



Summary of Credible Carbon operations - for projects looking to trade through the registry

October 2018

[Credible Carbon](#) is a voluntary carbon market registry that certifies and trades credits from Southern African projects. The registry is reserved for abatement projects that also make a direct contribution to poverty alleviation. Credible Carbon is motivated by the need to make this market work for public benefit.

Credible Carbon is the result of [PACE's](#) efforts over the past ten years to make the global carbon market work in favour of poverty alleviation projects in Southern Africa. It was difficult in securing carbon market revenue for our own projects that lead us to create a registry. Credible Carbon was designed to support projects (not itself!) and constantly seeks to reduce the transaction costs for small, poverty alleviating initiatives that result in a quantifiable reduction in greenhouse gas emissions.

The registry, which operated as a Not for Profit Organisation (NPO) and is a registered 18A Public Benefit Entity (PBO 930028941), has experienced growing trades over the past four years and has sold over 200 000 tCO₂-eq. Since 2010 Credible Carbon has featured in Bloomberg's *State of the Voluntary Carbon Market* reports and the registry operates with the acknowledgement of South Africa's Designated National Authority under the United Nations Framework Convention on Climate Change.

The price per tonne received for Credible Carbon credits has varied between ZAR 150 and ZAR 39 depending on the scale of the transaction and the nature of the project from which the credits are sold, but as volumes have increased weighted average prices have come down.

The Credible Carbon registry only sells credits that have been shown to be real, measurable and permanent, and all credits listed in the registry have been audited by independent auditors. The audit process places an emphasis on:

- The project's existence and track-record (Credible Carbon does not sell credits for planned or undeveloped projects, we only deal with working projects).
- The functioning of the technology or programme responsible for mitigation, energy efficiency or sequestration.
- The plausibility of assumptions made to estimate carbon savings and their grounding in recognized norms.
- A discernible impact on poverty.

For a project to trade through the Credible Carbon registry it must:

- Submit a Project Idea Note (PIN) detailing its operations and estimating the quantum of carbon
- Enter into a Credit Supply Agreement with the registry ensuring exclusive access to the carbon credits for a stipulated period (usually 2 years). This is to prevent credits being "double-sold" through different registries.

- Pass a carbon audit by an independent auditor contracted by the registry.

Only once credits are sold does the project become liable for transaction costs which are deducted from the carbon revenue. Transaction costs are comprised of:

- The audit fee (typically R30 000 - R40 000)
- R1 per ton registry fee
- A once-off fee legal fee of R3 000 to cover the cost of the supply agreement and emissions purchase agreements with clients.

PACE makes itself available to play the role of project proponent should the project require assistance in drawing up a PIN or in preparing for the audit. Where PACE plays the role of project proponent it charges a fee of R2 per tonne in addition to the R1 registration fee and deducts this from sales revenue.

Typically a project has to save a minimum of 1 000 tCO₂-eq per annum (depending on the sales price achieved) to cover transaction costs and make a profit.

Credible Carbon prides itself on focusing the definitive twin challenge of climate change mitigation and poverty alleviation, and has created a highly efficient market instrument for marshalling carbon market revenue towards this challenge. On average we have returned 88% of all carbon revenue back to projects – that is after audit fees, registry fees and legal costs. Given the small-scale nature of our projects we believe this is an exceptional feat that demonstrates how the global carbon market can be made to work in Africa.

The registry itself allows for the auditing, registering, lodging, purchasing, on-trading and retiring of credits and provides a fully automated record of all transactions so as to allow for the legally enforceable tracing of credits ownership and transfers. Retired credits are recorded with the issuing of a credit certificate (see Figure 3 below).

The current directors of Credible Carbon are Anton Cartwright (who is also a founder), Peter Atkins and Jacqui Boule. We are proud that Dean Cooper, who co-founded PACE now works at UNEP's carbon finance desk in Paris and Derek Morgan who was integrally involved in establishing Credible Carbon has been responsible for eThekweni Municipality's renewable energy programme.



Emissions Reduction Certificate

This is to confirm that on 25 January 2017

SouthSouthNorth

Retired 90.00 tCO₂e in support of the
Kuyasa (2011 vintage)
project in South Africa

This is to confirm that on 25 January 2017
SouthSouthNorth retired 90.00 tCO₂e in support of the
Kuyasa project in South Africa.



Registry Entry:
RRE_OOBDKFPW

A handwritten signature in black ink, appearing to read 'Anton Cartwright'.

Anton Cartwright
Director Credible Carbon

Figure 3: Example of a Carbon Credit certificate