Overview of North American GHG Markets

Opportunities for CMM

8th Session of the UNECE Ad Hoc Group of Experts on Coal Mine Methane

Geneva, Switzerland

Presented by - Michael Coté, President

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CURRENT GHG MARKETS – NORTH AMERICA

- Seven Different GHG Programs to Consider
  - United States (4)
    - ACR, VCS, CAR, CARB
  - Canada (3)
    - BC, Alberta, Quebec
- CMM Projects Eligibility Can be Limited by:
  - Mine Type
  - Project Type
  - Location
- Wide Variety of Carbon Prices
  - $1 - $15/ tonne carbon dioxide equivalents (CO$_2$e)
CURRENT GHG MARKETS – UNITED STATES

• Voluntary Programs
  • American Carbon Registry (ACR)
    • Will accept projects located in the U.S. as well as internationally
    • ACR has its own methodologies for certain project types and accepts CDM methodologies
    • Current offset price: est. $1 / tonne CO₂e
  • Verified Carbon Standard (VCS)
    • International program with projects throughout the world
    • VCS has its own methodologies for certain project types and accepts CDM and CAR methodologies
    • VMR0001 – Pre-drainage from Open Cast Mines
    • VMR0002 – Methane Capture from Abandoned Coal Mines
    • Current offset price: $1 / tonne CO₂e
CURRENT GHG MARKETS – UNITED STATES

• **Voluntary Programs**
  
  • Climate Action Reserve (CAR)
    
    • U.S. and certain international projects allowed
    
    • CAR has 3 methodologies specific to Mexico
      
      • Livestock Methane Capture, Landfill Methane Capture, & Forestry
    
    • Ozone Depleting Substances (ODS) – International from Article 5 countries
    
    • Coal Mine Methane Protocol – Version 1.1
      
      • U.S. underground coal mines only
    
  
  • Current offset price: $1 - $3 / tonne CO$_2$e
CURRENT GHG MARKETS – UNITED STATES

• Compliance (Mandatory) Programs
  • California Air Resources Board (ARB) Program
    • Currently only accepting offset projects located in the U.S.
      • Livestock, ODS, Forestry
    • Only current offset protocol being considered is the Mine Methane Capture (MMC) Protocol which includes:
      • Underground Coal Mines (CAR Protocol)
      • Surface or Open Cast Coal Mines (revised VCS Protocol)
      • Abandoned Underground Coal Mines (revised VCS Protocol)
    • CMM projects registered in CAR or VCS by end of 2013 may be considered for “early action” in ARB program
  • May accept offset projects in Mexico and Canada
  • May accept international offset projects if ARB program is “linked” to foreign country’s GHG C&T program
  • Current offset price: $9/tonne CO$_2$e (early action: $7/t CO$_2$e)
CURRENT GHG MARKETS – UNITED STATES

• Compliance (Mandatory) Programs
  • California Air Resources Board (ARB) Program
    • Board Voting to Adopt Mine Methane Capture Protocol in March 2014
    • One final 15-day public comment period immediate following vote
    • Issues identified by environment groups in California
      • Financial additionality of projects
      • Leakage from increased coal production
      • Impacts on eventual regulation of CMM emissions in U.S.
        • Best Available Control Technology (BACT)
CURRENT GHG MARKETS - CANADA

• Compliance (Mandatory) Programs
  • Alberta
    • Program based on a cap of carbon intensities for different industries
    • Uses new offset methodologies approved by Alberta government for certain project types (33 project types approved)
    • Only allows GHG offset projects located within Alberta
      • Currently 1 underground and 8 surface coal mines in BC
    • Current offset price: $15 / tonne CO₂e
  • Quebec
    • Currently only ODS and Livestock projects are allowed
    • Projects must be located in Quebec
    • Program linked to California program
    • Currently no offset projects registered
CURRENT GHG MARKETS - CANADA

- Compliance (Mandatory) Programs
  - British Columbia – Pacific Carbon Trust (PCT)
    - Program began in 2010 as a Crown Agency
    - BC Government is currently only buyer of offsets (~800,000 MT)
    - Uses new methodologies for certain project types and accepts CDM, VCS, and CAR methodologies
    - Only allows GHG offset projects located within BC
      - Currently 1 underground and 9 surface coal mines in BC
    - Program hoped to expand BC voluntary GHG market and maybe eventual cap and trade (2016)
    - Current offset price: ~$12-15 / tonne CO$_2$e
CURRENT GHG MARKETS - CANADA

• Compliance (Mandatory) Programs
  • British Columbia – Pacific Carbon Trust (PCT)

• YESTERDAY’S HEADLINES!

ENVIRONMENT AND SUSTAINABILITY

Pacific Carbon Trust to be shut down

By Nelson Bennett
Tue Nov 19, 2013 10:50am PST

The British Columbia government’s controversial carbon offsetter, the Pacific Carbon Trust (PCT), is being shut down as part of the government’s core review.

According to a press release, the PCT will be shuttered and any of its ongoing commitments handled by the Ministry of Environment.

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