Listing & Issuance of Registry Offset Credits & Early Action Offset Credits on ACR for the California Cap-and-Trade Program

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Introduction to ACR and ACR’s Role as an OPR
Belinda Morris, ACR California Director

Listing Projects and Issuance of ROCs on ACR
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Early Action Offset Credits
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Q & A
Asking questions

- Either during presentation or Q&A period at end
- Type questions into ‘Chat’ box near bottom of your webinar pane. Please include name and organization.
- We will direct written questions to appropriate person during 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
• 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)
“Registry Offset Credit” - a credit issued by an OPR for a GHG reduction or GHG removal enhancement\(^1\) of one MTCO\(_2\)e. Pursuant to section 95981.1, ARB may determine that a registry offset credit may be cancelled and issued as an ARB offset credit.

“ARB Offset Credit” - a tradable compliance instrument issued by ARB that represents a GHG reduction or GHG removal enhancement\(^1\) of one MTCO\(_2\)e.

“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 MTCO\(_2\)e and meets the requirements of section 95990(c).

\(^1\) 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.
• Compliance offset projects must register with an ARB-approved Offset Project Registry (OPR)

• OPR oversees project listing, verification, registration and issuance of Registry Offset Credits

• OPR conducts annual audit - at least 10% of annual offset verifications

• Once approved by ARB, issued Registry Offset Credits can be cancelled on the OPR and issued by ARB as ARB Offset Credits on CITSS
What Projects Qualify for ARB Offset Credits?

Projects developed following an ARB-approved compliance offset protocol can list with an OPR

ARB has approved four compliance offset protocols:

- **Forestry:** biological sequestration in forests for 100 years (includes Improved Forest Management, Reforestation, Avoided Conversion)
- **Urban Forestry:** biological sequestration in urban tree plantings for 100 years
- **Ozone Depleting Substances:** destruction of high global warming potential GHGs from appliances and foams sourced in the U.S.
- **Livestock:** capture and destruction of methane from manure using anaerobic digestion
In addition, 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 desk verification.
ACR’s Fee Structure

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

* OPO is invoiced total of $0.18/offset when ARB requests cancellation of Registry Offset Credits
Who Can List Compliance Offset Projects?

- An *Offset Project Operator (OPO)* is the entity with legal authority to implement an offset project.

- Per § 95974, the *Offset Project Operator* may also designate an entity as an *Authorized Project Designee (APD)* at the time of offset project listing or any time after offset project listing.

- An *Offset Project Operator* may modify or change an *Authorized Project Designee* once within each calendar year after the offset project has been listed.
Steps to List a New Compliance Offset Project

1. Per § 95975, before an offset project can be listed by an OPR, the Offset Project Operator and, if applicable, its Authorized Project Designee must register with ARB pursuant to § 95830.

2. The Offset Project Operator must also open an account on ACR: www.americancarbonregistry.org/membership.
Opening an ACR Account

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.

1. 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.

2. 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

3. 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
ACR Account Registration: Terms of Use

- 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
The Account Holder Dashboard provides quick access to all account functions and records.
3. On the ACR account holder dashboard, click the “Submit New Project” link in the Project Management section.

The project page will open in a new window with 3 tabs across the top:

- **Project Setup**: enter basic project information and verifier selection
- **Project Documents**: upload required documents
- **Project Emissions Reductions/Removals**: enter emission reduction / removal data

4. Enter project information under Project Setup tab.
### Project Setup Tab

#### American Carbon Registry®

- **Project Name:** ODS Destruction Project
- **Project Description:**
  - Project description...
  - (You may enter up to 1000 characters. 977 characters left.)
- **Has the project been submitted to or rejected from another program?:**
  - Yes
  - No
- **Has the project been or is currently registered with another program?:**
  - Yes
  - No
- **Project Type:** Ozone Depleting Substances
- **Project Methodology/Protocol:** ARB Compliance Offset Protocol: Destruction of U.S. Ozone Depleting Substances
- **Display to Public?:**
  - When listing is approved for voluntary project, or upon submission of Offset Project Listing Form for compliance project
  - When certified by ACR for voluntary project, or upon approval of Offset Project Listing Form for compliance project
  - Only after credits have been issued (not applicable for ARB approved methodologies)
- **Is the Offset Project Operator or Authorized Project Designee a tribe?:**
  - Yes
  - No
- **Project Start Date:** 01/01/2013
  - (Date project became operational; format: MM/DD/YYYY)
- **Crediting Periods:**
  - Start Date | End Date
Steps to List a New Compliance Offset Project

5. In the Project Documents tab, submit protocol-specific Offset Project Listing Information.

- Forms have been created and are available on ACR (http://americancarbonregistry.org/carbon-accounting/california-compliance-offsets) or ARB (http://www.arb.ca.gov/cc/capandtrade/offsets/offsets.htm)

- Offset Project Listing Forms include required attestations

- If designating an APD, also submit Designation of APD form
The document types that are required to be uploaded in each phase are listed in the dropdown menu, marked with an asterisk.

- Enter associated vintage year, select document type, and upload.
6. Once the Offset Project Listing Form has been submitted on the registry, ACR will review it for completeness and notify the OPO/APD if listing information is complete or incomplete.

7. Within 10 days of receiving complete listing information, the OPR will determine the eligibility of the project for listing.

8. If approved for listing, the offset project’s status will be “Proposed Project” and the Offset Project Listing Information will be made public.
The public project report distinguishes the ARB eligible projects from the others by indicating the ARB Status.
9. Once the project is listed the OPO/APD can submit its Offset Project Data Report (OPDR). This is done using the same procedure under the project “Documents” tab as the offset project listing form submittal.
10. Once a compliance offset project is listed as a “Proposed Project”, the OPO/APD will select an ARB-approved Verification Body in the Project Verification Section of the Project Set-up tab.
11. Pursuant to requirements in § 95979, before providing any offset verification services, the Verification Body must submit a self-evaluation of the potential for any conflict of interest between the Verification Body (staff, subcontractors, etc.) and the entity for which it will perform offset verification. ACR will review the Verification Body’s COI evaluation & make a conflict of interest determination.

12. Before offset verification services can begin, the Verification Body must submit a Notice of Offset Verification Services to ACR, and may begin offset verification services 10 working days later (earlier if approved by ARB in writing).
**Verification Body Documents & Approval**

- Verification Body will log-in to confirm and on the Project Documents tab, upload COI self-evaluation and NOVS

- OPR reviews, assesses risk of COI and approves / denies the Verification Body
Once a Verification Body has been selected, the OPO/APD opens the Project Emissions Reductions/Removals tab and enters data for the reporting period and vintage.

Any forestry buffer pool contribution is also entered here.

Once entered, the Project Developer submits the project data to the selected Verification Body for review.

Verification Body will review submitted data along with the Offset Project Data Report.
13. Verification Body conducts verification per ARB requirements.

14. Once verification is complete, Verification Body uploads the Verification Statement and Verification Report along with Verifier Attestations pursuant to §95977.1

15. OPO/APD then submits the required information to ACR to determine if Registry Offset Credits (ROCs) will be issued.

16. ACR reviews the Verification Statement and Report.

17. If the GHG emissions reductions or removal enhancements were issued a Positive Offset or Qualified Positive Offset Verification Statement, and the submitted information meets the requirements of the regulation, ACR will issue serialized ROCs, and the status of the project will change to “Active Registry Project”
ROC Cancellation for ARBOC Issuance

18. Once issued, ROCs are available to be “activated” for transfer to another ACR account holder, retirement, or cancellation for issuance on CITSS as ARB Offset Credits.

19. For cancellation for issuance on CITSS, OPO/APD provides all required information and documentation to ARB for ARBOC issuance; ACR provides project information as requested by ARB.

20. Once ARB determines that the GHG emission reductions/GHG removal enhancements meet the requirements of the regulation, and all information submitted is complete, it will approve cancellation of ROCs from ACR.

21. OPO/APD activates credits and then initiates ROC cancellation request on ACR.

22. ACR administrator completes cancellation of ROCs, and the offset project status changes to “Active ARB Project.”
All ROCs are issued as “inactive” and must be “activated” by account holder to be transferred, retired, or cancelled for issuance on CITSS as ARBOCs.
Activating ROCs

- Click on Inactive credits in the credits section of your dashboard
- Select Quantity to Activate and click “Activate” button
- Screen will ask you to Confirm -> Invoice Created online.
- Once Credit Activation Invoice is Paid, ROCs automatically will populate in your Primary Account
ROC Cancellation

- On the dashboard, click on the active tons to be cancelled
- On the Transfer Offsets tab, select “De-List Credits”
- Enter in Additional Details field: “to ARB”
- Click “Submit”
- ROCs are transferred to the ACR Administrator account where ACR confirms the cancellation request.
Early Action Offset Credits

Per § 95990(c), EAOCs must:
- Result from GHG reductions/removals occurring between 1/1/2005 and 12/31/2014
- Be verified per § 95990(f) – regulatory verification of early action
- Result from a project listed with an EAOP prior to 1/1/2014
- Result from a project located in United States
- Result from one of four recognized offset 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
• Until end of 2013, ACR may list projects developed under any of the § 95990(c) early action methodologies
  – Projects not listed or registered anywhere as yet
  – Projects listed on another EAOP but not issued any credits
  – Projects listed and issued credits → may list with ACR but may only be issued credits for reporting periods not issued by another EAOP

• Projects listed before 1/1/2014 can continue to be issued EAOCs for GHG reductions achieved through 12/31/2014

• Beginning 2/28/2015, all projects must use Compliance Offset Protocols to be issued ROCs and ARBOCs
Steps to be issued EAOCs and convert to ARBOCs

1. OPO, APD, or holder of EAOCs must register with ARB
   - Required prior to being issued ARBOCs, not necessarily at time of listing
   - See guidance document for details on when EAOC holders may register and be issued ARBOCs

2. Submit basic project info (name, location, OPO/APD, protocol and version, commencement date, verification body) to ARB
   - See Request for Issuance of ARB Offset Credits form

3. Go through normal ACR listing, verification and ERT issuance process
4. Undergo regulatory verification by a § 95978 accredited VB, different from the VB who conducted original verification under the EAOP
   – Desk review of each OPDR year, including original documentation, verification reports and statements
   – If VB agrees with positive verification statement, VB will make attestation to ARB
   – If VB cannot attest to positive verification statement, and ARB agrees, OPDR for that period must undergo full verification per § 95977.1 in order to be issued ARBOCs
5. OPO, APD, or holder of EAOCs make § 95990(h)(6) required attestations to ARB (true, accurate and complete; voluntary participation and submission to ARB enforcement; regulatory compliance)

6. ARBOC issuance
   - 1:1 issuance of ARBOCs for EAOCs in case of urban forestry, livestock, ODS
   - For forestry, additional stipulations:
     • EAOP must transfer all EAOCs in its buffer account for the project to ARB
     • ARB will place ARBOCs in its Forest Buffer Account, per risk rating in Compliance Offset Protocol
     • ARB will compare EAOP_buffer to buffer contribution required per Compliance Offset Protocol; if exceeds, issue ARBOCs = EAOCs, otherwise ARBOCs = EAOCs minus the difference
     • Optional re-calculation of baseline for projects under CAR Forest v2.1
Steps to be issued EAOCs and convert to ARBOCs

7. ARB notifies EAOP within 10 days of its determination to issue ARBOCs

8. EAOP cancels EAOCs from its system within 10 days

9. ARB notifies OPO, APD, and holders of EAOCs of its issuance of ARBOCs

10. ARB issues ARBOCs and transfers into Holding Account(s) on CITSS
ACR@winrock.org will email the ACR Administrator

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