

Overview and Comparison of Offset Protocols

Derik Broekhoff

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Why Do Results Differ?

- Differences in specificity
 - Framework standards vs. methodologies
- Differences in approach
 - Project-specific vs. standardized
 - Accounting boundaries
 - Methods to ensure permanence
- Differences in technical assumptions
 - Quantification methods, emission factors, other variables



Differences in Specificity

- Framework Standards
 - General accounting rules
 - Apply to all project types
 - ISO 14064, Part 2;
WRI / WBCSD GHG Protocol for Project Accounting
- Protocols
 - Detailed accounting rules
 - Apply to specific types of projects
 - CDM, RGGI, Climate Leaders, CAR, CCX, Alberta, ACR, etc.

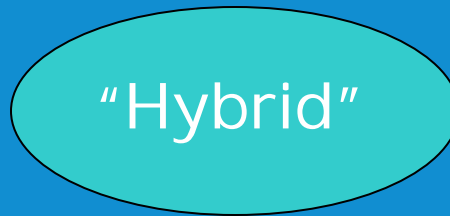


Degree of Standardization



Project-
Specific

Parameters & assumptions tailored for each project.



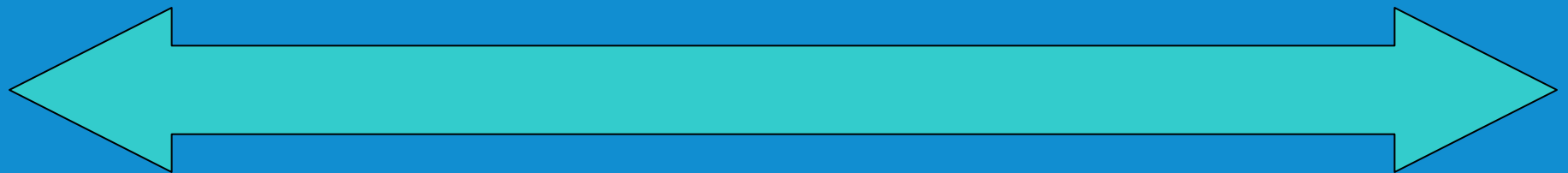
"Hybrid"

Some standard parameters & assumptions.



Standardized

Mostly standard parameters & assumptions.





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Key Areas of Difference

- Project Definition / Eligibility Requirements
- Accounting Boundaries
- Additionality Determinations
- Baseline Estimation
- Quantification Methods
- Monitoring Requirements
- Methods to Address Permanence



Project Definition

- How Is the Project Activity Defined? What Counts?
 - Just CH₄ destruction, or CH₄ + electricity?
 - All organic waste, or just food waste?
 - Etc.
- Other Eligibility Requirements
 - Promoting sustainable development
 - Practicing “natural forest management”
 - Etc.



Accounting Boundaries

- What Actually Gets Quantified?
 - What potential effects of a project are considered significant or relevant?
- “Project” vs. “Assessment” Boundaries
 - How are spatial boundaries defined?
 - How do they relate to the accounting boundaries?
 - What counts as leakage?



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Additionality Determinations

- Case-by-Case Analysis...
 - Project-specific assessment of barriers, benefits, comparison to “common practice”
- ...or Standardized Criteria?
 - Performance threshold
 - Other objective eligibility criteria



Baseline Estimation

- Identifying a Baseline Scenario
 - Analysis of alternatives to identify a unique scenario?
 - Analysis of alternatives to confirm a default scenario (most CDM methodologies)?
 - Required use of default scenario (standardized protocols)?



Baseline Estimation

- Quantification
 - Ex-ante modeling of baseline scenario?
 - Use of measured values?
 - Use of default factors & assumptions?
 - Dynamic or static assumptions?
- Crediting Period
 - How long?
 - Single period, or renewable?



Quantification Methods

- Are Key Parameters:
 - Measured?
 - Estimated?
 - Assigned default values?
- What Models Are Used to Estimate Emissions or Sequestration?
- What Methods Are Used to Estimate Leakage?



Monitoring Requirements

- What Gets Monitored?
- Direct or Indirect Measurements?
- What Precision is Required?
- How Frequently Must Data Be Collected?
- What QA/QC Measures Are Required?
- How to Treat Gaps in Data?
- How Is Data Verified?



Addressing Permanence

- Discounting?
 - Discount issuance of credits based on risk of reversal
- Seller Liability + Insurance (Buffer Pool)?
 - Require project developers to compensate for reversals, set aside credits for insurance
- Expiring Credits (Buyer Liability)?
 - No discount or insurance, but all credits must be replaced by buyers



Key Drivers of Outcomes

- Different Technical Approaches
 - Accounting boundaries
 - Quantification methods
 - Monitoring requirements
- Different Policy Decisions
 - Eligibility rules
 - Additionality rules
 - Baseline rules
 - Crediting periods
 - Methods to address permanence

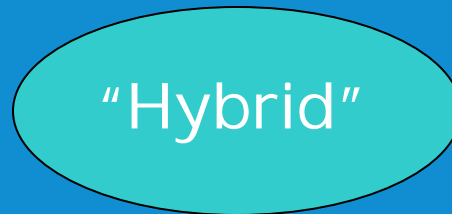
Key Policy Decision: How Much Standardization?



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