



IETA Carbon Forum North America: Day 2

By Maud Warner and Molly Peters-Stanley

At the International Emissions Trading Association's Carbon Forum North America, Ecosystem Marketplace's Carbon Team is mixing with policymakers, market players and other carbon wonks to get the lowdown on emerging carbon policies in the US.

Outlook for offsets

An afternoon session titled *Offsets: Voluntary, Pre-compliance, and a Compliance Outlook for North America* offered just that, with stakeholders sounding off on the offset market in the context of California's emerging cap-and-trade system.

Much of the session focused on supply and demand, with Gary Gero, President of the Climate Action Reserve (CAR), estimating the demand for offsets from the program through 2014 to be 40 million tonnes. Although four CAR offset protocols have been adopted by the California ARB for use within the cap-and-trade program, projections for those protocols "don't get you quite to the 40 million in that first compliance period, but that of course depends on market response," said Gero.

According to Gero, the ARB is currently looking at additional protocols and has expressed a preference for standardized performance-based protocols.

Verified Carbon Standard (VCS) President David Antonioli echoed this opinion, citing a steady move towards standardized crediting approaches. "The benefits are obvious," he said. "We have reduced transaction costs, scalability and enhanced credibility."

Nick Martin, Chief Technical Officer, American Carbon Registry, highlighted the fact that although the opening panel suggested that federal cap-and-trade is dead, there are some federal drivers for offset demand - such as opportunities for the EPA to allow offsets under the Clean Air Act .

Carbon Sequestration A separate session on carbon storage and sequestration (CCS) had panelists fawning over the technology, saying it was inevitable.

Panelists pointed out that although CCS is not currently deployed on any commercial scale, enhanced oil recovery (EOR), in which CO₂ is pumped into oil or natural gas wells to force more oil up and trap the CO₂ pumped down, has been occurring for some time.

In fact, ACR has developed protocols (<http://www.americancarbonregistry.org/carbon-registry/projects/pikes-peak-eor-carbon-sequestration-project/?searchterm=EOR>) for a few facilities employing the technique.

ACR Salutes Voluntary Carbon Innovators

Molly Peters-Stanley on March 29, 2011 Comment

So the fate of your AB32-compliant credits is still up in the air (literally). So the value of your multi-million dollar investment in Chicago Climate Exchange credits took a hit. So the sweeping federal program to cap emissions in the US, unite regional programs and make all your pre-compliance dreams come true... well, you know. Over the last few years, the voluntary carbon market has grown by leaps and bounds - not only on the platform of mitigating extreme climate

change, but on the promise of mitigating the compliance costs of mandatory emissions trading programs. And also based on the potential for making bank by having the best guess as to what voluntary credit types would be most appealing to regulators.

The voluntary carbon market has more recently experienced a host of challenges - not to its own merits, but as a result of its entanglement with stalled emissions trading legislation the world over. And yet it keeps coming back for more. But even as the voluntary carbon market is enamored with the risk and potential gains from engaging compliance systems, occasionally it receives a gentle reminder that the voluntary customers - the financial institutions, airline companies, online retailers, shipping companies, travel agencies, governments and individuals that launched this market - are still out there.

Regulators Embrace Voluntary Carbon

Author: Molly Peters-Stanley

The global carbon markets began quietly in the late 1980s as part of a voluntary effort to save rainforests, but these small, voluntary efforts were quickly eclipsed – and often dismissed – when the Kyoto Protocol ushered in compliance markets a decade later. Now, however, it’s the compliance markets that are turning to the voluntary markets for guidance as regulators and voluntary market players rush to meet halfway. Yet as controversy and theft envelop the European compliance carbon markets, these same standards are seizing the opportunity to demonstrate their relative sophistication and flexibility.

“In some ways the tables have turned,” remarks Mary Grady, ACR’s Marketing Director. “The voluntary market – which was once seen as sketchy and informal compared to regulated markets – is now really leading the way with market innovations around standards, methodologies and procedures,” she observes.

Grady says that in ACR’s case, the presence of California’s emerging compliance market “hasn’t really affected the way we do business – we’re still moving along on the same path that we have been.”

But she admits that ACR is pleased that its methodologies are rumored as standing ARB protocol hopefuls. “ARB’s upcoming rulemaking provides the opportunity for ARB to consider additional protocols that can help meet volume requirements in the first compliance period and broaden the opportunities for sectors such as agriculture to participate in the nation’s first cap-and-trade program,” she says, adding, “ACR has approved a number of scientifically rigorous and innovative protocols that could achieve both if adopted by ARB for compliance.”