

Climate Forward



Making a
difference today for
a better world
tomorrow.

The Climate Action Reserve (the Reserve), the leading carbon offset registry in North America, has been working to fulfill their mission of using market forces to encourage action on addressing climate change since 2001. This has been accomplished through the establishment of high-quality standards and oversight of the development, verification, management and retirement of carbon offsets, all while ensuring environmental integrity. Each offset developed through the Reserve represents emission reductions that are real, additional, verifiable, enforceable and permanent.

Through the years, the Reserve has adopted many protocols that are designed to incentivize project proponents to take proactive, voluntary measures to reduce carbon emissions. Once a project activity has been implemented according to an approved project protocol and emission reductions have been confirmed by the Reserve, offset credits are then issued and can be retired by individuals or entities who wish to “offset” their carbon footprint.

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While these offset projects have been very successful in incentivizing emission reduction activities, the after-the-fact nature of crediting has resulted in some potentially desirable projects getting overlooked due to economic barriers that have limited their feasibility. To help address these barriers, the Reserve launched the Climate Forward program.

Climate Forward Program

Climate Forward is a program introduced by the Reserve that provides a practical solution for companies and organizations that seek cost-effective mitigation of anticipated GHG emissions. The program is designed to facilitate investments in emission reduction projects today that will result in future GHG reductions that are aligned to mitigate the future emissions of a company or organization. Its purpose is to incentivize the implementation of projects that would otherwise be unviable for traditional carbon offset programs.

Under this program, the Reserve issues Forecasted Mitigation Units (FMUs) up front for a project's entire crediting period upon the completion of its confirmation, a process conducted by an independent third party that demonstrates that the project has been implemented according to an approved methodology. FMUs are similar to offsets in that they are equal to one metric ton of carbon dioxide equivalent (CO₂e); however, they differ from offsets in that they account for future emissions that are expected to be reduced or sequestered (ex-ante), as opposed to emissions that have already been reduced (ex-post). The up-front issuance of FMUs helps to shift the project's economic curve to better incentivize long-term mitigation efforts.

One potential application of Climate Forward is for GHG mitigation requirements under the California Environmental Quality Act (CEQA). CEQA requires state and local agencies to follow a protocol of analysis and public disclosure of future environmental impacts of a proposed project and to adopt feasible measures to mitigate those impacts. Climate Forward can provide entities that are subject to CEQA GHG mitigation requirements with a cost-effective and environmentally rigorous option for future GHG mitigation.





Frequently Asked Questions

What is a Forecasted Mitigation Unit?

A Forecasted Mitigation Unit (FMU) is equivalent to one metric ton of carbon dioxide equivalent (CO₂e) that is expected to be reduced or sequestered in the future.

How does an FMU compare to an offset?

The primary difference between the two is that FMUs represent emissions that are expected to be reduced (ex-ante), while offsets represent emissions that have already been reduced and have completed a rigorous monitoring and verification process (ex-post). While offsets can be used for both compliance and voluntary purposes and are typically applied against past emission-producing activities, FMUs are applied against a future stream of greenhouse gas emissions. While the detailed auditing process for both project types is similar, they occur at different stages of the project cycle: for offset projects, the

“verification” process is conducted periodically throughout the crediting period but, for FMU projects, the “confirmation” process is done only once, at the beginning of the crediting period.

What are the risks associated with FMUs?

While there is always some inherent risk that planned GHG reductions may not be realized, methodologies under the Climate Forward program employ mechanisms to mitigate this risk. Such mechanisms include avoiding project types with unacceptably high risk, requiring implementation of “resilience measures” to mitigate risks of project failure or under-performance, conservative GHG accounting approaches, and the use of a risk pool.

How is permanence assured?

Depending on the project type, permanence can be enforced through one or more





mechanisms, to include conservative crediting periods, conservation easements, and quantifications that account for project degradation and anticipated changes to markets and technologies.

Are FMUs transferred or retired?

FMUs can either be transferred or retired, much like a traditional carbon offset. To transfer FMUs to another party, that party must have an approved account in Climate Forward.

What are the benefits of forward crediting?

There are several benefits that can be obtained from a forward crediting program. First, and most importantly, it reduces the barriers to entry for innovative, targeted climate solutions that can produce co-benefits that may also help organizations achieve sustainability goals above and beyond climate impacts; such co-benefits can be tailored to the organizations goals and values. Secondly, projects can be

targeted to occur in the communities that are directly impacted by their operations. Finally, projects under these types of programs help demonstrate climate leadership.

Can I get involved in creating Climate Forward projects?

Sure! There are many creative, innovative mitigation activities that could be considered under Climate Forward. Climate Forward is designed to expand the scope of feasible GHG mitigation project types by encouraging third parties to submit their own methodologies for mitigation activities. For mitigation projects where the Reserve has not already approved an applicable forecast methodology, the project proponent can develop a new forecast methodology and submit it to Climate Forward for approval. Forecast methodologies contain the eligibility rules, quantification methods, documentation requirements, and confirmation requirements that ensure the consistency and rigor of GHG reduction accounting for a specific mitigation project.

**ClimeCo is a three
time winner of the
Climate Action Reserve's
Project Developer of the Year
Award for Most Registered
Carbon Offset Projects.**