



We Have The Power

SUMMARY MINUTES

The initial meeting of the Colorado Carbon Fund Advisory Committee was convened on July 28, 2009 at the Governor's Energy Office, 1580 Logan Street, Suite 100 Denver, CO 80203. The meeting was called to order by Chair Tom Plant and 5 of the 7 members were present so a quorum was reached. Voting members present were Chair Tom Plant, Vice Chair Alice Madden, Jeremy Behling, Kim Peterson, and Tisha Casida. Nonvoting member Lori Bird joined the meeting in progress.

Tuesday, July 28, 2009 Call to Order 11:00 a.m.

1. Meeting opening and Review of Agenda (11:00-11:10)

Tom Plant provided opening comments on the Colorado Carbon Fund (CCF) and its role as a critical program of the Governor's Energy Office (GEO). The objective of the CCF is to monetize a new revenue stream from projects that reduce energy or utilize low or no carbon sources of energy. The CCF Advisory Committee was established as a way to involve Colorado stakeholders in determining how donations to the CCF will be used to support:

- innovative projects that create a revenue stream from greenhouse gas emission (GHG) reductions; and
- community based projects that produce positive environmental and social benefits.

Susan Innis, CCF Program Manager, provided an overview of the agenda for the members of the committee and the public who were participating at the meeting.

2. The Colorado Carbon Fund Overview (11:10-11:20)

Susan Innis described the development and implementation of the CCF. The CCF is a carbon offset program whereby individuals, businesses and institutions can donate to support the implementation of clean energy projects in the state of Colorado that reduce GHG emissions. The net emission reductions are purchased by The Climate Trust, the CCF's third party administrator, and retired on behalf of the environment. An important element of the program is Project C, which provides information to individuals to determine their carbon footprint, recommends options for lowering it, and as a last resort solicits donations so that the CCF can offset the emissions associated with home, automobile and airline travel energy use.



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The CCF was launched in August 2008. To date, the GEO has carried out several ad campaigns and worked with several organizations on outreach throughout the state. There are currently have 12 community partners; each with some level of GHG reduction programs and commitments.

3. Offsets 101 (11:20-11:45)

Monica Thilges of The Climate Trust presented an overview of the characteristics of carbon dioxide offsets. An offset represents the reduction, removal or avoidance of GHG emissions from a project that is used to compensate for GHG emissions occurring elsewhere. The criteria leading stakeholders and the CCF will use to assess the quality of offsets from projects are:

- **Additionality-** the extent to which a project is beyond business as usual and needs offset revenues to be implemented;
- **Quantification-** the techniques used for determining a conservative and credible projection of the extent to which the project will reduce overall GHG emissions;
- **Monitoring -** the application of credible procedures for measuring project performance and calculating net emission reductions resulting from the project;
- **Verification-** the use of an independent and qualified third party to audit project performance and offset production;
- **Registration-** registering offsets to disclose their source, uniqueness, and fate; and
- **Certification-** the use of a third party standard for evaluating additionality, quantifying the benefits, and monitoring and verifying performance.

4. Offset Acquisition Process (11:45-12:00)

Sheldon Zakreski of The Climate Trust discussed how the quality criteria described by Monica Thilges is combined with additional factors applied by offset practitioners. Those criteria, which will use in addition to the above criteria for procuring offsets for the CCF, are:

- **Cost-** cost effective offsets are important because they allow buyers to stretch the climate impact of the purchase;
- **Scale-** finding, evaluating, contracting for, and managing offset projects entails substantial transaction costs so there is a preference for projects that produce at least 40,000 metric tons of carbon dioxide over their lifetime to justify the costs of designing, acquiring and ensuring the delivery of high quality offsets;



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- **Ownership-** project developers must demonstrate that they have the secured legal title that can be transferred to the buyer. This ensures there are no competing claims on the reductions or that they are not double counted; and
- **Timing-** offset buyers prefer projects that are in the investment ready stage and are looking for securing financing and revenue streams in order for them to be built. Projects that are in the feasibility or design stage are too far out and uncertain to be reasonably pursued by offset buyers.

The presentation also discussed the three steps that the CCF will use to solicit, evaluate and contract for offsets from clean projects in Colorado. The first step involves a brief proposal that is used to determine whether the project concept is solid and fits within offset quality and buyer parameters. The second step is completing a detailed project proposal at the request of The Climate Trust. This proposal allows The Climate Trust to conduct due diligence on a project's overall and offset design. For projects that have passed The Climate Trust's due diligence process, the third step is negotiating an emission reductions purchase agreement. This agreement is a contractually vehicle designed to spell out the rights and responsibilities of each party with respect to the production and transfer of offsets.

Tom Plant excused himself from the meeting.

5. Lunch (12:00- 1:00)

6. The CCF Project Approval Process (1:00-1:20)

Sheldon Zakreski presented an overview of CCF project approval process. This process was established so Colorado stakeholders would have a vote in the offset projects that will form a part of the CCF portfolio, how donations to the CCF are spent, and on the disbursement of funds to support local community projects. The project approval process starts with The Climate Trust's recommendation based on a review of project proposals. The Climate Trust will work with the Advisory Committee to discuss offset project proposals in an executive session so that the Committee is in an informed position to decide on approving the project. The Climate Trust will also use its pre-existing offset committee to discuss the technical aspects of a project and its Board of Directors to receive approval to execute a transaction.

7. Project Identification Report (1:20-1:30)

Monica Thilges discussed the CCF's project identification and acquisition strategy. To date, the CCF has reviewed approximately 165 project proposals. The majority of projects have been rejected because they did not meet offset criteria or were either too



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small or too early in the project feasibility and development stage to be reliably assessed. There were some projects that are no longer considered because proponents decided not to pursue them and/or to place them on hold. There are several projects that The Climate Trust is actively evaluating and one that has been reviewed and will be discussed for approval during the executive session.

8. Donation Summary Report (1:30-1:40)

Sheldon Zakreski discussed the demographics of the donors to the CCF. There are two primary channels for donating the CCF: i) online at coloradocarbonfund.org; and ii) direct payment to The Climate Trust. The website has processed over 400 unique donations, since it was launched in August 2008. The majority of donors to the CCF are individuals with most spending between \$25 and \$60. The \$25 figure is a popular amount because it is the minimum donation necessary to apply for a CCF license plate through the Department of Motor Vehicles. There have been over 250 requests for license plate applications. The direct payment option is largely utilized by companies and organizations that are making sizable donations to the CCF. To date, the largest donation has been \$99,000 from the Democratic Party Host Convention with notable donations from the University Colorado-Boulder, Alpine Bank, Key Bank, and Drahota Construction.

9. Public Question and Answer Session (1:40-2:00)

10. Executive Session- (2:00-3:35)

The executive session involved a report on compressively sensitive information about the financial status of CCF donations and a project being considered for funding. Given the nature of the discussion, the public portion of the meeting was ended. Items addressed in the executive session were:

- CCF Financial Status report;
- Offset project review and approval for the 1st project; and
- Planning for next meeting.

11. Adjourn (3:35)

Vice Chair Alice Madden, as acting meeting Chair, adjourned the CCF Advisory Committee meeting.