



American Carbon Registry™
Trusted solutions for the carbon market



American Carbon Registry and California Early Action Offset Projects

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July 1, 2013



Agenda

Introduction to ACR and ACR's Role as an EAOP

Belinda Morris, ACR California Director, ACR

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Greg Mayeur, Manager, Offset Program Implementation
California Air Resources Board

Why List Early Action Projects on ACR?

Nick Martin, ACR Chief Technical Officer, ACR

The Nuts and Bolts of Early Action with ACR - Steps, Forms, and Timelines

Lauren Nichols, ACR Technical Manager, ACR

Q & A

Asking questions

- Either during presentation or Q&A period at end
- Type questions into '**Chat**' box near bottom of your webinar pane or click hand icon to ask in person. Please include your name and organization.
- We will direct questions to the appropriate person during the Q&A period at the end
- We will try to answer all questions and will make our best effort to respond to any questions not addressed during the call via email

Webinar will be recorded

- Both the presentation and a link to the recording will be sent to all registered webinar participants



Introduction to ACR and ACR's Role as an EAOP



ACR Background

First U.S. voluntary carbon registry *founded in 1996*

- Enterprise of Winrock International since 2007
- 37.5 million offsets issued

May 2012: Opened office in Sacramento to support the California cap-and-trade offset program

Dec 2012: Approved by ARB as an Offset Project Registry (OPR) and Early Action Offset Program (EAOP)



Key Definitions

“Early Action Offset Program” - a program that meets the requirements of section 95990(a) and is approved by ARB

“Early Action Offset Project” - an offset project that is registered with an Early Action Offset Program under an ARB-approved early action quantification methodology and has been issued early action offset credits

“Early Action Offset Credit” - tradable credit issued by an Early Action Offset Program that represents a GHG reduction or GHG removal enhancement equivalent to one MTCO₂e and meets the requirements of section 95990(c)

“ARB Offset Credit” - a tradable compliance instrument issued by ARB that represents a GHG reduction or GHG removal enhancement¹ of one MTCO₂e

¹ The GHG reduction or GHG removal enhancement must be real, additional, quantifiable, permanent, verifiable, and enforceable and may only be issued for offset projects using Compliance Offset Protocols



What Projects Qualify for Early Action Offset Credits?

ARB has approved four early action quantification methodologies

- CAR Livestock v1.0 to 3.0
- CAR Urban Forests v1.0 to 1.1
- CAR U.S. ODS v1.0
- CAR Forests v2.1 and 3.0 to 3.2, with stipulations

Early action offset projects must complete normal listing, verification and credit issuance with an ARB-approved ***Early Action Offset Program (EAOP)*** using a recognized early action offset quantification methodology, register with ARB and complete regulatory verification by an ARB-accredited verification body.

Overview of ARB's Early Action Program for Offsets

California Air Resources Board
July 1, 2013

Overview of Early Action

- Intent of early action program is to recognize voluntary early actions to reduce GHG emissions and sequester carbon
- Early action offset credits issued by approved Early Action Offset Programs (EAOP) may be eligible for use in the Cap-and-Trade Program
- Early action offset projects are those developed originally under approved voluntary quantification methodologies that are listed in the regulation (section 95990(c)(5))

Early Action Process

- List with any approved EAOP
 - American Carbon Registry
 - Climate Action Reserve
- Monitor, report and verify according to the approved early action quantification methodologies
 - Use verifier approved by the EAOP
- Issuance of early action offset credits by EAOP
- Issuance of ARB offset credits
 - Only eligible for compliance after conversion

Early Action Offset Programs

- Projects may list with any approved EAOP
 - Projects may transition between approved EAOPs
 - Credits may not transition between EAOPs
- All EAOPs are able to issue early action offset credits using any of the approved early action quantification methodologies
- All EAOPs are bound by the same requirements
 - Eligibility, crediting, etc. will be the same

Early Action Offset Programs

- All EAOPs have the ability to issue the same guidance and clarifications on the early action quantification methodologies.
 - Guidance issued prior to October 20, 2011 is approved for usage
 - Guidance issued after October 20, 2011 will be evaluated by ARB.
 - Guidance that contradicts the clear language of the quantification methodology is not allowed
 - Guidance that is consistent with the intent of the quantification methodology and reasonable will be allowed
 - ARB will communicate guidance eligibility to all EAOPs

Issuance of ARB Offset Credits for Early Action

- In order for early action offset credits to be eligible for compliance use, the early action offset credits must meet the requirements of the regulation and undergo regulatory verification
 - Once ARB determines all requirements are met, it will issue ARB offset credits
 - The early action offset credits must be retired by the EAOP before an ARB offset credit may be issued

Early Action Criteria (1)

- The GHG reduction or removal enhancements must:
 - Occur between January 1, 2005 and December 31, 2014
 - Result from an early action offset project listed by January 1, 2014
 - Result from an early action offset project located in the United States
 - Undergo regulatory verification
 - Be issued credits by an approved EAOP

Early Action Criteria (2)

- The GHG reduction or removal enhancements must:
 - By quantified using one of the following approved quantification methodologies
 - Climate Action Reserve U.S. Livestock Project Protocol versions 1.0 through 3.0
 - Climate Action Reserve Urban Forest Project Protocol versions 1.0 through 1.1
 - Climate Action Reserve U.S. Ozone Depleting Substances Project Protocol version 1.0
 - Climate Action Reserve Forest Project Protocol versions 2.1 and 3.0 through 3.2
 - Any EAOP may issue early action offset credits to projects using the approved quantification methodologies

Who May Seek Issuance of ARB Offset Credits?

- For an early action forest or urban forest project that DOES NOT transition to a Compliance Offset Protocol (COP) only the Offset Project Operator (OPO) or Authorized Project Designee (APD) may seek issuance of ARB offset credits
- For early action forest or urban forest project that DOES transition to a COP, or a livestock or ODS project the OPO, APD or holder of the credits may seek issuance of ARB offset credits
 - Holder can only transition credits if OPO or APD does not.
 - Holder must notify the OPO or APD of their intent and give a reasonable amount of time for the OPO or APD to list

Requirements for Parties Seeking ARB Offset Credits

- Register with ARB
- List the early action offset project with ARB
- Have the project successfully complete a regulatory verification
 - Desk review
 - Full verification
- Request issuance

Register with ARB

- Parties must register in ARB's Compliance Instrument Tracking System Service (CITSS)
- Guidance on ARB's Offsets Webpage
 - <http://www.arb.ca.gov/cc/capandtrade/offsets/citss-guide-opo-opd.pdf>
- Contact Trish Johnson
 - tjohnson@arb.ca.gov
 - (916) 445-3365

How Do Parties List the Offset Project with ARB?

- Submit the information in section 95990(e)(2)
 - Form available on ARB and EAOP websites
 - <http://www.arb.ca.gov/cc/capandtrade/offsets/forms/forms.htm>
- ARB will make the listing publicly available on its webpage
 - Webpage is updated on the first Wednesday of the month at noon.
 - <http://www.arb.ca.gov/cc/capandtrade/offsets/earlyaction/projects.htm>

Requirements for Regulatory Verification

- All projects must be verified by an ARB-accredited verification body
 - The regulatory verification body must be different than the one that performed any original verifications under the Early Action Offset Program
- A desk review must include the following:
 - Review of all the original documentation submitted to the Early Action Offset Program, including Early Action Verification Reports (EAVR) and Offset Verification Statements
 - Review of the data checks conducted during the original verification to ensure they were calculated correctly

Completing Desk Reviews

- If the ARB verifier concludes with reasonable assurance, after its review of the original documentation, that a positive verification statement should have been issued the ARB verifier must make an attestation to ARB regarding their findings from the desk review
- If an EAVR does not pass the desk review the ARB accredited verifier must prepare a report for ARB and explain the reasons for their conclusion
 - ARB will review the information and if ARB agrees with the findings, full offset verification services may be conducted

Requirements for Full Offset Verification Services

- If full offset verification services are conducted the requirements of section 95977.1 and any additional requirements in the applicable early action quantification methodology will apply
 - If the early action project is still in operation, a site visit must be conducted
 - The verifier must ensure that the sampling plan covers all serialized early action offset credits issued under the EAVR
 - The verifier must ensure that the data checks include checks across all sources identified in the sampling plan
 - The verification body must submit an Offset Verification Statement (OVS) to ARB

Requirements for Issuance of ARB Offset Credits (1)

- ARB offset credits will be issued if the requirements of section 95990(h) are met
 - Including a wet signature on the attestations in section 95990(h)(6)
- ARB offset credits will not be issued for early action offset credits that have been retired or canceled or used to meet a surrender obligation, a voluntary commitment, or any GHG mitigation requirements in any voluntary or regulatory system

Requirements for Issuance of ARB Offset Credits (2)

- ARB will determine how many ARB offset credits will be issued for each EAVR based on three main factors:
 - The number of ARB offset credits that meet the requirements of the regulation and that the OPO, APD or holder is seeking issuance of
 - The number of qualifying early action offset credits transferred for the EAVR year from the Early Action Offset Program's forest buffer pool
 - The project-specific risk rating calculation in ARB's COP for U.S. Forest Projects

Process for Issuance of ARB Offset Credits

- Once ARB has determined to issue ARB offset credits it will notify the Early Action Offset Program and the OPO, APD, and holders of the original early action offset credits
- The Early Action Offset Program must remove the original early action offset credits within 10 calendar days of notification by ARB
- Credits will then be transferred into the Holding Account of the OPO, APD or holder
 - Others will have to work with the OPO or APD to obtain credits

Transition of Early Action Projects to Compliance

- Early action projects must transition to Compliance Offset Protocols by February 18, 2015
 - GHG reductions or removal enhancements achieved under early action protocols must be verified by September 30, 2015 to be issued ARB offset credits
 - This applies both to projects that transition to COPs and those that remain under voluntary protocols
- When an offset project transitions it must list the offset project with an Offset Project Registry (OPR) according to the requirements of section 95975
 - Thereafter, the offset project must meet the requirements in Subarticle 13 for monitoring, reporting, and verification
- Once an offset project transitions to a COP it will begin a new crediting period

Invalidation Provisions for Early Action

- In general, the invalidation provisions for ARB offset credits that originated as early action offset credits are the same as for ARB offset credits issued directly under COPs
- The statute of limitations is 8 years, unless the requirements are met for shortening the timeframe to 3 years
 - For ODS projects the same Offset Project Data Report must be re-verified by a different verification body within 3 years
 - For all other project types, a subsequent Offset Project Data Report must be verified by a different verification body within 3 years
- The invalidation timeframe begins with the date that ARB offset credits are issued



Why List Early Action Projects on ACR?



Why List an EA Project with ACR?

- Technical expertise in carbon protocols = quick and accurate answers, low risk for conversion and invalidation
- In-depth understanding of early action and compliance protocols
- Long track record of project review and credit issuance
- Customer service oriented and responsive = quicker path to EAOCs and ultimately ARBOCs
- Competitive fee structure including no issuance fees
- Open channel of communication with ARB to address questions and provide consistent interpretations

- First US GHG registry: Over a decade of experience in protocol development, project review, credit issuance and tracking
- Protocol development, in-house and with partners
 - Reforestation, IFM, REDD, industrial gases, livestock biodigesters, grazing land/livestock management, N₂O from fertilizer, rice, wetlands, truck stop electrification, pneumatic valves, avoided conversion of grasslands, CCS and others
- ACR team accredited in all 4 ARB compliance protocols and helping to develop 2 new ones
- Able to draw on Winrock forest carbon, clean energy and agriculture experts for additional technical input
 - Wrote forest carbon protocols for US Government, NGO clients and others worldwide

Voluntary projects

- All GHG Project Plans (PDDs) reviewed and certified by ACR
- Project-specific COI evaluation of the VB
- Third-party validation and verification by accredited VBs
- ACR review of validation and verification reports prior to ERT issuance

Early Action projects

- Submission of Early Action listing form for ACR review
- Project specific COI evaluation of the VB
- Submission of Early Action OPDR
- Third-party verification by accredited VBs
- ACR review of verification report & acceptance of verification statement
- Issuance of early action offset credits
- Assist in conversion of EAOCs to ARBOCs



Customer Service is a Key Priority

Responsiveness to clients

- Answering technical questions based on our expertise and knowledge of the regulation, in consultation with ARB
- Regular weekly calls and additional communication with ARB as needed
- Return answers to OPOs in an timely and fair manner

Identifying key technical/process questions of concern and taking initiative to resolve them pre-emptively

- Tree height measurement, ODS point of origin documentation, Tribal lands projects...

Strive for quick turnaround at each step of the listing, reporting, verification and issuance process



Competitive Pricing

Account opening:	\$500
Annual account fee:	\$500
Project listing fee:	\$750/project

Offset issuance fee:	Free
Offset activation fee:	\$0.15/offset*
Offset cancellation fee:	\$0.03/offset*
Offset transfer fee:	\$0.02/offset

**** Total of \$0.18/offset for issuance, activation and cancellation when ARB requests cancellation of Registry Offset Credit or EAOC***



Key Differences between EA and Compliance Protocols

Under Early Action there is scope for protocol interpretations (guidance, errata, clarifications) by the EAOPs, as well as variances (data substitution etc.)

However, this scope is limited and consistency must be assured

- Interpretations pre-10/21/11 → honored by both EAOPs
- Variances pre-10/21/11 → honored but not precedent-setting for other projects
- “New” interpretations post-10/20/11 → must be reviewed by ARB for reasonableness and consistency; guidance may not alter clear language of EA protocol
- Weekly coordination between ARB and both EAOPs to ensure consistency in interpretations and variances

General:

- 6-24 month initial reporting period
- No project start date limitation

Forests:

- IFM start date
- Tree height measurement – every tree in sampling plot vs. sub-sampling and use of regression estimators

ODS:

- “Non-material” regulatory noncompliance only in early action protocol
- Point of origin documentation for ODS quantities less than 500 pounds
- CFC-13 and CFC-113 not included as refrigerants in early action protocol

Livestock:

- Updating of VS and TAM values based on new EPA published values allowed in early action, not in compliance protocol



The Nuts and Bolts of Early Action with ACR: Steps, Forms, and Timelines



Steps of an Early Action Offset Project


1. Establishment of ACR account:
www.americancarbonregistry.org/membership
2. Submission of early action offset project listing form
3. Project specific COI evaluation of the VB
4. Submission of early action offset project data report (OPDR)
5. Verification by ACR-accredited VB
6. ACR review of verification report and verification statement
7. Upon acceptance of verification documents, issuance of early action offset credits
8. Conversion of EAOCs to ARBOCs in coordination with ARB

Step 1: Opening an ACR Account

About	Membership	Carbon Registry	Standards & Verification	News	Home
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search

You are here: [Home](#) → [Membership](#)

 Log on to my account

Open an account

Contact us

ACR newsletter sign-up

Open an ACR Account

All project developers, verification bodies, traders, brokers, and retailers must have an ACR account. The process for opening an ACR account is initiated online, and typically takes two to five business days for approval. Each approved account will receive an Account Manager login. The Account Manager will then be able to create logins in the system for other account users in your organization.

The steps involved in the Account Opening process are detailed below.

- Review Registry Documents**
 - [Terms of Use](#)
 - [Operating Procedures](#)
 - [Fee Schedule](#)
 - [Declaration of Agency](#) *optional - required if you intend to have another organization manage your account.
 - [Regulated Person Attestation](#) *optional - required if you intend to hold credits on behalf of third parties.
- To begin registration, click on the [Open an Account](#) button on the navigation bar**

Select the appropriate Account Type and click the "Continue Registration" button.
Note: this will open a new browser window.

 - **Transaction Account or Corporate Account Holder:** Account holders who want to hold, transfer and retire credits but are not project developers. Corporate accounts are for corporations whose primary objective is to purchase and retire offsets.
 - **Project Developer:** Account holders who, in addition to transactions and retirements, also plan to submit projects for ACR registration
 - **Verifier:** Approved verification bodies
- Read and agree to the Online ACR Terms of Use**
 - This is your next step after clicking "Continue Registration"
 - Acceptance of the Terms of Use must be indicated by identifying an authorized representative from your organization
 - Review all terms with checking each section

Opening an ACR Account : Terms of Use

- There is a link to download complete ACR ToU
- Click to agree to terms in each section
- Identify person agreeing to the ToU
 - Must have authority to bind organization
- Provide account application information on following page

AMERICAN CARBON REGISTRY - Terms of Use

Please review the Terms of Use below. Checkmarks next to each section are required and indicate "I agree" to each section of the Terms of Use. Once all sections have been check marked, please fill out the first and last name as well as job title. Once the form is filled out the I Agree button will become enabled. Clicking I Agree will take you to the next step of the Account Registration process. Clicking Cancel will take you back to the home page. [Download the Complete Terms of Use](#)

I Agree: <input type="checkbox"/>	AMERICAN CARBON REGISTRY TERMS OF USE <i>April 2012</i> The following are the Terms of Use for the American Carbon Registry (the "Registry"), operated and administered by American Carbon Registry, an enterprise of Winrock International Institute for
I Agree: <input type="checkbox"/>	6. Ownership of ERTs; Action with Respect to ERTs on Behalf of Third Parties. a. General Prohibition on Third Party Ownership. Except as otherwise permitted under Sections 6(b) or 6(c) below: I. Account Holder will only hold or retire in its Accounts ERTs for which it is the sole holder of all legal title and all Beneficial Ownership Rights, and II. Account Holder may not hold any Accounts, or hold or retire in its Accounts, any ERTs on behalf of one or more third parties
I Agree: <input type="checkbox"/>	8. Fees. Account Holder agrees to pay all fees (collectively referred to herein as the "Fees") that Administrator may charge for use of the Registry from time-to-time. The Fees are included in the Registry Fee Schedule (the "Fee Schedule") posted on the Registry Site by Administrator. Account Holder acknowledges that it has received and reviewed the Fee Schedule. Administrator may, upon forty-five (45) days' notice to Account Holder and in its sole discretion, increase or decrease any or all of the Fees at any time. In no event shall any portion of the Fees be prorated or refunded to Account Holder upon termination of the Terms of Use or of any Account or Sub-account.
I Agree: <input type="checkbox"/>	15. Disclaimer of Warranty. a. The data contained in the Registry has been gathered by Administrator from sources believed by it to be reliable, including but not limited to Verifiers, Project Proponents, and Account Holder and Account Holder's Representatives. However, Administrator does not warrant that the information in the Registry is correct, complete, current or accurate, nor does Administrator warrant that the Software will be error free or bug free. Administrator has no obligation to audit, validate or otherwise verify the information contained in the
I Agree: <input type="checkbox"/>	16. Limitation of Liability. ACCOUNT HOLDER ASSUMES FULL RESPONSIBILITY AND RISK OF LOSS RESULTING FROM ITS USE OF THE REGISTRY AND THE REGISTRY SITE. ADMINISTRATOR'S AND APX'S SOLE LIABILITY FOR THE REGISTRY, SERVICE DISRUPTION, PERFORMANCE OR NONPERFORMANCE BY ADMINISTRATOR OR IN ANY WAY RELATED TO THESE TERMS OF USE, REGARDLESS OF WHETHER THE CLAIM FOR DAMAGES IS BASED IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE, IS LIMITED, TO THE EXTENT PERMITTED BY LAW, TO AN AGGREGATE AMOUNT EQUAL TO
I Agree: <input type="checkbox"/>	17. Logins, Passwords and Registry IDs. Account Holder agrees to assume sole responsibility for the security of any logins, passwords and Registry IDs issued by Administrator to Account Holder and its Users for accessing the Registry. Account Holder agrees to immediately notify Administrator of any suspected unauthorized use of Account Holder's login(s), password(s), Registry ID(s) or Account or any other suspected breach of security.
	18. Maintenance. Account Holder understands that any project not registered within the Registry

I have read the ACR Terms of Use and have the authority to bind my organization.

First Name:

Last Name:

Title:

Note: You may wait to accept the Terms Of Use for 7 days but at that time you must accept the Terms of Use or the system will suspend your account and all of its associated logins.



Step 2: Submit New Project

Account holder

- Enters new project details in their account
- Uploads early action listing form
- Forest carbon project proponents must also sign and submit the ACR Forest Carbon Risk Mitigation Agreement
- Submits project to ACR for review and approval

Project immediately assigned an ACR ID

ACR reviews submittal for completeness and eligibility

- Review time: generally within 5 business days
- Early Action listing form will be a public document



Step 3: Verification Body Selection and Approval

Account Holder Selects VB

Verification Body

- Completes and uploads project-specific COI form
- Submits for review by ACR

ACR reviews COI form

- Review time: generally within 3 business days



Step 4: Submission of Emission Reduction Data

Account Holder

1. Completes and uploads Early Action Offset Project Data Report
2. Completes and uploads Project Attestation
 - Regulatory compliance
 - Voluntary implementation
 - Title
 - Environmental/community impacts
3. Submits emissions reduction data for verification
 - Including any buffer pool contribution requirements

Step 5: Verification

Verification Body

- Conducts verification per early action protocol
- Uploads the Verification Statement and Verification Report, once verification is complete
- Submits reports to project proponent for review/approval

Project proponent

- Submits full project, and final reports to ACR for review and issuance



Step 6: ACR Review of Final Reports

ACR

- Conducts detailed review of final project submittal
- Generally will provide determination within 10 business days
- If revisions are required, time to issuance will depend on response time of the VB

Step 7: Issuance of EAOCs

ACR issues EAOCs to project proponent account

- All credits are issued as inactive and must be activated prior to transfer or cancellation for conversion to ARBOCs
- No fee for issuance
- Allows the project proponent to defer payment of per-ton fees until they are ready to transact or cancel

Prior to conversion to ARBOCs, project Proponent must activate and request cancellation of the associated EAOCs in their account

- Can be done any time after issuance (ACR must approve cancellation)
- Option to request activation and cancellation simultaneously (1 step, 1 invoice)



Step 8: Conversion of EAOCs to ARBOCs

- ARB notifies EAOP within 10 days of its determination to issue ARBOCs
- EAOP must cancel EAOCs from its system within 10 days of being notified by ARB of its determination to issue ARBOCs.
 - Cancellation can be done almost immediately once the notification from ARB and the request from the project proponent are received.
- ARB notifies OPO, APD, and holders of EAOCs of its issuance of ARBOCs
- ARB issues ARBOCs and transfers into Holding Account(s) on CITSS



Forms/documents required for EA Projects

- Early action listing form
- ACR Forest Carbon Risk Mitigation Agreement (forest carbon projects only)
- Project-specific verification body COI
- Project Attestation
- Early Action OPDR
- Verification Report
- Verification Statement



Questions?

ACR@winrock.org: Will be directed to the ACR Administrator

Technical questions related to protocols, verification:

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Thank You!