American Carbon Registry webinar: "Update on Key Elements of California's Compliance Carbon Offset Market"
13 March 2012 http://bit.ly/MV1SCC

Extracts relating to REDD

Nick Martin, American Carbon Registry:

"I wanted to mention also ACR is in the process of designing what we call Nested REDD requirements. There is interest in the REDD world as well as a potential route in the California regulation for REDD credits that are developed within a jurisdiction accounting framework to become compliance credits in California. ACR has been engaged in an activity that is somewhat related to this developing nested REDD requirements, which would be for project level activities, but those that are undertaken within a jurisdictional accounting framework. By jurisdiction, we mean national or sub national jurisdictions that are developing accounting frameworks including baselines for REDD monitoring leakage requirements, ways to address reversal risk and non-performance.

"We have taken a stepwise approach to developing these requirements where at first we're focusing still just on the project level activities. We are not trying to develop for those jurisdictions – how they should develop their baselines or monitoring their leakage, but we are setting the minimum criteria that those jurisdiction accounting frameworks would need to meet in order for project level activities to register on ACR. This work is led by Dr. Sandra Brown of Winrock International along with a group of eight sort of technical experts in REDD who are helping us develop the technical guidance.

"We are also limiting ourselves primarily to the technical and social requirements. There's a whole range of legal and linkage issues that are also related that will need to developed for REDD credits to flow into the California market. Those are being worked on by the GCF REDD offset working group and we hope that our technical guidance along with that of others who are working on jurisdictional REDD will help complement the legal and linkages work that are also being developed by the REDD offset working group.

"We hope to release the first draft to these requirements in April or May this year and that will be followed by the usual ACR stakeholder consultation, public comment, and peer review steps prior to approval."

Rajinder Sahota, California Air Resources Board:

"And there are also the sector-based credits, such as REDD. We would have to do future rulemakings to make it possible for those to be accepted for compliance in our system."

[. . .]

"I have one slide on sector-based offsets. We do have a framework established for accepting sector-based offsets from developing countries. Our regulation at this time does not include any approved sectors or programs. On REDD, we are awaiting recommendations from the offset working group. The adopted resolution clarifies a sublimit on the use of sector-based offsets for compliance. From the first and second compliance period, no more than 2% of an entities compliance obligation can come from sector-based credits and in the third compliance period no more than 4% of an entity's compliance obligation can come from sector-based credits. We would have to initiate a new

rulemaking to add in any sector-based credits. At the time, we don't have any specific program identified in our regulations."

Questions and Answers:

John Kadyszewski: Now a couple of questions or questions around the REDD topic. You referred to the governor's climate and forest task force as providing some guidance, but do you have any sense of the timing for that guidance from them? Also in the initial conversations that have gone on, a lot of the discussion has been around the agreement that California has with Acre in Brazil and Chiapas in Mexico and a province in Indonesia. Will the focus of any initial REDD activities be in and those jurisdictions or could they come from anywhere?

Rajinder Sahota: It's my understanding is that we should be getting those recommendations early this year, and I know that at least one of our staff has been sitting in on those meetings as an observer, and that Acre and Chiapas representatives has been in those discussions as well. Obviously, since we have formal agreements with those two jurisdictions and discussions have occurred with them in the room on the ROW, there's going to be more upfront work and more preparation already done. But that does not close the door on looking at other areas for REDD projects or inclusion of REDD as other recommendations are reviewed and we make some policy determinations in house.

John Kadyszewski: So realistically you think that REDD projects might be able to be accepted in 2015 or 2016 or is it really hard to say?

Rajinder Sahota: It's really hard to say. I've sat in on some of those discussions. The group is grappling with some really tough questions related to data availability for verification of sector targets, for monitoring a verification, and I think Nick alluded to this, there are some social considerations with REDD projects. It's not just about the science and so we're really interested in seeing what this group of experts has to say on some of these very tough questions. Until we see that and we've had a chance to digest that, I feel like it would be premature for me to try to put a date on it.

[. . .]

John Kadyszewski: Can you comment on any differences regarding invalidation provisions between forest credits and other credits?

Rajinder Sahota: Forestry credits are treated a little bit separately only because in forestry projects, the physical custody of the carbon stocks remains with the project developer. So there are some nuances in the REDD that address forest credit invalidation a little bit differently. We do have a forest buffer account for unintentional reversals for forest credits, and then we have a separate process for intentional reversals. I don't want to get into all the details about how they're different but yes, they are treated separately in our program.

[. . .]

John Kadyszewski: We have a question on if you have any estimates on the expected volume of offsets that should be available from the forestry protocols that are already approved.

Rajinder Sahota: From our forestry protocols, I think we had about six to 10 million metric tons in the US for the three compliance periods. There's a slide on one of our presentations on our website from June of 2010 that has that information. We haven't updated any of our supply numbers

publicly yet so I think it's between six and ten million.

John Kadyszewski: And have any estimates been made of the likely contribution of REDD?

Rajinder Sahota: We've heard external estimates of REDD and the external estimates that I've seen have been far in exceedance of what would be allowed in our program because we do have that sector base usage limit of 2% and then 4% in the third compliance period. So I know that if at some point we started to accept REDD, there would be more than enough credits to meet our supply and demand.

[. . .]

John Kadyszewski: On REDD, this is back to the question about other countries besides Brazil and Mexico. I believe that you answered that you would expect that because there have been discussions already on Brazil and Mexico that those would be ahead in terms of being ready to be approved and satisfy requirements, but that it would be open to other projects from other regions. And so is that true that you would anticipate sector projects would be open to projects from other regions besides Acre and Chiapas?

Rajinder Sahota: That would be true, again, recognizing that there is a formal agreement between California and some of these other jurisdictions to work together on this issue. One thing that's been missing even with Chiapas and Acre is what other additional formal agreement needs to be in place and the legal staff is looking at that. So before any jurisdiction could be accepted for generating sector-based credits, there are legal questions about how those agreements would look and who would actually find those within those jurisdictions. So there's nothing to preclude any other jurisdiction from becoming part of the program. It's just even in the context of the existing ones what formal agreements need to be in place.