2012 Retrospective from the Director of the American Carbon Registry

January 2013

Dear friends and colleagues,

We entered the Year of the Water Dragon optimistic about the promises of creative ideas flowing like water, good fortune and momentous changes for the carbon markets. As we reflect on American Carbon Registry’s contributions to the new ideas and meaningful changes needed to accelerate emission reduction actions, we believe it was a milestone year.

It is said that to succeed at something major, start in a Dragon Year. And so we did. In April, the American Carbon Registry (ACR) announced a suite of initiatives directed at bolstering its California operations in preparation for the first U.S. economy-wide cap-and-trade system. To demonstrate our commitment to helping ensure the success of the California offset market, we opened a Sacramento office, hired Belinda Morris as our California director, appointed four state luminaries to our ACR Advisory Council, and launched a new registry platform in partnership with APX.

In May, we submitted our application to the California Air Resources Board (ARB) as an Offset Project Registry (OPR) for the California offset program. ARB accepted ACR’s application, and in June our staff completed mandatory ARB training and exams. In December, ARB approved American Carbon Registry as an OPR for the California cap-and-trade program and also announced the approval of Verification Bodies. As an OPR, ACR will work with ARB to oversee the registration and verification of projects developed using ARB’s compliance or early action offset protocols. The first California offset project listings were submitted to us before the end of 2012, and we anticipate many more in 2013.

It is also said that Dragon years bring luck to the enterprising and ambitious. In 2012 American Carbon Registry demonstrated continued leadership in the voluntary carbon market, reaching a milestone of issuance of over 37.5 million offsets. We also had the good fortune of being recognized in the 2012 State of the Forest Carbon Market report as the most widely used forest carbon standard in North America as well as the second most widely used voluntary carbon market forest standard in the world. According to the report “Projects adhering to the ACR standard contracted the largest volume of forest carbon credits from any North American program…owing to their popularity among purely voluntary buyers based primarily in the U.S.” Corporate Social Responsibility buyers of the over two million ACR forest offsets transacted included Norfolk Southern, General Motors/ Chevrolet and The Walt Disney Company.

We’d like to think that, at least in part, our success begins with our core values as a Rockefeller family institution: Sound science, concern with the well-being of the least fortunate, a commitment to sustaining natural resources, and an understanding that our greatest contribution will be from building the capacity of others to think and act. For this reason, ACR has prioritized pathways for
the development of innovative and transformative offset project types that can achieve major emissions reductions, strengthen the resiliency of natural systems, increase food security and benefit people.

We’re pleased to report that new offset projects are already in the development pipeline utilizing the four new voluntary carbon offset methodologies approved by ACR in 2012 including a first-of-a-kind methodology for emissions reductions from Restoration of Degraded Deltaic Wetlands, a rigorous and pragmatic methodology for Reduced Use of Fertilizer on Agricultural Crops, a ground-breaking methodology for Truck Stop Electrification that offers air quality co-benefits, and long-awaited REDD methodology modules. ACR also published its Nested REDD+ Standard, which provides technical and safeguard requirements for REDD+ projects nested within a jurisdictional accounting framework to register on ACR.

We are proud of the tool developed in partnership with the China Beijing Environmental Exchange and completed in 2012 that can help assess impacts on poverty achieved by implementing agriculture and forestry projects under the Panda Standard.

Four additional carbon offset methodologies are currently in ACR’s approval process for publication in 2013 including California and Mid-South modules for Emission Reductions in Rice Production, a modular approach to Grazing Land and Livestock Management in beef and dairy production, a methodology for Avoided Conversion of Grasslands and Shrublands to commodity crop production, and a methodology for quantifying emissions reductions from Carbon Capture and Storage in Oil and Gas Reservoirs.

We are heartened that despite the domestic and international political challenges that have limited actions to address climate change, the year brought broader recognition and acceptance of the science of climate change along with a greater understanding of its likely costs.

We are encouraged by the consensus on a need for action, as highlighted by President Obama in his inaugural address in which he boldly stated, “We will respond to the threat of climate change, knowing that the failure to do so would betray our children and future generations. Some may still deny the overwhelming judgment of science, but none can avoid the devastating impact of raging fires, and crippling drought, and more powerful storms. The path towards sustainable energy sources will be long and sometimes difficult. But America cannot resist this transition; we must lead it.”

In the U.S., California is taking the lead, alongside many other countries and jurisdictions around the world that are preparing to launch carbon markets. ACR remains steadfast in our commitment to demonstrate the value of market-based mechanisms to mitigate the impacts of climate change, and we are eager to collaborate more closely with organizations and institutions in the U.S. and around the world to pioneer new approaches to incentivize climate action.

We look forward to another groundbreaking year of hard work with ACR members, partners and supporters.

Regards,

John Kadyszewski