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# Fourth Five Year Report

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March 22, 2019



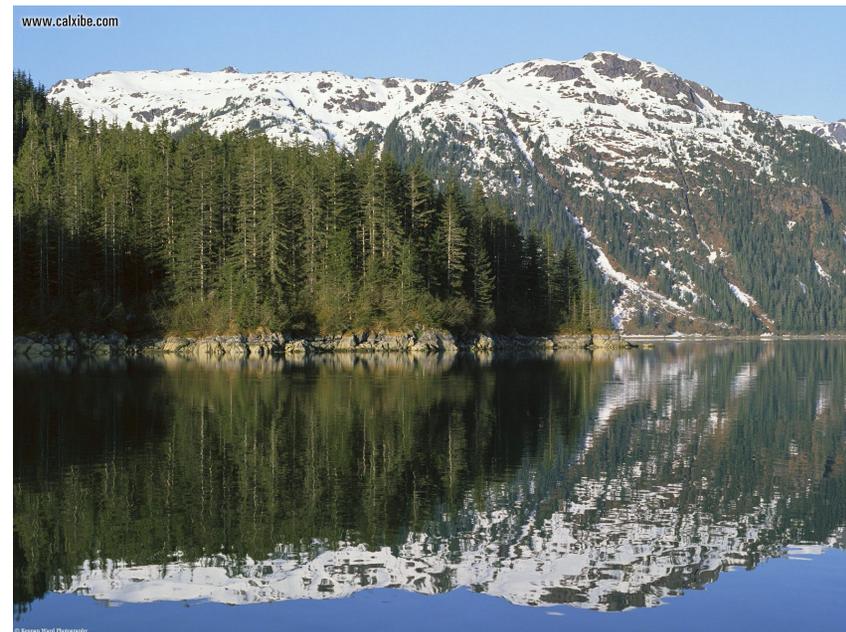
# Outline

- About The Climate Trust
- Purpose of the Five Year Report
- About the CO<sub>2</sub> Standard
- Our Performance
- HB 2020 and the future of the CO<sub>2</sub> Standard
- Closing Thoughts



# **Mission:** *The Climate Trust mobilizes conservation finance to maximize environmental returns*

- Non-profit Organization – 1997
- Committed to projects – \$46M
- Climate impact- eliminated annual emissions from over 525,000 homes
- Over 95 emission reduction projects
- Compliance and voluntary programs
  - NW Natural Smart Energy, Washington CO2 Standard, develop and sell California Compliance and voluntary offsets



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## What's the Purpose?

**CO<sub>2</sub> Standard requires it.** Qualified organization must produce a report every 5 years following the year it first received monetary pathway funds and until it has spent at least 80% on all of the offset funds it has received.

**Discuss performance.** Document the qualified organization's performance administering the funds and what's been the impact of our offset project purchase decisions.

**Make recommended changes to the CO<sub>2</sub> Standard.** Provide a regular opportunity for the qualified organization to recommend changes for Council to consider and to propose to the legislature.



# What's the Oregon CO<sub>2</sub> Standard?

**Site Certificate applicants.** Only applies to proposed fossil energy generation facilities seeking a site certificate.

**Benchmark.** CO<sub>2</sub> emissions 17% below best available control technology for a natural gas plant.

**Not an emissions standard.** Compliance options are technology-based and price-based.



## What options do site certificate applicants have?

**Build a Cogeneration Plant.** Produce both heat and electricity. Production of heat displaces natural gas for heating use, which reduces CO<sub>2</sub> emissions. Site certificate holder must report activities on an ongoing basis to EFSC.

**Direct Offset Project Management.** Manage offset portfolio internally or hire third party contractor to manage portfolio. Site certificate holder must report activities on an ongoing basis to EFSC.

**Monetary Pathway.** Site certificate holder pays a Qualified Organization and if EFSC approves, the holder has complied with the CO<sub>2</sub> Standard. **TCT is the QO**, which takes on the risk of meeting QO obligations to EFSC.

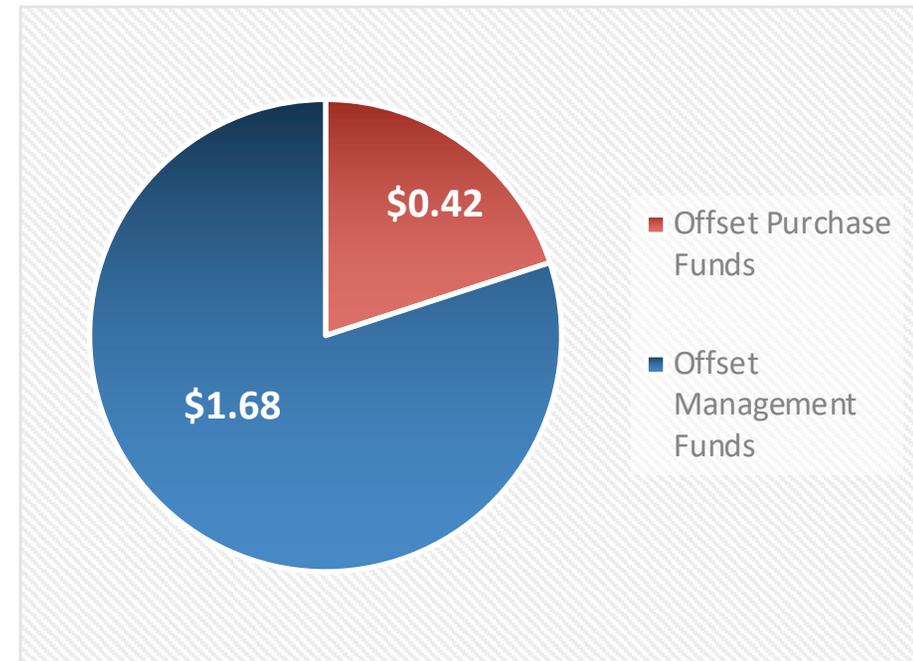
**Everyone has selected the Monetary Pathway option to date.**



# Monetary Pathway

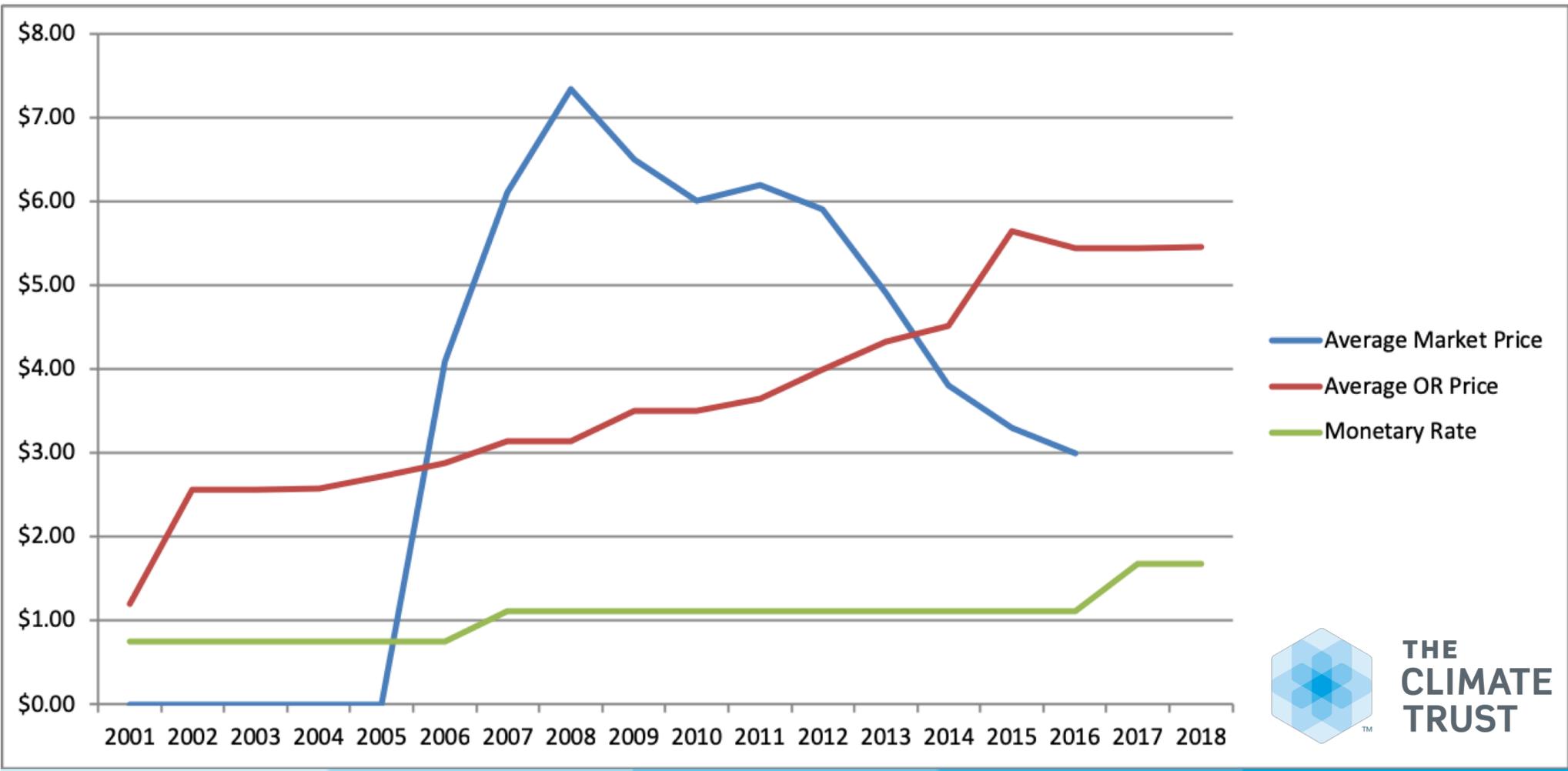
- Management Requirements
  - Commit 60% of offset funds within two years of facility's construction start date
  - Buy new offsets
  - Spend no more than 20% on management
  - Retire delivered offsets on behalf of the Oregon Program
- Reporting Requirements
  - Annual facility status report
  - 5 Year Report
  - Annual audit submitted and presented to EFSC

Current Rate- \$ \ metric ton of CO2



Selection & Contracting- Additional 5% or \$0.105 per metric ton

# Price Comparison



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# Performance

## Four key performance metrics

**Timeliness.** Performance against committing 60% of offset funds within two year of facility construction start date\receipt of funds.

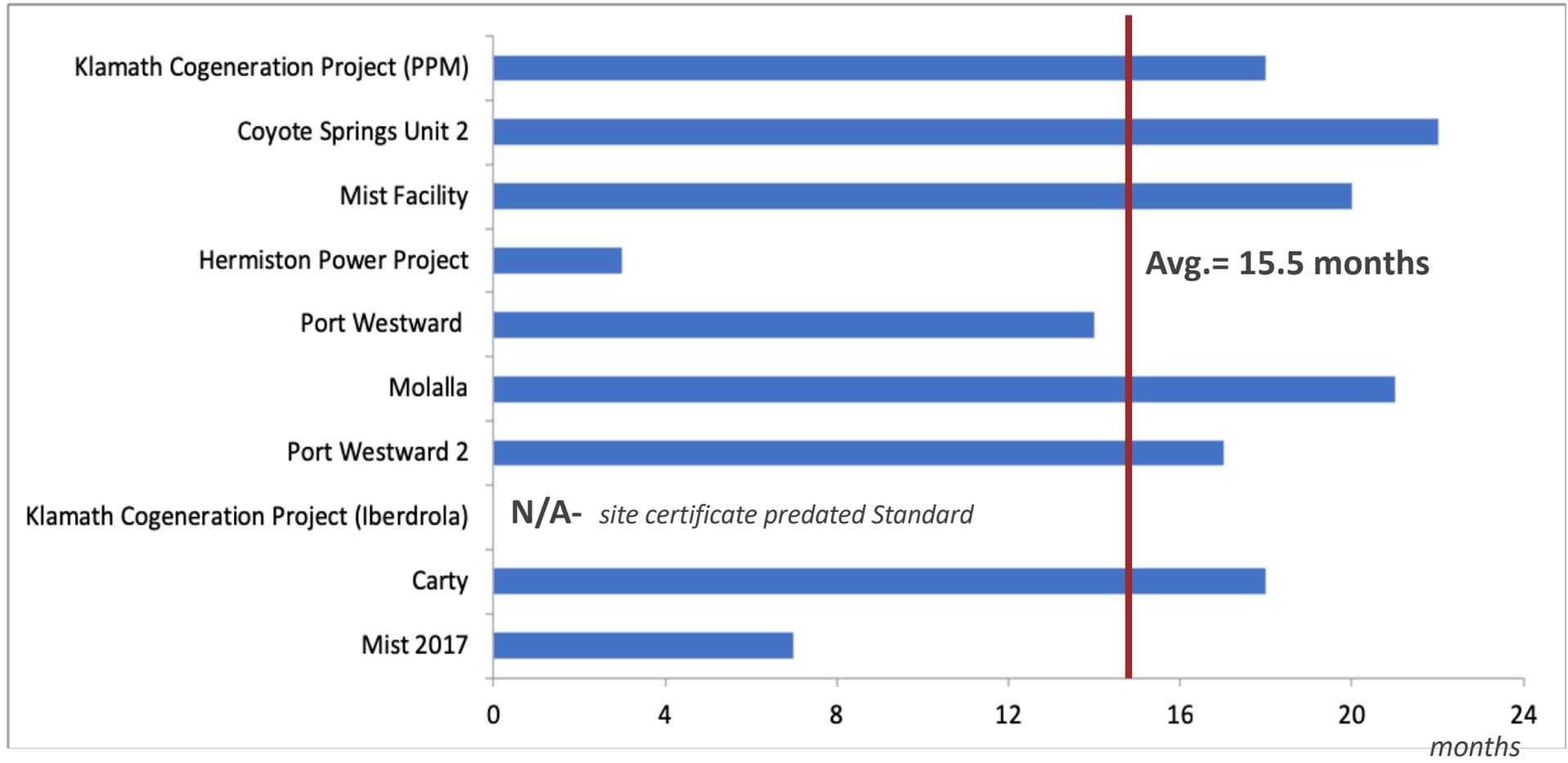
**Financial.** Status on funds obligated and remaining unobligated funds across the facilities that have made monetary payments.

**Oregon Impact.** Extent to which offset purchase funds have a direct financial and environmental benefit in Oregon.

**Climate Impact.** The effect of our purchasing decisions on reducing emissions in the past and the future.



# Timeliness



# Financial

Site Certificate Holder	Facility	Offset Purchase Funding	Obligated Funds	Unobligated Funds
Avangrid	Klamath Cogen (PPM)	\$1,592,845	\$1,594,804	\$0
Avangrid	Klamath Cogen (Avangrid)	\$2,649,222	\$265,223	\$2,383,999
Avista	Coyote Springs	\$2,114,477	\$1,501,333	\$613,144
Calpine	Hermiston	\$3,722,321	\$2,530,154	\$1,192,167
NW Natural	Mist	\$18,855	\$18,857	\$0
NW Natural	Mollala	\$26,913	\$26,915	\$0
NW Natural	Mist 2017	\$42,551	\$42,553	\$0
Portland General Electric	Port Westward	\$4,320,452	\$3,243,419	\$1,077,033
Portland General Electric	Port Westward 2	\$3,532,388	\$1,322,105	\$2,210,283
Portland General Electric	Carty	\$6,332,879	\$4,551,645	\$1,781,234
<b>Total</b>		<b>\$24,352,903</b>	<b>\$15,097,008</b>	<b>\$9,257,860</b>

# Oregon Focus

- Funded 18 projects
  - \$7.9M commitment
- In-state purchases currently 52 cents to the dollar
- Retired 1.2M metric tons
  - Equivalent to annual energy use from 143,000 homes



*Astoria Bear Creek Improved Forest Management Project*



# Climate Impact

- Funded 38 projects
  - \$15.1M obligation
- Retired 3M metric tons
  - Equivalent to annual energy use from 288,000 homes
  - Forecast to retire an additional 580,000 metric tons based on current commitments



*Farm Power Mist Meadow Dairy Digester Project, Tillamook*

# The Future of the CO<sub>2</sub> Standard



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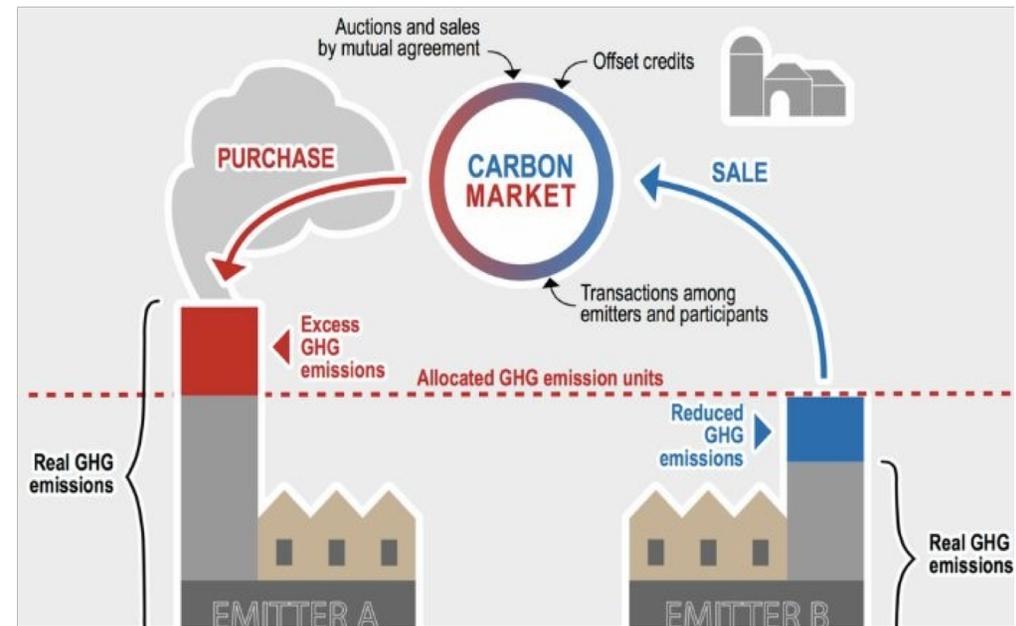
# Cap & Trade- HB 2020

**Top legislative priority.** Covers 80% of the economy. Start date January 1, 2021

**Cap declines over time.** Current ~56M mt CO<sub>2</sub>e to 14m mtCO<sub>2</sub>e in 2050.

**8% Offsets Limit.** TCT active in policy discussion. Plan to be active in the market.

**Amends CO<sub>2</sub> Standard.** Sunsets for facilities. Sunsets for TCT when certain milestones met



The Climate Trust is supportive of how HB 2020 addresses the CO<sub>2</sub> Standard



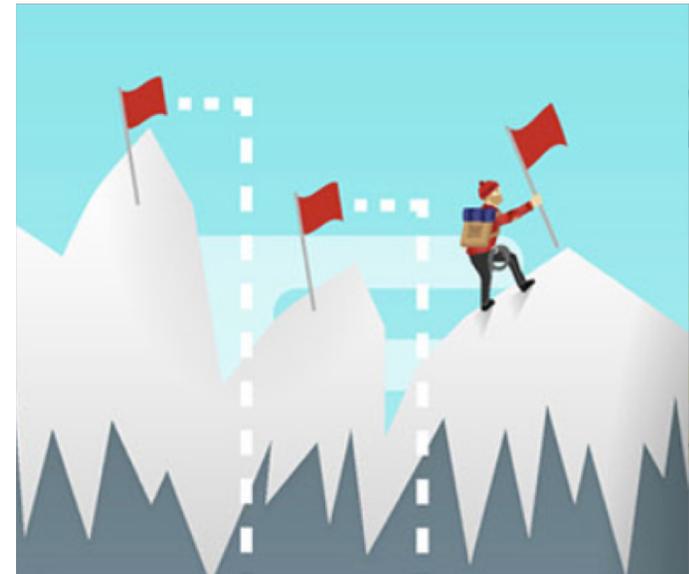
# What are those milestones?

## **We've spent at least 80% of the offset funds.**

- Approximately \$24.3M.
- Current forecast is to spend all of our offset purchase funds in the mid-2020s.
- Depends on yet to be identified future offset project performance.

## **We submit a final report.**

- Due to Council the year after the year we spent at least 80% of all of our offset funds.



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# The Final Report

**HB 2020.** Gives Council discretion to request information.

**Agree on core metrics.** Recommend TCT and Council agree in advance on core metrics in the Final Report. Provides clarity, transparency, and enables us to ensure we're tracking and archiving the right data.

## Proposed metrics.

- Financial- report on funds spent by facility;
- Oregon impact- report on economic and climate impact of Oregon projects that were funded;
- Projects- report on funds received by each project and emission reductions generated

**Open to discussion**



## Takeaways

**Met the 60% of funds committed in two years requirement in 15.5 months on average.**

**Obligated \$15.1M of \$24.3M of offset purchase funds received.**

\$13.1M spent to date. \$2M obligated to contracts with future deliveries.

**52% of obligated dollars spent in Oregon.**

**Retired offsets equivalent to eliminating annual emissions from 288,000 homes.**

**Supportive of HB 2020 amendments to the CO<sub>2</sub> Standard.**

**Propose core metrics on financial, Oregon impact and project detail for the final report.**





THANK YOU