

PMR TECHNICAL WORKSHOP

Building Registries to Support the Next Generation of Carbon Markets

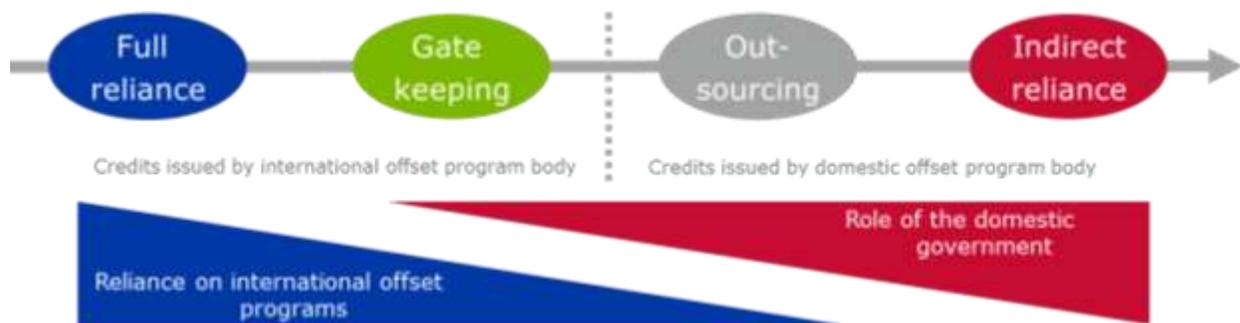
Day 2: Leveraging Existing Registry Infrastructure: Application to Offset Programs

Break-out Group Exercise: Registry Implications of Using Existing International Offset Programs

□ **Objective:**

Governments developing their own domestic market mechanisms face a variety of circumstances and needs. Where offsets are concerned, relying on established international programs (either compliance or voluntary) can provide a cost-effective alternative to developing an internal program from scratch. International offset programs can be leveraged in a variety of ways. A key decision is whether to delegate the authority to issue credits to an external program, or reserve that authority for domestic program administrators. The financial, technical, legal, and institutional implications of relying on the *registry systems* of international offset programs will be only one factor in making this decision. Nevertheless, it is important to consider the options for using international offset program registries and their possible ramifications.

The objective of this break out session is to better understand the options available to domestic offset programs for relying on the registry operations of existing international offset programs, and to explore some of their implications from a legal, technical, and institutional perspective.



□ **Instructions:**

Participants are asked to join one of four break out groups. Groups will have one hour to discuss the topics and questions presented below. Depending on the make-up of each group, different groups may wish to focus on or emphasize some scenarios over others. Each group will nominate a scribe and a

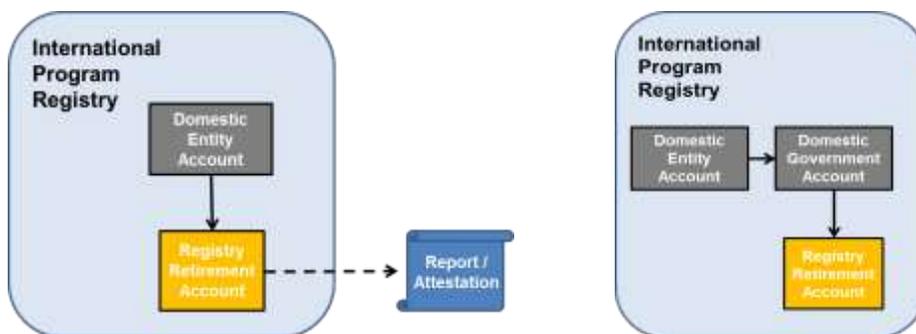
person to report back on their discussions. Groups will be facilitated by an expert or member of the PMR Secretariat.

□ Exercise:

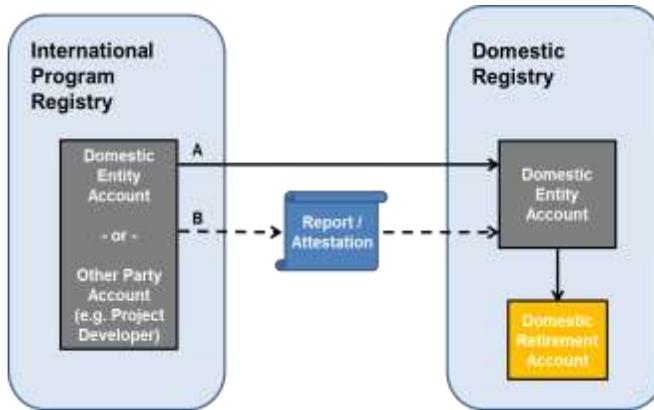
Full Reliance & Gatekeeping Scenarios

If relying on an international offset program for both program architecture (e.g., registering projects, issuing credits, etc.) and registry functions...

1. In what situations would it be desirable to also establish and maintain a domestic registry, into which international program credits could be transferred?
2. What technical, legal, or administrative challenges might arise if:
 - a. The domestic program relies entirely on an international offset program registry for credit retirements and confirming compliance with domestic policy requirements?
 - b. Transfer of credits to a domestic registry is required before they can be retired for compliance?
3. If an international offset program registry is used exclusively, are there any technical, legal, or administrative differences between demonstrating compliance via:
 - a. Retirement on the international program’s registry system?
 - b. Transfer to an account maintained by the domestic government?



4. If transfer to a domestic registry is required, is it preferable to allow automatic transfers, or require submission of an attestation to the domestic registry before credits can be transferred?



5. For all of the above, how do considerations change if the domestic program chooses to rely on more than one international offset program?
6. For all of the above, are there any important differences in the technical, legal, or administrative requirements of specific international offset programs that could affect any of these decisions? Are there differences to be considered in terms of:
 - a. The legal status of offset credits, especially within the domestic jurisdiction?
 - b. Assignment of liabilities, particularly as far as legal compliance with domestic policy objectives is concerned?
 - c. Eligibility for different kinds of account holders?
 - d. Registry security?
 - e. Registry governance?
 - f. Registry management and accountability to the domestic government and other stakeholders?

Outsourcing and Indirect Reliance Scenarios

If a domestic government establishes and administers its own program and registry infrastructure...

1. Are there any registry arrangements among existing international offset programs that it could make sense to emulate? For example:
 - a. Specific user interface and/or registry operation models
 - b. Different ways of delegating or overseeing registry management, operations, and support services
 - c. Specific legal provisions or terms-of-use rules & requirements
 - d. Use of particular registry service providers
 - e. Use of multiple registry service providers (e.g., as the VCS does)
2. Under what circumstances might the California model make sense (i.e., retaining authority to issue credits, maintaining a separate registry system, but relying on third-party programs to assist with program administration and some registry services)? Would this be a feasible option? What are the advantages and disadvantages of this kind of arrangement from a registry management and operations perspective?

