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
What is special about REDD+?
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

- **Land owner**: e.g., private freeholder, government, indigenous community
- **Tenant**: e.g., private leaseholder
- **Forest use right holder**: concession holder, usufruct right holder
- **Carbon right holder**: e.g., REDD+ project developer
- **Land owner**: e.g., private freeholder, government, indigenous community
Permanence issues

Year 1

VERS sold

Year 15

Year 30 (reversal event)
Nesting

Crediting to jurisdiction and projects nested within jurisdiction

Crediting to jurisdiction only (country wide/regional)

Crediting to projects only

30 September 2015
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

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
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<tbody>
<tr>
<td><strong>Australia Carbon Farming Initiative</strong></td>
<td>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.</td>
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<tr>
<td><strong>New Zealand Emission Trading Scheme</strong></td>
<td>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).</td>
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<tr>
<td><strong>UK Woodland Carbon Code</strong></td>
<td>WCUs can be used voluntarily and will also be counted towards the UK’s national targets under the Kyoto Protocol.</td>
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<tr>
<td><strong>California Cap and Trade</strong></td>
<td>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.</td>
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<tr>
<td><strong>Voluntary Carbon Standard</strong></td>
<td>VCS emissions reductions have so far not been considered a part of national accounting systems.</td>
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</tbody>
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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