

Bank of NY spawns voluntary CO2 registry

Registry will reduce massive certifications and legal contracts in correlation with voluntary emissions trading in hopes of increasing trade.

June 16, 2006: 4:20 PM EDT

NEW YORK (Reuters) - The Bank of New York Co. has created a registry it hopes will ease and increase trade in the growing global market for voluntary greenhouse gas credits, sources at the company said Friday.

"We saw an opportunity coming out of the Kyoto Protocol where companies ... can buy varieties of gas emission reductions to offset their direct emissions or offset carbon products and services to customers," a Bank of New York source based in London told Reuters in a phone interview.

The global voluntary carbon market has grown from 3 million to 5 million tons of CO2 credits traded in 2004 to 20 million to 50 million tons in 2006, and is expected to reach 100 million tons or more next year, according to The Climate Group, a London-based nonprofit organization.

The voluntary trade the [Bank of New York \(Charts\)](#) registry targets is separate from the mandatory trade under the U.N.'s Kyoto pact, such as the European Union's Emissions Trading Scheme.

The registry will seek to reduce the reams of certificates and legal contracts normally associated with voluntary emissions trading by homogenizing all such credits with a standard called Voluntary Carbon Units.

Clients may include car and airline companies whose emissions are unregulated in the first phase of the Kyoto pact, said another Bank of New York source.

Other big companies from the United States, the world's top carbon emitter but which has dropped out of the Kyoto pact, are expected to join. Many U.S. companies, such as [Alcoa Inc. \(Charts\)](#) and DuPont Co., have cut emissions voluntarily.

Ideally, companies that want to reduce emissions, whether to prepare for any future carbon regulations, or to improve their green image, could buy emissions credits on the registry from projects like wind farms, or companies that have cut emissions.

The bank also expects carbon credit speculators looking to buy low and sell high will use the registry. "It allows really anybody to trade them [carbon credits] and allows them to avoid all the paperwork that is associated with trading these credits," the second Bank of New York source said.

Third party verification

Unlike similar plans, such as California's Climate Action Registry, carbon credits on the Bank of New York will be verified by third parties that also validate carbon offset projects in the Kyoto protocol.

That should eliminate much of the uncertainty that has so far hampered voluntary carbon trade, said Alexander Rau, a founding partner at Climate Wedge, which manages a voluntary carbon fund with Cheyne Capital.

He said that when voluntary emissions credits are not verified there's nothing to stop owners of emissions-reducing projects from double-selling credits to unsuspecting buyers

"For the integrity of the whole voluntary carbon market the Bank of New York registry is a really crucial development," said Rau. Currently in voluntary markets emissions credits "are sort of sloshed around physically," he said.

Carbon credits on the EU's market were selling for about \$19 a ton Friday and at about \$4 a ton on the Chicago Climate Exchange.

Bank of New York said a news release about the exchange will be issued next week.
