

Update on North American Forest Carbon Standard

Gary Bull, University of British Columbia

Forests and Energy – Growing Towards a Carbon Neutral Alberta

October 20, 2010 - October 21, 2010

Maple Leaf Room, Lister Hall Conference Centre, University of Alberta

87 Avenue and 116 Street, Edmonton, Alberta

Background

Principals: AFPA/FPAC

Agents: ENGOs, Industry, Academia ,Consultants, First Nations and Governments

Rules of Engagement: CSA and ANSI

Sub- Committees: Quantification, Co-Benefits, Permanence and Leakage, Baseline and Additionality , Harvested wood Products, Integration Task Committee (chairperson from above committees)

Committee Members: Approximately 52.

Website: North American Forest Carbon Standard

Committee Members

- In 2008, the Forest Carbon Standards Committee was formed.
- Committee should be familiar with the suite of forest carbon offset protocols and standards that have been developed.
- Evaluating these existing protocols and standards, matching their approaches to known forest science and practice, and seeking innovative ways to satisfy emerging emission reduction policies and market.
- Leads to a harmonized approach to establishing rules governing the development of compliance-quality forest carbon offsets.

Initial Work plan

Task	Timeframe (2010)
Task Committee conference calls	January-March
Draft standard (v2) circulated for informal Committee review	April 12
Full Committee meeting	May 6
Draft standard (v3) circulated for Committee ballot #1 (30 day ballot)	July 6
Committee consideration of negative ballots and comments	August
Draft standard (v4) circulated for Committee ballot #2 (30 days) and public review (45 days)	August
Committee consideration of negative ballots and public comments	October
Final standard (v5) circulated for Committee ballot #3	November
Approval of American National Standard by ANSI and Canadian National Standard by CSA	December (or as determined by final ballot)

Draft Standard Released

FOREST CARBON STANDARDS COMMITTEE

NORTH AMERICAN FOREST CARBON STANDARD

Update: June, 2010

<C:\Documents and Settings\garybull\My Documents\Gbull-1999-onward\UBC-community service\ForestCarbonCommittee-binational\votingmaterial-aug2010\NAFCS Standard 7 6 10.doc>

Process

PROCEDURES FOR DEVELOPMENT & MAINTENANCE OF AMERICAN FOREST & PAPER ASSOCIATION STANDARDS

(ANSI Approval Date 8/8/2008)

American
Forest &
Paper
Association

Ballot Results



Date: September 8, 2010

To: North American Forest Carbon Standards Committee

Re: *2010 North American Forest Carbon Standard*
Letter Ballot Results and Next Steps

Ballot Process

- The draft standard was submitted to a ballot by the Committee on August 9th, 2010.
- *Comments received on the overall standard were positive and members remain committed to the process.*
- The ballot results proved that there is still work to be done to resolve particular issues and develop a standard that is more complete.

Ballot Results

The ballot results are as follows:

Affirmative	2
Affirmative w/ Comment	7
Negative w/ Comment	21
Abstain	2

Votes Returned	32
Voting Members	52
Percent Returned (32/52)	62%
Percent Affirmative (9/32)	28%

Ballot requirements

- A 62% ballot return makes this an official ballot (50% return is needed). However, it failed to receive the 2/3 affirmative votes required for a successful outcome.
- As stated, overall, respondents affirmed their support of the standard (28%) and the process but felt there remained several significant issues to be resolved. A scribe is not sorting through the issues.

Ballot – Next Steps

- Because the ballot was unsuccessful and there were a considerable number of negatives, we have been advised that the best path forward administratively would be to "withdraw" the ballot.
- The Committee should work to resolve more of the outstanding issues, and then submit the standard for another ballot at a later time.
 - E.g. Issues. The FPAC submission of comments was over 30 pages in length.

Next steps

- Affirm withdrawal of the ballot procedurally at the next face-to-face meeting
- Collate the comments by issue or section of the standard and set up conference calls, likely in October, to discuss and address these issues where there are differences of opinion.
- Hold series of conference calls to culminate in a face-to-face meeting of the Committee later this fall in Washington D.C. followed by another (“First”) ballot of standard.
- Reaching out to Committee members that did not return a ballot to determine their level of interest in continuing on the Committee.
- Bull’s view - Unlikely to meet deadlines set.

My Conclusions

- Cannot resolve many difficult issues without a vote
- Will likely favour plantation management
- Under-resourced effort
- Very uncertain regulatory environment
- Cannot work for all jurisdictional requirements and all geographic scales
- Not sufficiently linked to carbon finance markets or taxation realities

Financial Institution Arrangements for Forest Carbon Credit Transactions

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Financial Institutional Arrangement

- BC – PCT
- NZ – ETS
- China – Central Forest Carbon Fund
- Africa – Private Banks

Implied Price (Cost based) for Carbon

- Cash for Clunker Program – US \$265/ton

http://www.econ.ucdavis.edu/faculty/knittel/papers/CfC_latest.pdf

- McKinsey on CCS - \$60-90/ton

http://www.mckinsey.com/clientservice/ccsi/pdf/ccs_assessing_the_economics.pdf

Implied Price for Carbon

Country	Implied Market Price	Regulatory Price
Britain	\$29.30	
China	\$14.20	\$ 3.10
Japan	\$3.10	
South Korea	\$.70	
Australia	\$1.70	\$25.00
United States	\$5.10	
EU	\$36.20 (predicted)	
New Zealand	\$14.94 (market)	\$18.91 (tax)
British Columbia	Much less ?	\$25.00 (tax)
Alberta	?	\$15.00

Price Forecast - IETA Survey May 2010

Market confidence post 2012, nearly three quarters of those who responded to the survey say regulatory uncertainty is suppressing low-carbon investment.

More than two-thirds believe that the carbon price will need to be more than **US\$56** to limit warming to 2°C, but only one in ten respondents see any real prospect of this emerging in the medium-term.

<http://www.pwc.com/gx/en/press-room/2010/carbon-mkt-price-limit-warming.jhtml>

Conclusion on Prices

- Confusion
 - Markets and Regulators don't agree
 - Countries don't agree on action
 - Actual and predictions of what is needed is very different
 - Marginal abatement costs curves are either tightly held or highly speculative

Questions

Why do we want a single price?

- Fungibility
- Credibility

What are financial institutions design dependant on?

- Price
- Politics
- Efficiency

BC Pacific Carbon Trust

The screenshot shows a web browser window displaying the Pacific Carbon Trust website. The browser's address bar shows the URL www.pacificcarbontrust.com. The website features a navigation menu with links for Home, About, Projects, Media, Publications, FAQs, Links, Buy Offsets, Sell Offsets, and Contact. A search bar is located on the right side of the navigation menu. The main content area is divided into several sections:

- Header:** Pacific Carbon Trust logo and a counter showing "0049650 tonnes of CO₂e retired" and "= 21,141,248 litres of gasoline".
- Navigation:** Home, About, Projects, Media, Publications, FAQs, Links, Buy Offsets, Sell Offsets, Contact. A search bar with "Enter Search" and a "Go" button.
- Main Content:**
 - Investing in Quality Offsets and Our Future.** A large image of a hand holding a stack of money with an airplane flying in the background. Below the image is a "LEARN MORE +" link.
 - BUY OFFSETS FROM PCT**
 - What is a Carbon Offset?
 - Our Standards
 - Our Clients
 - SELL OFFSETS TO PCT**
 - Current Opportunities
 - Offset Requirements
 - Business Environment
- Job Opportunity:** "New Career Opportunity at Pacific Carbon Trust". Text: "We are seeking a managing director of finance and operations to help us build the market for carbon offsets in BC. Posting closes Oct. 22, 2010." A "View posting" link is provided.
- NEWS:** "Sept. 30, 2010 PCT Launches Small Business Engagement Fund". Links for "VIEW NEWS RELEASE +" and "REQUEST INFORMATION +" are provided.
- EVENTS:** "Oct. 19-20, 2010".



The browser's taskbar at the bottom shows the Start button, several open applications (9 Micro..., 2 Micro..., 2 Micro..., China2009, 2 Googl...), a 100% zoom level, and the system tray with the time 4:35 PM and date Monday.

New Zealand

The screenshot shows a web browser window with the URL www.climatechange.govt.nz/emissions-trading-scheme/. The page features a blue header with the text "Climate change information New Zealand" and the logo "newzealand.govt.nz". A green navigation bar contains links for "Home", "Science", "Physical impacts and adaptation", "NZ greenhouse gas reports", "Doing our fair share", and "Emissions trading".

The New Zealand Emissions Trading Scheme









The New Zealand Emissions Trading Scheme (ETS) is a way of meeting our international obligations around climate change. The ETS puts a price on greenhouse gases to provide an incentive to reduce emissions and to encourage tree planting.



NEW ZEALAND
**EMISSION
UNIT
REGISTER**

REGISTER

Participating in the ETS

 AGRICULTURE livestock, fertiliser...	 INDUSTRY steel, pulp and paper...
 ENERGY coal, gas...	 LIQUID FOSSIL FUELS diesel, petrol...
 FISHING fishing quota owners	 SYNTHETIC GASES refrigerants, vehicle imports...
 FORESTRY owners of forest land...	 WASTE landfills

What does the ETS mean for me?

- ▶ SMALL AND MEDIUM BUSINESS OWNERS
- ▶ FARMERS AND LANDOWNERS
- ▶ HOUSEHOLDERS AND INDIVIDUALS
- ▶ MĀORI

What's new

[More...](#)

- STATIONARY ENERGY AND INDUSTRIAL PROCESSES AND LIQUID FOSSIL FUELS REGULATIONS – 2010 GUIDANCE UPDATE
[Stationary Energy and Industrial Processes and Liquid Fossil Fuels Regulations Updates...](#)
- APPLICATIONS FOR INDUSTRIAL ALLOCATION ARE NOW OPEN FOR FIRMS CARRYING OUT THE FOLLOWING ACTIVITIES...
NEW ACTIVITIES ADDED 23 September 2010 – application deadline 23 December 2010."
- INDUSTRIAL ALLOCATION DATA COLLECTION

China

The screenshot shows a web browser window displaying the homepage of the China Green Carbon Foundation. The browser's address bar shows the URL www.thjj.org/en/. The page features a large banner with a green tree logo and the text "中国绿色碳汇基金会" and "CHINA GREEN CARBON FOUNDATION". To the right of the logo, it says "Participating carbon compensation, eliminating carbon footprint". Below the banner is a navigation menu with links for Home, About us, Projects, Donation, Press room, and Contact Us. The "About us" section is expanded, showing a list of links: Introduction, Our mission, Our main works, and Our management. The "Introduction" section contains the following text: "Founded in 2010, the China Green Carbon Foundation (CGCF) is the first nation-wide non-profit public offering foundation dedicated to combating climate change by increasing carbon sink in China. CGCF, approved by the State Council, was registered at the Ministry of Civil Affairs and operated under the governance of the State Forestry Administration of the PRC." Below this, there are three bullet points: "● We insist on Green Fund, green dream, increasing carbon sink from you and me.", "● We advocate Participating in carbon compensation and eliminating carbon footprint.", and "● We promise Efficient donation application, professional project execution, sophisticated process supervision and significant public benefits."

About China Green Car... x

← → ↻ 🏠 www.thjj.org/en/ ☆ FT 🔍

For quick access, place your bookmarks here on the bookmarks bar. [Import bookmarks now...](#) Other bookmarks

Sign In Sign Up [中文 | English] Make thjj.org your homepage Add to favorite

 中国绿色碳汇基金会 Participating carbon compensation,
CHINA GREEN CARBON FOUNDATION eliminating carbon footprint

Home About us Projects Donation Press room Contact Us

▸ About us

- Introduction
- Our mission
- Our main works
- Our management

▸ Contact Us

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📁 Introduction

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- We insist on Green Fund, green dream, increasing carbon sink from you and me.
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Africa

The screenshot shows a Microsoft PowerPoint window titled "finance climate change Tunisia- EGYPT final fff [Compatibility Mode] - Microsoft Pow...". The browser window displays the website "www.africacce.com/intro.html". The website features a green and white color scheme with a globe icon and the text "Africa Carbon Credit Exchange" and "Unlocking Low Carbon Africa". A navigation menu includes links for "About Us", "Trading Platform", "Access To Finance", "Green Knowledge Institute", "Contact Us", and "African DNAs Resource Centr". The main content area is titled "Introduction" and contains three paragraphs of text. The bottom of the browser window shows a taskbar with the Windows start button, several open applications, and a system tray with a 100% battery indicator and the date "Monday".

Africa Carbon Credit Exchange
Unlocking Low Carbon Africa

Introduction

ACCE is creating an electronic trading platform to bring together buyers and sellers of carbon credits and other 'green' instruments in a transparent and risk-mitigated marketplace. Buyers can be assured of credible credits, and sellers can benefit from price discovery in an open marketplace rather than negotiating over-the-counter deals in which prices are not always optimal and the lion's share of profits leaves the continent.

Initially the Exchange will focus on trading of Certified Emissions Reduction (CER) and voluntary market credits. Forward contracts traded on ACCE will generate seed capital for implementing low-carbon projects, filling a critical gap in the current project development process for Africa.

The Exchange will comprise an electronic trading space supported by state-of-the-art IT infrastructure, a coordinating center in Lusaka, and a network of brokers throughout the continent. Through an international clearing and guarantee system under development, the Exchange will be able to mitigate counterparty risk and provide investor protection.

Home
About Us
Services
Carbon Markets
News & Links
FAQ
Partners / Support

Acronym Soup

Observations

- The institutions are getting in place and the capital is flowing.
- Money is flowing into forest based projects – both sequestration and stock projects.
- The oil sector and forest sector see mutual benefit in some countries already.
- Fair pricing require competitive markets, will this happen in Alberta?