



Making Wood Work: Financing

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The Climate Trust
Solutions for a low carbon future

Overview

- **What is a Greenhouse Gas Offset?**
- **Who is The Climate Trust?**
- **Characteristics of a Good Offset Project**





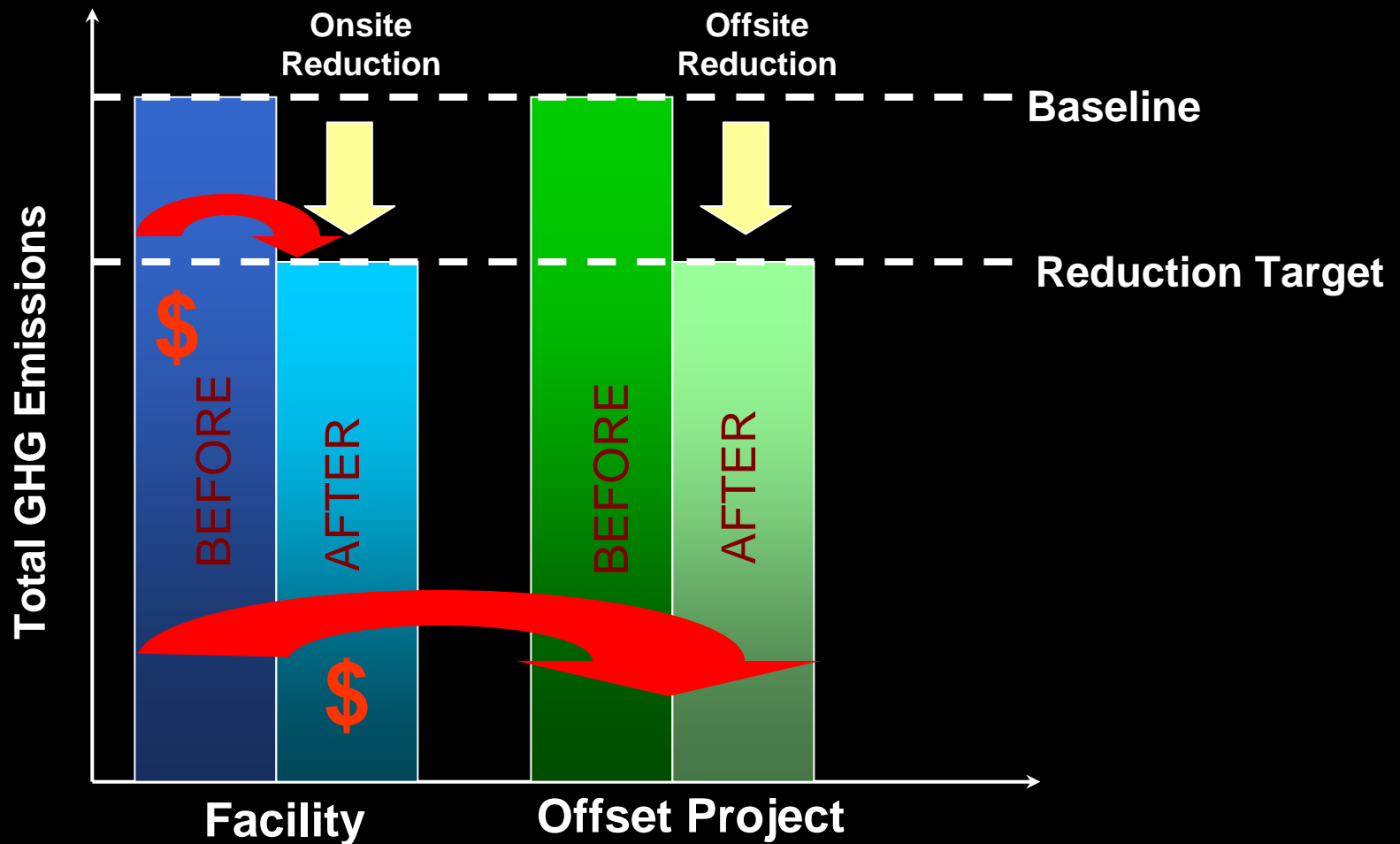
What is a Greenhouse Gas Offset?

An Environmental Commodity

- Results from a specific project
- The offset is used as a “compensating equivalent”

The Basic Promise of an Offset

A "Compensating Equivalent" to Onsite Reductions



Who is The Climate Trust?

- A pioneering non-profit organization in the greenhouse gas offset market
- A leader in promoting offset quality
- One of largest offset buyers in US
 - Only state-recognized supplier of regulatory-grade offsets
- Experienced offset practitioner
 - Diverse Portfolio: 16 projects, \$8.8 million in funding, 2.6 million tons of CO₂ offset.



An electric utility needs to reduce its emissions.

To achieve this, it will need to invest in specific measures to trim its carbon dioxide output.

1



The offset credits created by the factory must not be sold or counted more than once. They must be retired and removed from the market.

5

When this happens, the utility has accomplished its reduction goals.

How do carbon offsets work at The Climate Trust?

An example.



Atmospheric science tells us that a carbon dioxide reduction in one place is equal to the same quantity of reduction elsewhere.

If the utility chooses to invest in a greenhouse gas reduction project at another location, this becomes an offset.

2



A factory owner has an innovative idea to improve energy efficiency.

Energy efficiency projects cut emissions by reducing fossil fuel consumption.

3



To be equivalent, the factory must demonstrate that it is clearly reliant upon the utility's offset funding in order to implement the energy efficiency measures. Once the equivalency is determined, the utility helps to fund the project.

4



Diverse, High Quality Offset Portfolio

A Sampling of Our 16 Projects



Blended Cement



Rainforest Reforestation



Cogeneration



Energy Efficiency



Truck Stop
Idle Reduction



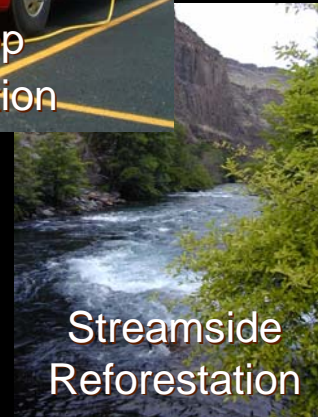
Wind



Traffic Signal
Optimization



Industrial Efficiency



Streamside
Reforestation



Two Key Components of an Offset Project

- Additionality
- Monitoring and Verification

Quality Offsets: Additionality

- “Additional”: mitigation measures that occur as a result of offset project funding
- Project must be “in addition to” business-as-usual



Quality Offsets: Monitoring and Verification

- Intangible commodity: proper quantification is essential
- Monitoring and Verification Plan
 - Clean Development Mechanism's AM0036
- Third party verification



What is an Offset? (in practice)

Emission Reduction From a Specific Project

Boiler Retrofit

- Fuels for Schools Program
- Fuel switch from fossil fuels to “carbon neutral” biomass residues
- 59,000 metric tons CO₂



Thank You!

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