California Cap-and-Trade Program

THE ROLE OF FOREST OFFSETS IN CALIFORNIA

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Global Warming Solutions Act (AB32)
What is the Cap-and-Trade Program

- Cap and Trade is part of a suite of climate policies
  - GHG targets are realized through a strict limit
  - Provides compliance flexibility to achieve cost-effective reductions
  - Allows price signals to motivate long-term investment in cleaner fuel and energy efficiency
  - Facilitates integration of regional, national, and international GHG reduction programs
- All covered entities must acquire and surrender one compliance instrument (allowance or offset credit) for each ton of GHG emission
- Entities may trade allowances and offset credits
Who is Covered by Cap and Trade

- Cap and Trade covers ~80% of State’s Emissions
  - Stationary sources with emissions ≥25,000 MTCO\(_2\)e per year
  - Importers of electricity
  - Emissions from the combustion of supplied fuels, including natural gas and transportation fuels
- ~450 covered entities in the Cap-and-Trade Program
- 22 auctions held to date (14 joint-auctions)
  - First joint auction with Québec and Ontario February 21, 2018
  - >$7.1 billion generated for California Climate Investments
- Carbon dioxide (CO\(_2\)), Methane (CH\(_4\)), Nitrous oxide (N\(_2\)O)
Total Offsets Issued To Date

**Total Issuance by project type**

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Issuance</th>
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<tbody>
<tr>
<td>Forest</td>
<td>79,512,133</td>
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<tr>
<td>ODS</td>
<td>16,376,611</td>
</tr>
<tr>
<td>Livestock</td>
<td>4,429,446</td>
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<tr>
<td>MMC</td>
<td>4,878,098</td>
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</tbody>
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**Total Issuance**: 105,196,288

- Forest Offsets: 76%
- ODS: 15%
- Livestock: 4%
- MMC: 5%
Forest Projects Across US

- 64 forest projects issued
- 20 received > 750,000 credits
- Variety of ownership
  - Small
  - Large
  - Tribal Lands
  - AK Native Corp.
  - Universities/Ministries
  - Hunting Clubs
  - Botanical Garden
Forest Offset Credits Issued by Year and by State

- Data for years 2005 to 2017.
- States represented: AK, AR, AZ, CA, ME, MI, MO, MS, NC, NH, NM, NY, OR, SC, TN, VA, WA, WI, WV.
- Millions of credits issued per state per year.