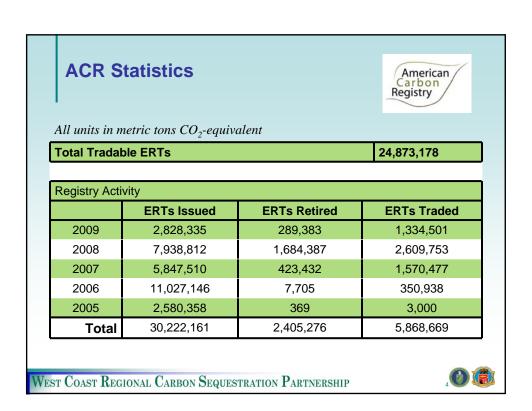


Summary

- 1. What is an "offset"?
- 2. Issues for geologic sequestration projects







A Well Designed GHG Registry...

- Provides a "gatekeeper" function screening poorly conceived projects
- Ensures measurable, verifiable, and comparable environmental results
- Provides a central, independent repository for credible information about emissions activities
- Serves as a ledger of all transactions across accounts

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What is an Offset?



- A reduction in GHG emissions from an uncapped source
- 1 metric ton of CO2-e emission reductions
- Verified by independent 3rd party
- Surplus, real, additional, free from leakage, fungible and transferable
- Vintage year specified
- Goal: "a ton is a ton is a ton"



Current Use of Carbon Capture & Storage for Offsets

- Five CCS Projects on ACR –all are Enhanced Oil Recovery (EOR) Projects
 - Blue Source Merit Energy, Wyoming
 - Blue Source PetroSource, Texas
 - Anadarko Petroleum Monell, Wyoming
 - Anadarko Petroleum Salt Creek, Wyoming
 - Anadarko Petroleum Pikes Peak, Texas
- IPCC Special Report on CCS (2005) estimates "niche" markets of CO₂ at 360 MtCO2/yr

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Key Issues for Geologic Sequestration (1)

- Ownership clear, unique and uncontested
 - Pore space and CO₂
 - State versus federal jurisdiction
 - Liability
- Permanence
 - Insurance
- Measurement and monitoring
 - Good practice requires measurement be conservative, transparent and thorough
 - Predictable reliability, resolution and sensitivity
 - Prefer performance-based approaches



Key Issues for Geologic Sequestration (2)

- Setting the project boundary
- Measuring the project baseline
- Additionality

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Additionality on ACR

- Exceed regulatory and legal requirements
- Go beyond common practice
- Overcome one of three implementation barriers:
 - Institutional
 - Financial
 - Technical



Early Action?

- Should companies that act in advance of GHG regulatory requirements receive allowances or credits?
 - If so, how should "additionality" be determined?
- Are other regulatory requirements clear?
- Does technical consensus exit on current best practice for measurement and monitoring?
- Can insurance products be made available to assure permanence?

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The ability to assure project integrity is critical to any early action efforts



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