



# M-co's Experience in the Voluntary Carbon Market

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## Background on M-co

- ▶ 11 years electricity market operator for trading, clearing and settlement and market advice
- ▶ Operate Singapore electricity market in JV with Singapore government
- ▶ Unlisted stock trading
- ▶ Australian renewable certificate registry
- ▶ EnergyHedge
- ▶ Gas market

# Mco NZ's first operational emissions registry

- ▶ M-co's emissions unit registry: [www.regi.co.nz](http://www.regi.co.nz)
- ▶ Registers holdings of greenhouse gas emissions units (or "carbon units" or "offsets") by individuals and companies
- ▶ Ensures that each emissions unit is unique and can only be used once as an offset against emissions.
- ▶ Enables buying and selling of units and retiring units against emissions, eg Meridian's sale of VERs on Trade Me



The screenshot shows the homepage of the Regi website. At the top, there is a green header with the Regi logo (a stylized 'R' above the word 'regi') and the tagline 'Regi makes it easy.' To the right of the logo is a globe. Below the header, the text 'Welcome to Regi' is centered. On the left side, there is a navigation menu with links: 'Welcome', '> Home', '> About Us', '> FAQs', '> Website Terms of Use', '> Privacy Statement', '> Contact Us', 'The Registry', '> Certificates', '> Parties', '> Log On', and '> Create An Account'. Below the navigation menu, there is a 'Regi Time' section showing '30/10/2007 12:33:31'. The main content area features a headline: 'New Zealand's leading carbon unit trading registry' with a small icon of a document and the word 'News' next to it. Below the headline, there is a paragraph: 'The Registry Company, "Regi", offers a secure carbon unit registry backed by the reassurance of proven, experienced and reliable commodity trading and registry operators, M-co.' This is followed by a paragraph: 'How does it work? Regi is a repository for products and units, buyers and sellers, and contact details of trading parties. Regi allows you to manage your holding, transfers, cancellations and retirement of carbon emissions units in an easy and user-friendly way. It lists each unit individually so you can check who verified it and who owns it, past and present.' Below this is another paragraph: 'Our aim is to help promote and enhance liquidity in emissions trading anywhere in the world, by providing a transparent and informative history of individual units held, traded and retired on a day-to-day basis.' At the bottom of the main content area, there is a button labeled 'Register Now'.



## co What voluntary units do we register

- ▶ Provisional Gold Standard VERs (verified emission reductions);
- ▶ VERs;
- ▶ VCUs (voluntary carbon units);
- ▶ Before Regi will register a unit, a qualified certifier must verify that the unit meets relevant standards and is valid.



## Choice of Standards

- ▶ International standards: Voluntary Carbon Standard, Gold Standard, INCIS, VER+
- ▶ Often based on CDM or JI
- ▶ Verifiers often required to be CDM Designated Operating Entities
- ▶ Assurance for buyers that units are robust
- ▶ So far, Regi has registered VERs that comply with Gold Standard and Voluntary Carbon Standard
- ▶ But, are these standards right for NZ?



## co Issues with international standards

- ▶ Verification costs are high, especially for small projects
- ▶ DOE accreditation difficult, expensive
- ▶ Access to NZ-based verifiers, eg no NZ-headquartered entity accredited as a DOE
- ▶ In the future, registration of some units may be restricted to one worldwide registry, probably European based
- ▶ High transactions costs implies a thin, not a thick market
- ▶ Are the methodologies that have been developed the right ones for NZ projects?

# Mco Other key issues

- ▶ Buyer vs seller understanding of the market
- ▶ Who provides information on the quality of different units?
- ▶ Role of registry as gatekeeper of quality vs enabler of the market
- ▶ Our preference is for market to determine which units are high quality

# Mco The future

- ▶ Place of voluntary units when ETS is all sectors, all gases
- ▶ Experience in Europe suggests there is a place for a voluntary market in period prior to ETS coming into play
- ▶ Even with ETS, a voluntary market will enable emission reducing activities that are not economic at ETS-based carbon price
- ▶ ETS does not cover all emission reducing and sequestering activities

Questions?

[www.regi.co.nz](http://www.regi.co.nz)