

# REDD+ Transaction Registries

PMR Workshop, Sacramento, California  
September, 2015



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# Overview

## Consider how:

- REDD+ specific technical, institutional and regulatory components affect registry design

## Analyze:

- Administration of registry and units issued, forest tenure requirements, permanence measures and nesting

## Review:

- Verified Carbon Standard, Australia's Carbon Farming Initiative, New Zealand Emission Trading Scheme, California Cap-and-Trade, UK Woodland Carbon Code

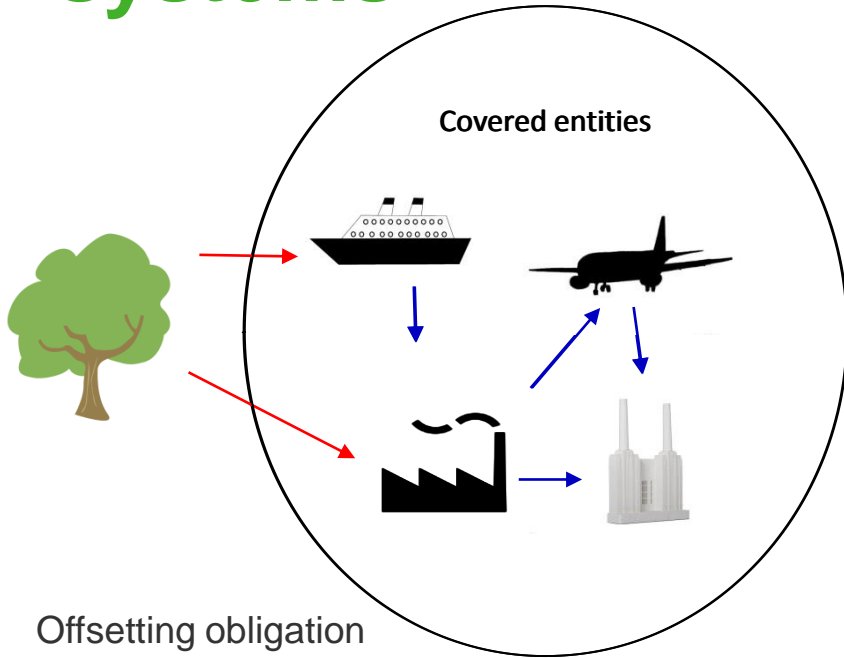
# 1. What is special about REDD+?

3

# Five elements that affect REDD+ projects

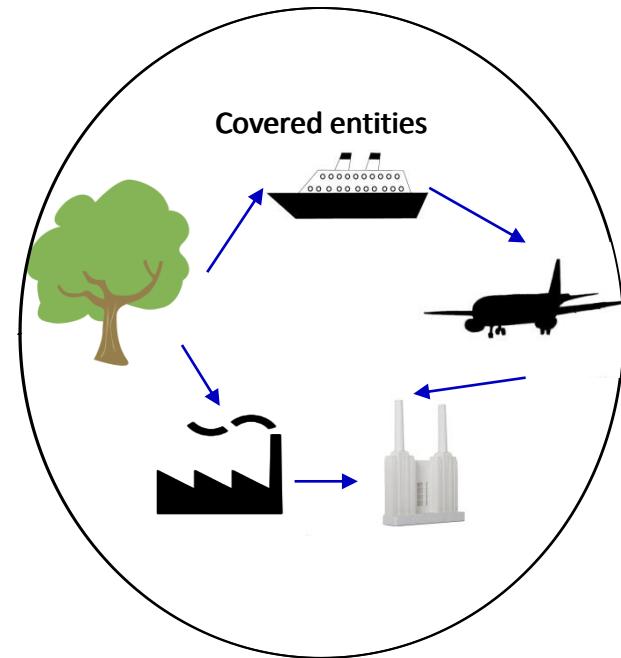
- Role of forest carbon credits across systems
- Administration and credit issuance
- Forest tenure issues
- Permanence issues
- Nesting

# Role of forest carbon credits across systems



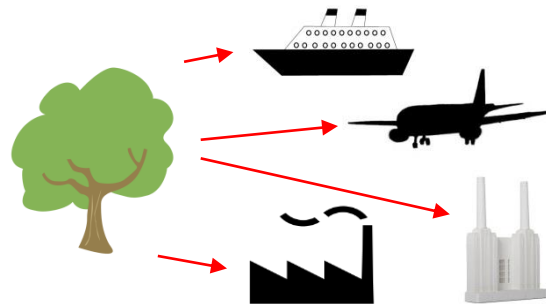
Offsetting obligation in compliance market

- California
- NZ ETS (post-1990 forests)
- UK WCC
- Australia CFI



Capped sector in compliance market

- NZ ETS (pre-1990 forests)

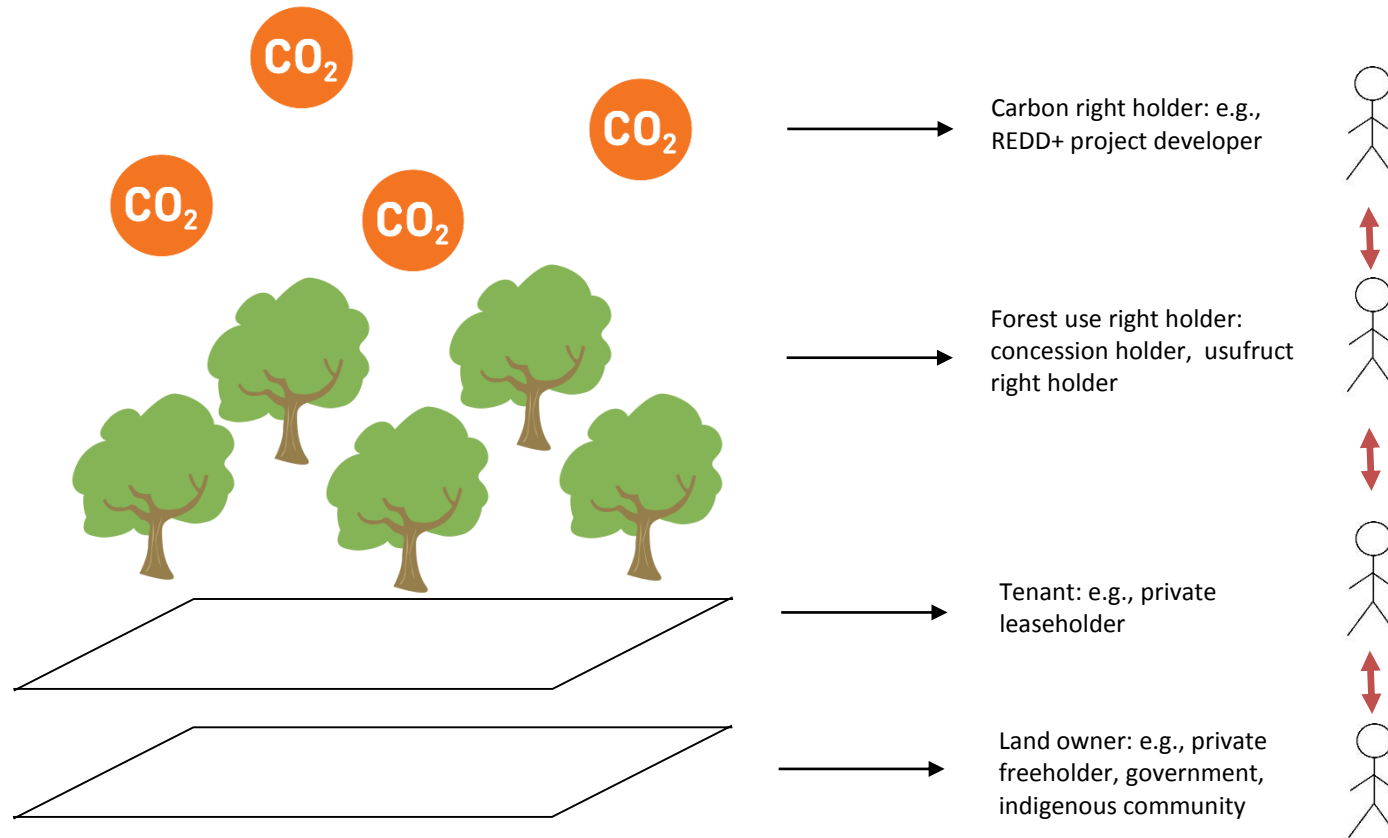


Voluntary offsetting - VCS

# Administration and credit issuance

- Forest credits can be dealt with on separate offset registries, or within the main system registry
- Emission trading systems are created by law, and public bodies are ultimately responsible for their implementation. Registry services can be contracted out to private companies
- Keeping registry control in country may be important for sovereignty reasons

# Forest tenure issues

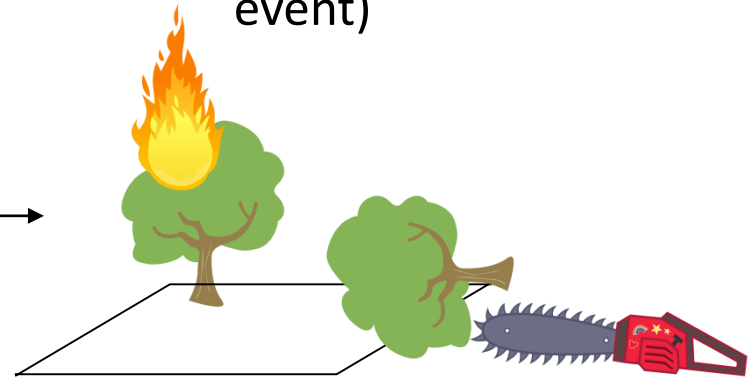
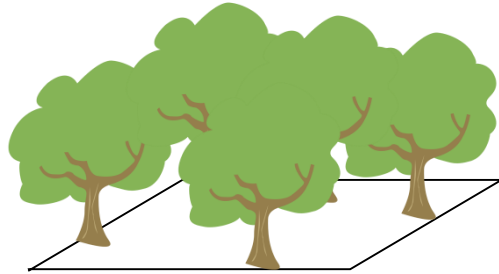
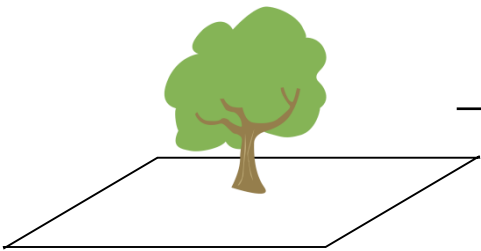


# Permanence issues

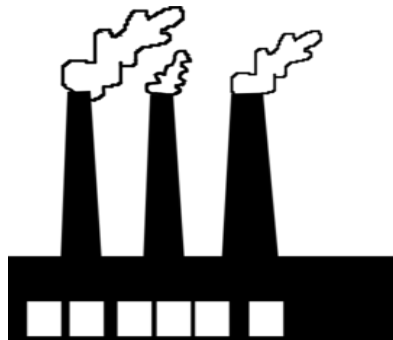
Year 1

Year 15

Year 30 (reversal event)



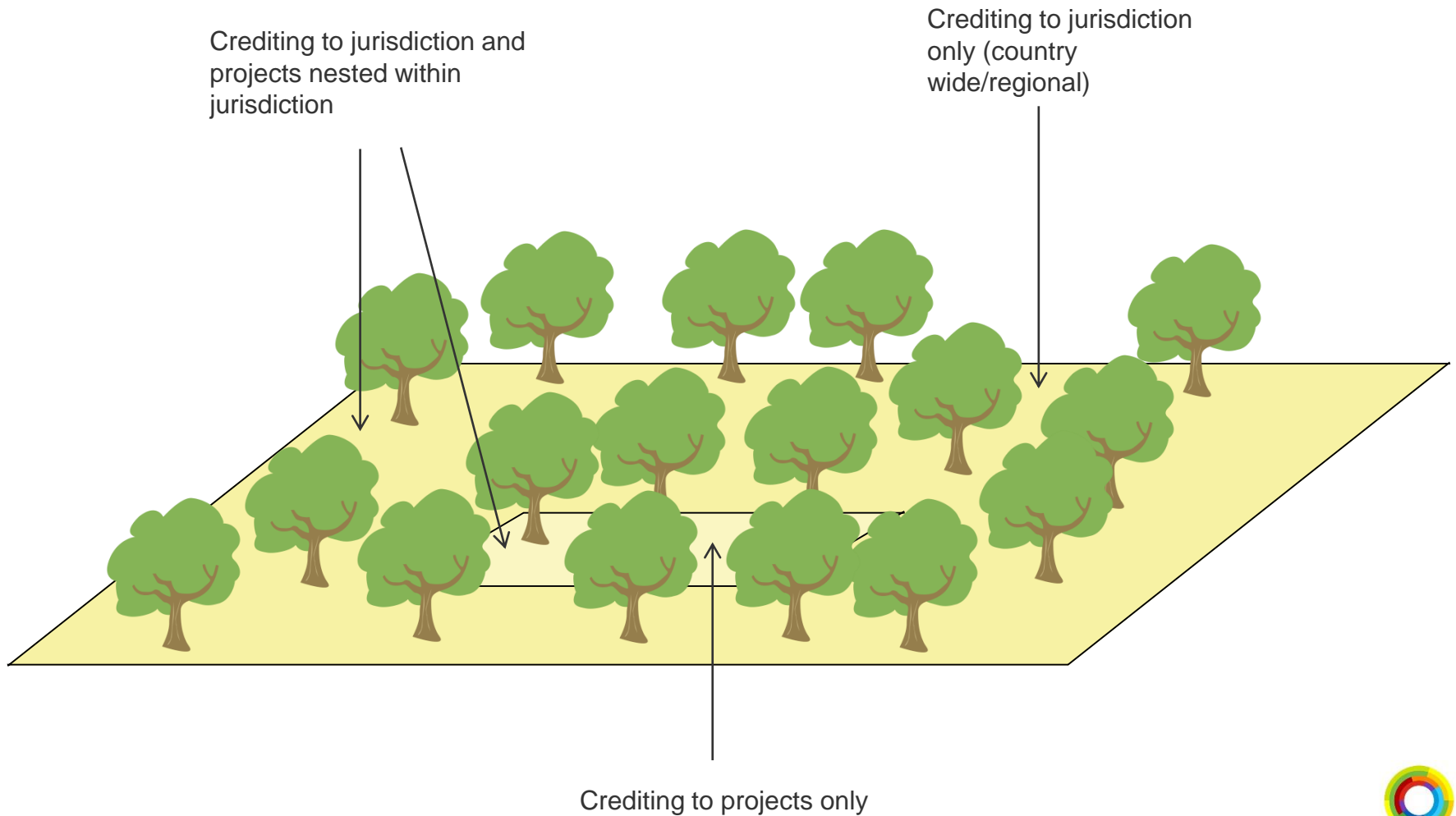
VERS sold



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# Nesting

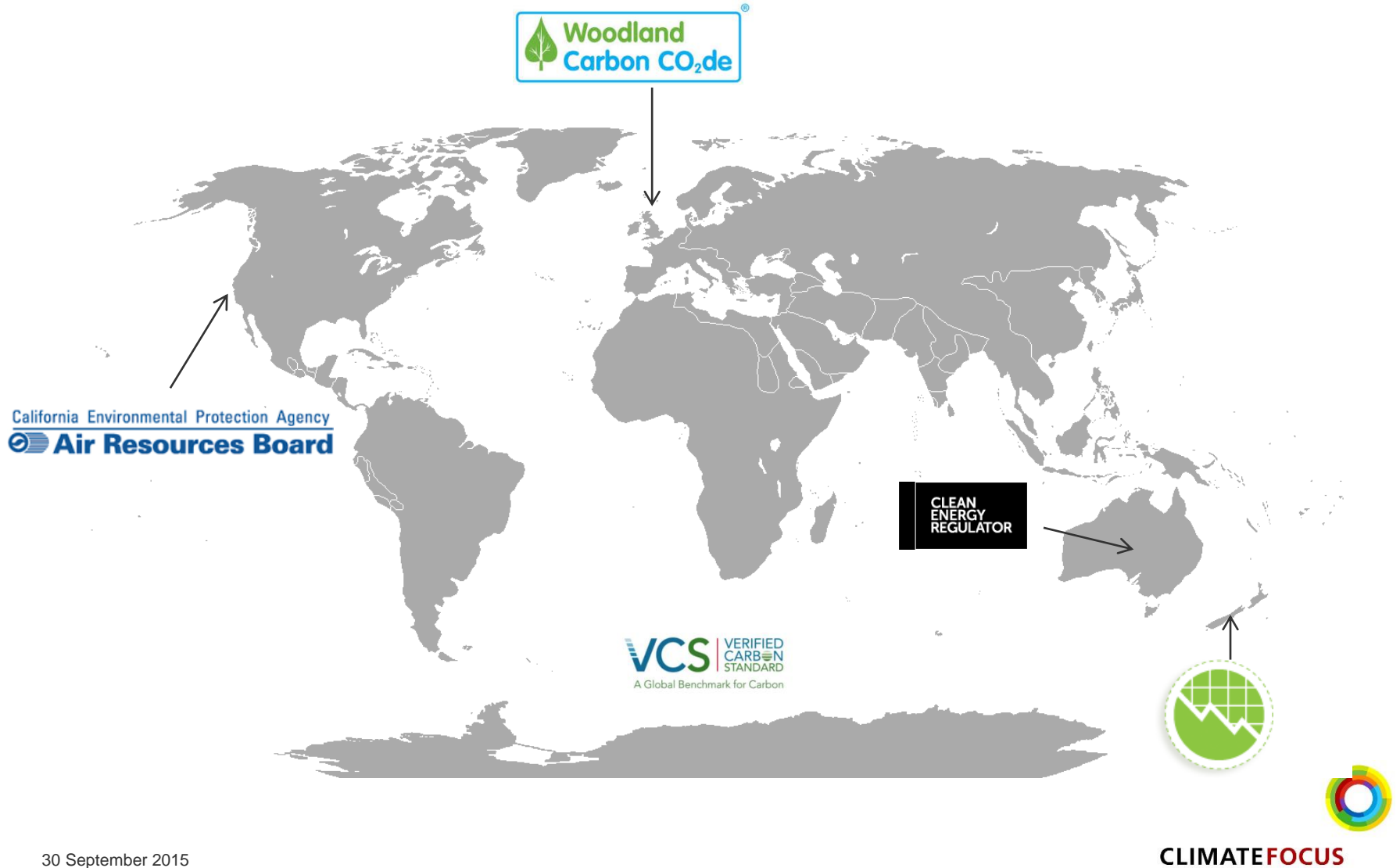


# Nesting

- Risk of double counting where REDD+ activities can be nested within jurisdictions
- Not limited to “REDD+ activities”; can include cookstoves, biogas, and other “non-renewable biomass” interventions that impact forest loss
- Nesting should consider the impact of reference levels on generation emissions reductions
- More clarity with compliance (CDM) offsets

# 2. Review of existing registries

# Five registry systems reviewed



# Role of forest carbon credits

<b>Australia Carbon Farming Initiative</b>	Under the first phase forests dealt with as an offset. Up to 5% of an entity's liability under the CPM could be met with offsets. Second phase uses a reverse auction mechanism to purchase forest carbon Ers
<b>New Zealand Emission Trading Scheme</b>	Pre-1990 forests are allocated allowances under the cap of NZ ETS. Post-1990 forests may also earn NZUs by participating in the governments Permanent Forest Sink Initiative (PFSI)
<b>UK Woodland Carbon Code</b>	WCUs can be used voluntarily and will also be counted towards the UK's national targets under the Kyoto Protocol
<b>California Cap and Trade</b>	Covered entities may use offset credits for up to 8 percent of their total compliance obligation, and US forestry projects have been approved as a source of compliance offset credits by the California Air Resources Board
<b>Voluntary Carbon Standard</b>	VCS emissions reductions have so far not been considered a part of national accounting systems

# Role of forest carbon credits

- Role of forest carbon credits within registries varies across systems
- All four national level systems include forestry as offsets
- NZ ETS also includes pre-1990 forests under its cap due to KP mandatory reporting
- Australia CFI has transitioned VCS projects into national system

# Administration and credit issuance

- Of the five systems, all except VCS are administered by national governments
- VCS can be operated nationally but mostly private entities
- Systems include both outsourced (e.g. Markit / APX) SaaS registries and country specific systems (Australia, NZ-ETS)

# Forest tenure requirements

- Project proponents have different requirements under the five schemes
- VCS requires demonstration of “right of use”
- UK Woodland Carbon Code seller can be the land owner, tenure holder or anyone that can show consent
- New Zealand is land owners only



# Permanence

- Each of the five systems has a different approach to permanence
- Australian CFI has an automatic deduction of 5% of credits
- NZ ETS requires land owners to surrender credits in the case of a reversal
- VCS, WCC and ARB all use a buffer set aside
- VCS uses a pooled buffer

# Nesting

- Of the five systems, four have no nesting considerations
- VCS has developed a system for nesting land use projects known as Jurisdictional and Nested REDD (JNR)
- VCS registry is agnostic to source of credits (national v subnational) these are all taken care of by the registration and issuance process

# 3. Discussion points

# Discussion points

- REDD+ requirements can be dealt with at both the legal level as well as within the registry
  - Dealing with requirements at the methodological level allows the registry to be more simplified
  - Some information may need to be made available within the registry
- Ideally a REDD+ registry would be a part of the existing national registry
  - Registry systems also need to consider the impact of woodfuel methodologies on national forest emissions

# Discussion points

- The most complicated requirement is that of permanence
  - Detailed rules will be required in the instance of a reversal
  - Pooling buffers is a way to manage risk across projects
  - Discounting can provide another means to account for reversals but is less transparent
- There is no “one size fits all” solution, but many similarities exist in the requirements of REDD+ countries

# Thank you!

Charlie Parker  
Executive Director, Climate Focus  
[c.parker@climatefocus.com](mailto:c.parker@climatefocus.com)