

The Colorado Carbon Fund - Project C

The Colorado Carbon Fund - Project C

Insight — 11/18/2008

Project C, or the Colorado Carbon Fund, is a voluntary carbon offset program developed by the Colorado Governor's Energy Office ("GEO"). Project C was initiated by the GEO in August 2008 and offers high quality, verified carbon offsets to individuals, businesses and government agencies interested in mitigating their carbon footprint as a way to support new energy efficiency and renewable energy projects to reduce greenhouse gas emissions in Colorado.

A carbon offset is a marketable reduction in greenhouse gas emission levels resulting from a greenhouse gas reduction project that meets certain stringent criteria. In essence, a carbon offset project mitigates the emissions from one source (such as a car's tailpipe) by funding emission reductions from another source. Carbon offsets purchased through Project C are tax deductible and will provide a funding source for a variety of community-based clean energy and climate mitigation projects in Colorado, such as: increasing energy efficiency in schools, buildings, or transportation; generating energy from renewable sources, like wind or solar; capturing methane from animal waste and using it to generate energy; or modifying a power plant or factory to use fuels that lower greenhouse gas emissions. The Colorado Carbon Fund will only support new, verifiable, greenhouse gas reduction projects that are developed in Colorado. Therefore, the proceeds from the offsets will stay in-state.

Project C Partners

To manage Project C, the GEO is partnering with The Climate Trust, a nonprofit organization based in Portland, Oregon, the primary mission of which is to implement high quality project-based emissions reductions and to advance sound offset policy. To develop the program, the GEO is partnering with a number of communities across the state including Aspen, Boulder, Denver, Durango, Fort Collins, Steamboat, Telluride, and Vail. The GEO has also expressed an interest in working in partnership with individuals and organizations interested in offsetting their carbon emissions.

Offset Projects

The Colorado Carbon Fund is soliciting high quality greenhouse gas offset projects. Eligible offset projects must be located within the state of Colorado. The benefits of the offset project must be long-lasting, not temporary, and must be measured and verified by an independent third party over the entire length of the project. Offset projects must reduce one or more of six greenhouse gases (carbon dioxide, methane, nitrous oxide,

hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride).

The projects must meet Project C's additionality standard, which means that they must provide new or additional benefits that would not have been developed without funding provided by the purchase of carbon offsets. An offset project's additionality is determined by the extent to which carbon mitigation funding is a factor in overcoming barriers to implementing the project. The Colorado Carbon Fund identifies three common barrier tests which must be addressed in order to determine a project's additionality:

- Regulatory Surplus – Is the project mandated by any existing law, policy or statute?
- Common Practice – Is the project, technology or practice commonly employed in the field or industry?
- Project Barriers – Does the project face capital, new technology, or significant organizational, cultural or social barriers that carbon funding will help overcome?

The Colorado Carbon Fund has expressed a preference for the following types of projects:

- Anaerobic digestion projects,
- Biomass projects,
- Commercial solar hot water heater installations, and
- Energy efficiency projects with direct emissions reductions, such as cogeneration, and transportation-related projects.

Biological or terrestrial carbon sequestration projects such as low or no till farming, reforestation, and underground injection and storage of carbon dioxide are not currently eligible. For consideration of offset funding, project developers should submit an Offset Project Proposal Form, which is available on Project C's website.

Subscribe to get our Insights delivered to your inbox.

This publication is designed to provide general information on pertinent legal topics. The statements made are provided for educational purposes only. They do not constitute legal or financial advice nor do they necessarily reflect the views of Holland & Hart LLP or any of its attorneys other than the author(s). This publication is not intended to create an attorney-client relationship between you and Holland & Hart LLP.

Substantive changes in the law subsequent to the date of this publication might affect the analysis or commentary. Similarly, the analysis may differ depending on the jurisdiction or circumstances. If you have specific questions as to the application of the law to your activities, you should seek the advice of your legal counsel.