



CLIMATE
ACTION
RESERVE

2009
ANNUAL
REPORT

The Climate Action Reserve Advancing

The Climate Action Reserve is a U.S. nonprofit public-benefit organization that brings together leaders from government, environment, academia and business to address climate change through greenhouse gas (GHG) emissions reductions, accounting and policy.



Letter from the President

It is astounding to look back on the Climate Action Reserve's activities and accomplishments from 2009 and realize they all

happened in one calendar year. With President Obama's inauguration and the Waxman-Markey bill passing through the House of Representatives, many were optimistic about the opportunities for climate change initiatives in 2009, even as some people still described the carbon market as nascent and an unknown. The Reserve's work fit in well with this wave of optimism, and the organization undoubtedly established a compelling presence in the carbon community.

2009 was the first year that the Climate Action Reserve was introduced to the world as the successor organization to the California Climate Action Registry. Three programs operate under the Reserve, and each made its own mark on the world.

The Climate Action Reserve program experienced a tremendous growth spurt that was felt throughout the community. Its offset credits, Climate Reserve Tonnes (CRT), dominated the U.S. carbon market, capturing 65 percent of the market value and continuing to earn

From the start to the finish of the year, the number of projects submitted to the Reserve increased nearly fivefold.

the highest prices for U.S. voluntary credits. From the start to the finish of the year, the number of projects submitted to

the Reserve increased nearly fivefold and the number of account holders showed comparable growth. At year's end, we had 175 emissions reduction projects located in 40 U.S. states and account holders in 39 U.S. states and five countries. We also continued our internationally respected work in setting offset project standards, adopting five new project protocols and updated versions of three others.

One of the most important components of the Reserve's work is bringing together the broad range of stakeholder interests in climate change to work collaboratively towards real world solutions. While our growth was tremendous, it was indicative of the strong support from all stakeholders. The role and price of CRTs in the marketplace signified the business community's recognition of the Reserve. With our protocols deemed the most rigorous, transparent and likely to be pre-compliance, buyers invested in CRTs and were willing to pay premium prices for them. We continued to actively work with the

Reserve Solutions to Climate Change

The Reserve is parent to three programs: the namesake offsets program, which works to ensure integrity and credibility in GHG emissions reductions; the California Climate Action Registry, which works to ensure the highest quality in GHG emissions accounting; and the Center for Climate Action, which works to support progressive movement in GHG emissions policy.



Seven nationally recognized environmental groups voiced their support for the Reserve in a public letter.

environmental community, and seven nationally recognized environmental groups voiced their support for the Reserve in a public

letter. On the legislative front, most analysts' interpretations of the Waxman-Markey and Kerry-Boxer bills stated the Reserve was one of only two offset programs that clearly fit into the proposed federal offset programs.

Success was also shared with the Reserve's legacy program, the California Climate Action Registry. Since its inception in 2001, the California Registry's membership grew to include over 350 leading companies and organizations not just in California but throughout the U.S. In 2009, it registered and verified 400 GHG emissions inventory reports. The program recognized 240 members as Climate Action Leaders for their 2007 GHG emissions inventory reports and 160 members for their 2008 inventory reports. We share the great pride these members have in this significant accomplishment.

The Center for Climate Action, the Reserve's third program, was just launched in April 2009. It quickly began establishing itself as a significant voice in the climate change policy arena. Acting as a convener of thought

leaders and a valuable resource for climate change knowledge, the Center hosted a series of highly attended events featuring

local and national speakers, and it led the Reserve's delegation to the UN climate change conference, COP15, in Copenhagen.

Truly, 2009 was a monumental year. I would like to thank all of our supporters, Board of Directors and staff who played invaluable roles in helping the Climate Action Reserve encourage and recognize actions to reduce greenhouse gas emissions. Together, we have made great progress toward fulfilling our mission to ensure real environmental benefit, integrity and transparency in greenhouse gas emissions inventory and reduction accounting, as well as progressive movement in climate change policy. We are looking forward to another tremendous year in 2010 and sharing the journey with all of you.

Sincerely,
Gary Gero
President, Climate Action Reserve



About The Climate Action Reserve

The Climate Action Reserve offsets program is trusted and valued in the carbon market.

Board of Directors (as of 12/31/09)

Linda Adams, Chair

*Secretary for Environmental Protection
California Environmental Protection Agency*

Kathleen Brown, Secretary

*Head of Public Finance for the West Region
Goldman Sachs & Co*

Jeffrey Kightlinger, Treasurer

*General Manager
Metropolitan Water District of Southern California*

Jan Schori, Audit Committee Chair

*Retired General Manager
Sacramento Municipal Utility District*

Randy Armstrong

*Environmental Issues Director
Shell Oil Company*

Steve Corneli

*Senior Vice President
Market and Climate Policy, NRG Energy*

Since its launch in May 2008, the Climate Action Reserve offsets program has worked to ensure transparency, environmental integrity and financial value in the North American carbon market. The Climate Action Reserve fulfills this mission by:

Establishing regulatory-quality guidelines for the quantification and verification of GHG emissions reductions from voluntary GHG reduction projects

Overseeing the project verification process and serving as a registry for projects adhering to program requirements

Issuing offset credits to registered projects and tracking the transaction of credits over time in a publicly accessible system

By establishing complete, consistent, accurate and conservative performance-based methodologies to account for GHG reductions, the Reserve instills confidence and credibility in the carbon market. Projects registered with the Reserve are independently verified to result in emissions reductions that are real, additional and permanent. Project developers adhering to the Reserve's protocols earn highly-regarded carbon offsets that merit financial value and denote true environmental benefit.

Achievements

- Adopted five new protocols
- Adopted updated versions of three existing protocols
- Held 65 percent of the U.S. offset market value in 2009; this equated to approximately US\$48 million
- With 37 percent of the traded volume, CRTs represented the most traded offset credit in the U.S. carbon market in 2009
- Reached milestone of one million CRTs issued in June and finished the year with 2,322,272 CRTs issued
- Issued first CRTs for a project outside of California
- Exceeded milestone of 100 offset projects registered and listed in November
- Appointed three new members to Board of Directors
- Received letter of support signed by seven leading environmental organizations
- Testified before the House Energy and Commerce Committee Subcommittee on Energy and Environment
- Registered over 400 GHG emissions inventory reports through the California Climate Action Registry
- Launched the Center for Climate Action
- Restructured the organization and launched as the Climate Action Reserve

Adrián Fernández Bremauntz

President

National Institute of Ecology (INE), Mexico

Peter Liu

Founder & Vice Chairman

New Resource Bank

Nancy McFadden

Senior Vice President, Public Affairs

PG&E Corporation

Peter M. Miller

Senior Scientist

Natural Resources Defense Council

Tim Profeta

Director, Nicholas Institute for Environmental Policy

Solutions, Senior Associate Dean, Duke University

Carl Zichella

Regional Director

Sierra Club

Protocols

Each protocol provides a standardized approach for quantifying, monitoring and verifying GHG reductions from specific kinds of projects. In 2009, the Reserve adopted five new project protocols and updated versions of three others.

Coal Mine Methane v1.0:

projects that destroy coal mine methane at active underground coal mines

(adopted October 7, 2009)

Forest v3.1:

projects that cover the reforestation, improved forest management or avoided conversion of forests

(adopted October 22, 2009)

Landfill – U.S. v3.0:

projects generating GHG emissions reductions associated with installing a gas collection and destruction system at a landfill

(adopted December 2, 2009)

Landfill – Mexico v1.0:

projects that meet very similar criteria to the U.S. Landfill Project Protocol but that are located in Mexico

(adopted July 1, 2009)

Livestock – U.S. v2.2:

projects associated with reducing GHG emissions with a manure biogas (methane) control system for livestock operations, such as dairy cattle and swine farms

(adopted November 3, 2009)

Livestock – Mexico v1.0:

projects that meet very similar criteria to the U.S. Livestock Project Protocol but that are located in Mexico

(adopted July 1, 2009)

Nitric Acid Production v1.0:

projects that reduce N₂O emissions through installation of N₂O abatement technology at an existing, upgraded and/or relocated nitric acid plant

(adopted December 2, 2009)

Organic Waste Digestion v1.0:

projects that divert organic waste and/or wastewater streams from anaerobic storage, treatment and disposal systems to a biogas control system designed to capture and destroy methane

(adopted October 7, 2009)

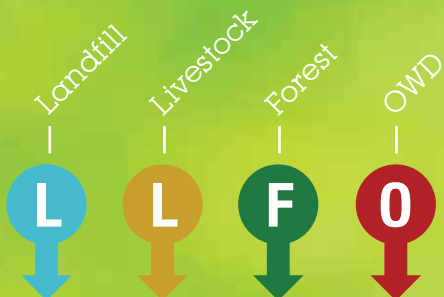


Overview of registered projects and Climate Reserve Tonnes issued (as of 12/31/09)

Project Type	Project Name	Location	Vintages	CRTs Issued
Forest	Big River / Salmon Creek Forests	Mendocino County, California	2007, 2008	414,951
	Garcia River Forest	Mendocino County, California	2005, 2006, 2007, 2008	525,370
	The van Eck Forest	Humboldt County, California	2005, 2006, 2007, 2008	202,985
Landfill	Black Warrior Solid Waste Facility	Coker, Alabama	2009	27,650
	Butler County Landfill Pipeline Project	David City, Nebraska	2008	5,306
	Camelot Landfill	Lewisville, Texas	2005, 2006, 2007, 2008, 2009	189,896
	Chautauqua County	Ellery, New York	2005, 2006, 2007, 2008, 2009	363,587
	Development Authority of the North County (DANC) Landfill Gas Destruction Project	Rodman, New York	2008	87,912
	Erie County Landfill	Milan, Ohio	2008, 2009	33,243
	Gaston County Landfill Gas Destruction Project	Gaston County, North Carolina	2008, 2009	40,773
	Granger Decatur Landfill Gas Destruction Project	Trinity, Alabama	2008	54,484
	Hernando County Landfill Electric Generation	Brooksville, Florida	2008	7,882
	LP Gill Landfill Gas Recovery Project	Jackson, Nebraska	2008, 2009	37,466
	McKinney Landfill	Dallas, Texas	2008, 2009	67,975
	Northeast Mississippi Landfill	Walnut, Mississippi	2008, 2009	23,387
	Robeson County Landfill	St. Pauls, North Carolina	2008	12,019
	Sioux Falls Regional Sanitary Landfill	Minnehaha County, South Dakota	2008	74,600
	South Kent Landfill Gas to Energy Project	Kent County, Michigan	2008, 2009	63,773
	The Denton Landfill Gas Destruction Project	Denton, Texas	2008	12,463
	Volunteer Regional Landfill	Oneida, Tennessee	2008, 2009	12,049
Livestock	Cottonwood Dairy Livestock Gas Capture Project	Merced County, California	2007	21,681
	Intrepid Technology Resources Inc. Anaerobic Digester at the Westpoint Dairy	Wendell, Idaho	2008	9,303
	Intrepid Technology Resources Inc. Anaerobic Digester at the Whitesides Dairy Farm	Rupert, Idaho	2007, 2008	31,193
	Scenic View Dairy I	Fennville, Michigan	2008	1,236
	Scenic View Dairy II	Freeport, Michigan	2008	1,088
Total				2,322,272

Project Map

Registered and listed projects in the Reserve as of 12/31/09





CENTER FOR CLIMATE ACTION

The Center for Climate Action was launched in April 2009 as a solutions-oriented program convening thought leaders in climate policy and building consensus for climate action. Since its inception, the Center has brought together leaders in government, business, environment and science to encourage actions that reduce and prepare for the impacts of climate change through education, outreach, facilitated dialogs and impartial issue analysis.

Navigation of Emerging Climate Issues: The Center utilized a number of communications tools to keep its audience informed and engaged. It hosted numerous webinars and flash briefings on climate policy, adaptation strategies and emissions reductions best practices. The webinars and briefings featured policy makers, technical experts and environmental leaders and were attended by hundreds of individuals from across the globe. The Center also issued monthly newsletters with information and analysis on climate issues.

Participation in the UNFCCC COP15 Climate Change Conference: The Center coordinated the participation of delegations from the Climate Action Reserve and The Climate Registry in the UNFCCC COP15 climate change conference in Copenhagen. The Center presented pre-conference briefings, coordinated 19 side event panel discussions and hosted numerous meetings, receptions, delegation dinners and visits to local examples of best practices in renewable energy, forestry and agriculture.



The California Climate Action Registry is the organization's legacy program that was originally created by the State of California to encourage and ensure recognition of early voluntary actions to manage and reduce GHG emissions. Over the past nine years, it has developed high-quality protocols for the voluntary calculation and public reporting of GHG emissions and its membership has grown to include over 350 leading corporations, universities, municipalities, government agencies and environmental organizations. 2009 represented the last calendar year for which the California Registry would accept GHG emissions reports. The accuracy, integrity and transparency of its standards has earned it the reputation as a respected and internationally recognized leader on climate change issues.

GHG Emissions Accounting Support: In 2009, over 160 members became Climate Action Leaders by reporting and verifying their 2008 emissions inventories in CARROT, the California Registry's online emissions reporting tool and public database. Additionally, 240 members reported and verified their 2007 emissions inventories and became Climate Action Leaders for that year.

Climate Policy Events: The California Registry held numerous events, workshops and webinars throughout the year to offer members and the general public opportunities to learn about and participate in climate policy developments. The 2009 annual conference and trade fair, Navigating the American Carbon World, was attended by nearly 1,000 delegates representing business, government and environmental organizations. The conference featured many noteworthy speakers, including Jonathan Schrag, *Executive Director of RGGI*; Nancy Sutley, *Chair of the White House Council on Environmental Quality*; Lex de Jonge, *Chair of the CDM Executive Board for UNFCCC*; and California State Assembly Member Lori Saldaña .

Listing of California Registry Members

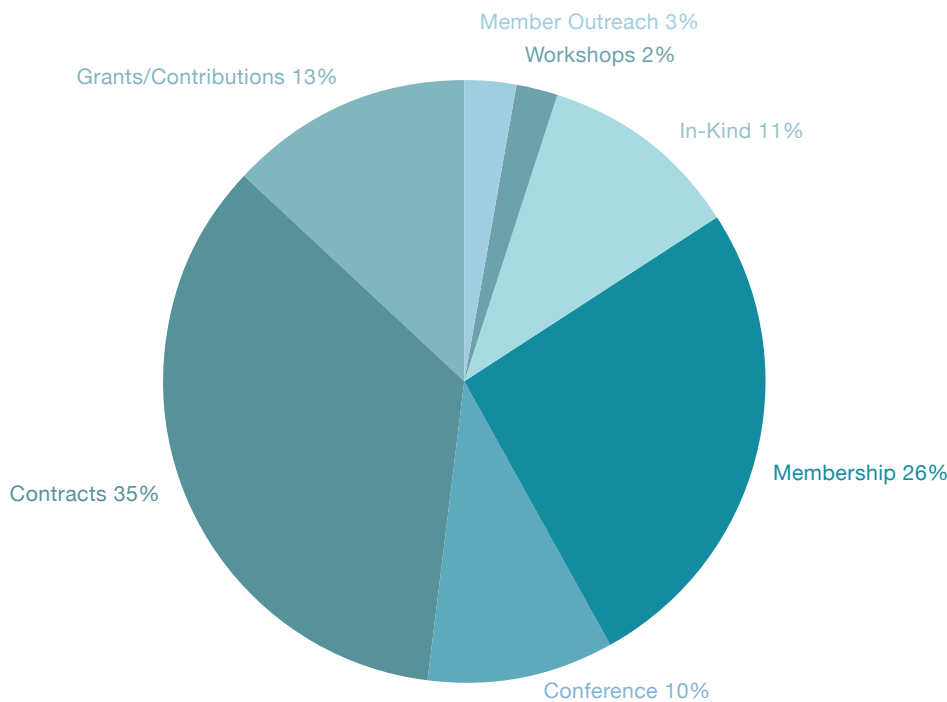
2NDNATURE, LLC	City of Carlsbad	Farella Braun + Martel	NRG Energy Inc.	Southern California Gas Company
3Degrees	City of Chula Vista	Fireman's Fund Insurance Co.	NUS Consulting Group	Southwest Gas Corporation
A. Teichert & Sons, Inc.	City of Coronado	First Climate	Occidental of Elk Hills, Inc.	St. Joseph Health System
Abbott Cardiovascular Systems	City of Long Beach	FPL Energy	Orange County Sanitation District	Stanford University
AC Transit	City of Los Angeles*	Fresh & Easy Neighborhood Market	Pacific Gas & Electric Corporation*	Sully-Miller Contracting
Advantage IQ	City of Palo Alto	Frito-Lay North America, Inc.	Pacific Waste Consulting Group	Tamalpais Community Service District
Aera Energy	City of Sacramento*	Genentech	PacifiCorp	TAMCO
Agromin	City of San Jose	Gladstein, Neandross & Associates	Paramount Petroleum Corp.	Target Corporation
Anaheim Public Utilities	City of Santa Barbara	Glendale Water & Power	Park Water Company	Termoelectrica De Mexicali
Apple Valley Ranchos Water Co.	City of Santa Clara - Silicon Valley	Global Energy Partners, LLC	Pasadena Water & Power	Terra Global Capital
Aquarium of the Pacific	Power	Golden State Water Company	PCR Services Corporation	Terracon Consultants, Inc
ARUP North America Ltd.	City of Santa Monica*	Graner Oil Company	Placer County Water Agency	Tesoro Refining & Marketing, Inc.
AT&T	City of Sunnyvale	Greenberg Glusker Fields Claman & Machtinger	Platte River Power Authority	Tetra Tech EM
Austin Energy	City of Thousand Oaks	Griffith Energy	Plumas Corporation	The Climate Foundation
Barg Coffin Lewis & Trapp	City of Ventura	GT Environmental Finance, LLC	Plumas County	The Climate Trust
Baxter BioScience	City of Vernon	Guardian Industries Corp.	Point Carbon North America	The Conservation Fund
Bay Area AQMD	City of West Hollywood	Hailwood, Inc	Port of Los Angeles	The Morning Star Company
Bekaert Specialty Films	City of Woodland	Hellman Properties	Port of Oakland	The Nature Conservancy
Bentley Prince Street*	Clif Bar & Company	Hershey Chocolate & Confectionary Corp.	Poseidon Water, LLC	The Pacific Forest Trust
Berry Petroleum Company	Climos	Hewlett-Packard	Primafuel, Inc.	The Termo Company
Better World Group*	Clipper Windpower*	High Desert Power Project	PTI CA Group	The Van Eck Foundation
Blue Source	Collins Pine Company	Hilmar Cheese Company	QUALCOMM Inc.*	Thomas Properties Group, Inc
Bottle Rock Power, LLC	Community Renewable Energy Services, Inc.	ICF Consulting*	Rainbow Disposal Co., Inc.	Thorock Metals Co, Inc.
Bowman Design Group	ConocoPhillips	Imperial Irrigation District	Raytheon	Thums Long Beach Company
BP America Inc.*	Constructive Technologies Group	Innovative Bio-Technologies	Rio Tinto Minerals	Tidelands Oil Production Company
Brown-Forman Corporation	Continuous Coating Company	Irvine Ranch Water District	River Partners, Inc.	Towne Exploration Company
Burbank Water & Power	Corning Incorporated	Ivanhoe Energy USA, Inc.	Riverside Public Utilities	TRC Companies, Inc.
CA Business, Transportation and Housing Agency	Coso Operating Company	Johns fManville	Roseville Electric	Trojan Battery Co.
CA Department of Conservation	County of Los Angeles	Justice & Associates	RRI Energy, Inc.	Truckee Tahoe Airport District
CA Department of Corrections & Rehabilitation	County of Sacramento	KEMA, Inc.	Sacramento Area Council of Governments	Trust for Public Land
CA Department of Finance	County of Yolo	Klondike Wind Power III LLC	Sacramento Metro AQMD	TST, Inc.
CA Department of Fish & Game	County Sanitation Districts of LA County	Los Angeles Community College District	Sacramento Municipal Utility District*	Tunnel Hill Hydro, LLC
CA Department of Food & Agriculture	CP Kelco U.S. Inc.	Los Angeles Department of Water & Power*	Safeway Inc.	Turlock Irrigation Districtf
CA Department of Forestry & Fire Protection	Crockett Cogeneration	Macpherson Oil Co.	SAIC	TXI Riverside Cement
CA Department of General Services	Crown Disposol Co., Inc.	Madera Power	Salinas River Cogeneration Company	Ultramar Inc.
CA Department of Transportation	Dean Foods Company	Mammoth Mountain Ski Area	Salinas Valley Memorial Healthcare System	Union Sanitary District
CA Department of Water Resources	Driftwood Dairy	Marin Sanitary Service, Inc.	San Antonio Community Hospital	United States Tile Company
CA Energy Commission*	Dublin San Ramon Services District	Martinez Cogen Limited Partnership	San Benito County	University of California, Berkeley
CA Environmental Protection Agency*	Dynegy Arlington Valley	Mazzetti & Associates	San Diego Gas & Electric	University of California, Davis
CA Health & Human Services Agency	Dynegy Morro Bay	Mendocino Wine Co.	San Diego Unified School District	University of California, Irvine
CA Labor & Workforce Development Agency	Dynegy Moss Landing	Mesquite Power	San Lorenzo Valley Water District	University of California, Los Angeles
CA Office of the Governor	Dynegy Oakland	Metropolitan Water District of Southern CA	San Luis Obispo County-APCD	University of California, Merced
CA Office of the Secretary for Education	Dynegy South Bay	Midway Sunset Cogeneration Co.	Santa Barbara Metropolitan Transit District	University of California, Riverside
CA Public Utilities Commission	East Bay Municipal Utility District	Mirant	Santa Clara Valley Water District	University of California, San Diego*
CA Resources Agency	Eastern Municipal Water District	Modesto Irrigation District	Sapphos Environmental Inc.	University of California, Santa Barbara
CA State Coastal Conservancy	Ecos Consulting	Mojave Desert AQMD	SCS Engineers	University of California, Santa Cruz
CA State Military Department	EcoSecurities	MotivEarth	SE Corporation	US Postal Service
CA State Parks	Ecotek	Mt. Poso Cogeneration, LLP	Seattle City Light	USS-POSCO Industries
California Lutheran University	El Dorado Energy	MWH Americas, Inc.	Seattle Public Utilities	Valero Refining Company-California
California State University System	El Dorado Irrigation District	Naftex Operating Co.	Sempervirens Fund	Valle del Sol Energy
CalPERS	El Paso Corporation	NASA Jet Propulsion Laboratory	Shell Oil Company	VeeV Spirits
Calpine Corporation	Element Markets, LLC	Nations Petroleum	Shultz Steel Company	Veolia Transportation, Inc.
CalSTRS	Elk Hills Power	Natamas Unified School District	Sierra Nevada Brewing Company	Verizon
CantorCO2e	Energy and Power Solutions, Inc.	Natural Resources Defense Council*	Sierra Pacific Resources	Vintage Production California
Catholic Healthcare West	Enovity, Inc	NaturEner USA	Signal Hill Petroleum, Inc.	Walnut Creek Energy
CBS Corporation	Enviance	New Resource Bank	Solar Turbines	Waste Connections
Central Contra Costa Sanitary District	Environmental Defense	Norcal Waste Systems, Inc.	Sonnenschein Nath & Rosenthal	Waste Management
Cenveo Anderson Lithograph	Environmental Science Associates	North Bay Corporation	Sonoma County Water Agency	Webcor Builders
Chevron USA Inc.	EORM, Inc	North Marin Water District	South Bayside Waste Management Authority	West Basin Municipal Water District
City of Arcata	Equator Environmental, LLC	Northern California Power Agency	South Coast AQMD	West Coast Environmental & Engineering
	ERM West		Southern California Edison	World Vision International
	ESP, Inc.			Xerox Corporation
				ZMassociates
				Zone 7 Water Agency

*Charter Member

Financial Summary

The Climate Action Reserve received a clean audit by a professional auditing firm for Fiscal Year 2008- 2009. To ensure that the Reserve’s funds are properly managed, a system of strong internal controls is in place.

The Reserve benefits from a diverse revenue stream.



Statement of Financial Position

Year	2009
Total Assets	\$ 1,935,830
Liabilities	\$ 550,757
Net Assets	\$ 1,385,073
Total Liabilities and Net Assets	\$ 1,935,830

The Reserve’s Fiscal Year 2008-2009 IRS Form 990 is available online at www.climateactionreserve.org



523 6TH STREET, SUITE 428
LOS ANGELES, CALIFORNIA 90014
WWW.CLIMATEACTIONRESERVE.ORG

