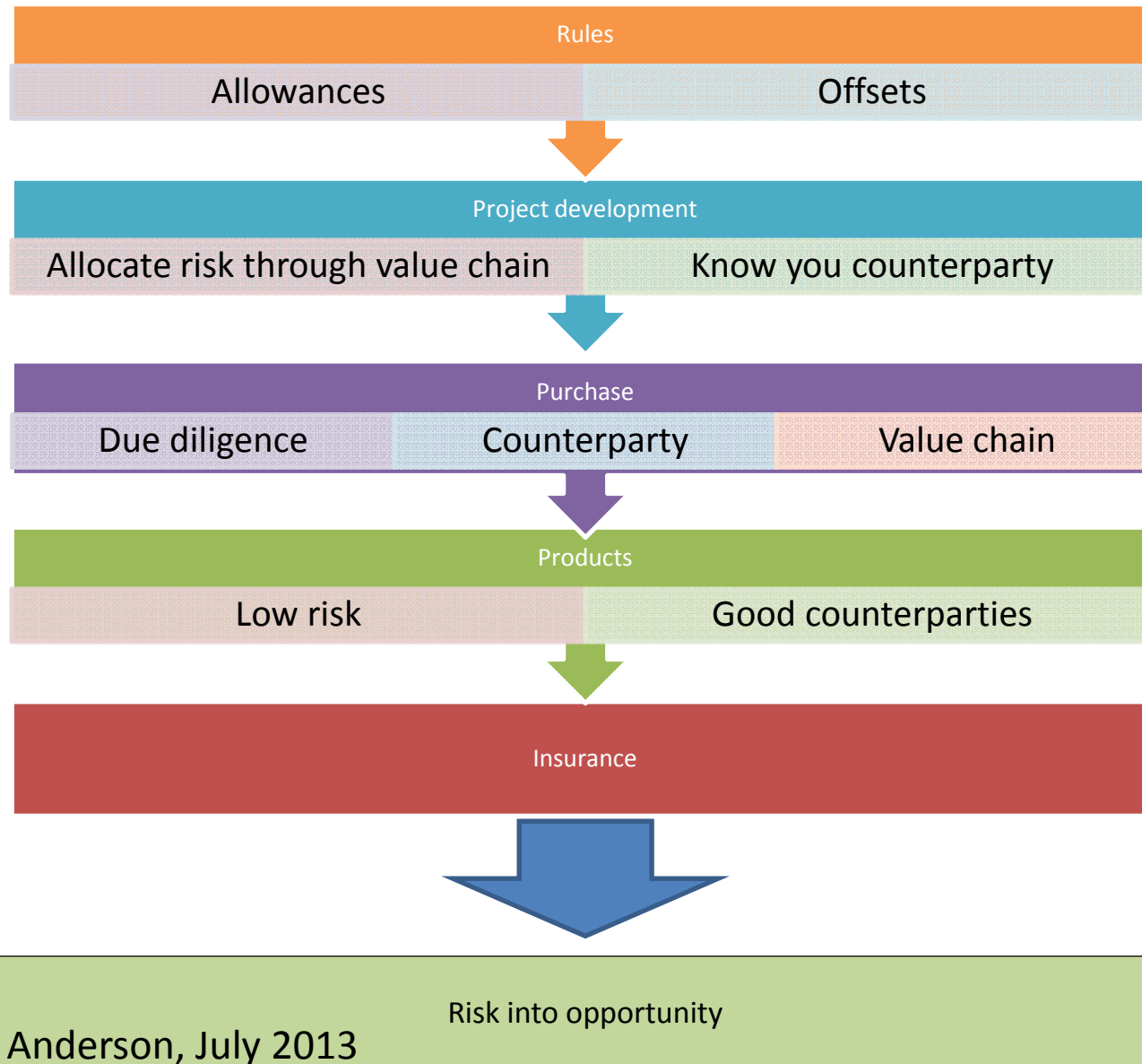
Risk: Project Developer



Risk: Buyer



Managing Risk



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