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Special Episode | Scenes from the IETA North America Climate Summit 2023

We present a special mid-week episode of SmarterMarkets™, bringing you exclusive interviews from the IETA North America Climate Summit.

At this September's Climate Week in New York City, we partnered with IETA to interview a wide-range of carbon market participants. During this pivotal year in carbon markets, we wanted to discuss their perspectives on where we are and what we need to do next to harness the power of markets to make net-zero possible.

SmarterMarkets™ host David Greely sat down with these guests to talk about how carbon markets support their strategy for climate action; how this year's challenges to operationalize the Article 6 markets, as well as this year's challenges to the reputation and growth of the voluntary carbon markets, are affecting their strategies; and what they see as the most important ideas being discussed at the Climate Summit this year. We've compiled a selection of those interviews into this special episode of SmarterMarkets™. The full interviews are available on the [SmarterMarkets™ Presents media portal on our website](#).

Our guests in order of appearance in this episode are:

Ingo Puhl, Co-Founder & Managing Director, Southeast Asia at [South Pole](#)
Lisa DeMarco, Senior Partner & CEO at [Resilient](#) and Chair of the Board of Directors at [IETA](#)
Svenja Telle, Director of Origination at [Base Carbon](#)
Ana Carolina Avzaradel Szklo, Technical Director, Markets and Standards at [VCM](#)
Melissa Lindsay, Founder & CEO at [Emsurge](#) & [Emstream](#)
Juan Durán, Executive Director at [EcoRegistry](#)
Dinesh Babu, Executive Director at [Climate Action Data Trust](#)
Nick Osborne, GM, Global Environmental Products at [Shell Energy](#)
Lars Kvale, VP of Market Solutions at [Chia Network](#)
Lars Kroijer, Founder & Managing Director at [Allied Offsets](#)
Max DuBuisson, VP of Sustainability Policy & Engagement at [Indigo Ag](#)
Goulnara Aguiar, CEO & Founder of [Ormex Standard](#)
Dominique Strasdin, Head of Business Development at [Vertree](#)
Rick Saines, Managing Director at [Pollination](#)
Matt Beckwith, Sr. Advisor at [Varda Ag](#)
Leslie Durschinger, Founder, CEO, & CIO at [Terra Global Capital](#)
Mark Downes, Communications Director at [IETA](#)
David Antonioli, Independent Advisor & Former CEO at [Verra](#)

Lisa DeMarco (00:00:00)

What we are seeing is increased compliance activities. So countries, companies, others involved in regulated carbon markets, and learning who regulates, how they regulate, and when to regulate is part of what we're going through right now. And I think that's a really positive change. We don't eschew that in any way, shape, or form. It's a good, healthy parameter of growth.

Announcer (00:00:24)

Welcome to SmarterMarkets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?

This episode is presented by Base Carbon: Sensible Carbon Investing. For more information visit Basecarbon.com

David Greely (00:01:06)

Welcome to *Scenes from the IETA North America Climate Summit 2023*, a special episode of SmarterMarkets™. I'm David Greely, Chief Economist at Abaxx Technologies. During this September's Climate Week in New York City, we partnered with IETA to interview a wide-range of carbon market participants. During this pivotal year in carbon markets, we wanted to discuss their perspectives on where we are and what we need to do next to harness the power of markets to make net-zero possible.

We talked with them about how carbon markets support their strategy for climate action. How this year's challenges to operationalize the Article 6 markets, as well as this year's challenges to the reputation and growth of the voluntary carbon markets, are affecting their strategies, and what they see as the most important ideas being discussed at the Climate Summit this year.

We've compiled a selection of those 18 interviews into this special episode of SmarterMarkets™. If you would like to listen to the full interviews, they're available on our website at smartermarkets.media on the SmarterMarkets™ Presents media page. They're also available on our new podcast channel, SmarterMarkets™ Presents, available on all major podcast platforms.

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Matt Beckwith Sr. Advisor at Varda Ag

Leslie Durschinger Founder, CEO, & CIO at Terra Global Capital

Mark Downes Communications Director at IETA

David Antonioli Independent Advisor & Former CEO at Verra

We hope you enjoy these scenes from the IETA North America Climate Summit 2023.

Ingo Puhl (00:03:51)

We've been around for now 17 years in the market. I have been around carbon for almost 30 years. My first COP was COP 1, and starting on policy, you know, but also like architecture. And for us, the question is, how can we make this bigger, better, more valuable? Maybe just to give you a recent example, we've been involved in a deal between Thailand and Switzerland on the first like Article 6 cooperation. Our take is that instead of writing papers, we try to walk the talk and just make it happen on the ground. And we are very stubborn and persistent. And the reward of that, I think, is shaping kind of like the way the next generation of the market might work creating blueprints, helping the government put in place the regulatory framework that would allow it to handle authorizations, transfers, infrastructure requirements in order to do this in a way that is compliant with the rules that come out of the UN process.

Ingo Puhl (00:04:54)

I mean, this is kind of like the topic that really keeps me awake at night, right? So it's been stressful, but I think what you said is exactly how I see it. It's part of the growth process. Right. And the analogy that I'm using actually comes from nature and natural growth processes, and this concept of metamorphosis. Like our market was operating in a niche, you know, and outside of the big public eye. And everybody in the market was operating on the basis of a consensus about what is truth and what is trustworthy. It's like it could be compared to a caterpillar that lives in the shade. Right. And now ever since actually the Mark Carney Task Force and the analysis that suggests that this market can scale to 30 to 100 X of what it is today, but it is a major tool to address this lack of consensus within the UN process, it has faced a scrutiny. And all of a sudden, there was a much larger number of stakeholders who felt called upon, entitled, to have an opinion about this. And they questioned this consensus that we had about what is true and what is trustworthy. And we must respond to that. We cannot ignore it. Right? So we need a new consensus. And what it requires is actually this process that a caterpillar goes through of metamorphosis like to become a chrysalis, to go into a cocoon stage for the purpose of changing its gestalt. It's inner functioning and its outer appearance in order to learn how to fly. And this is what we are going for, like how do we get this to fly? How do we reemerge in this market as a butterfly? Right. That can fly and what are the organs, what are the functions, that we need to create in order to be able to fly? So this is exactly what I think is on top of my agenda right now. And the key question here is: who are the entities that, in this evolved form of the market, create trust, credibility, and legitimacy?

Ingo Puhl (00:07:09)

And, you know, there are so many processes to sort out what's justified criticism versus not. Right. But now that we are sorting that out, what we are learning is to stand our ground and to push back. So I would say our ability to defend what we are standing for, to develop that, is the most critical thing that we need to learn how to do and to stand together and to speak together.

Lisa DeMarco (00:07:38)

Yeah, we consider these really the teenage years of the evolution or growth of the carbon markets. So they're a little challenging, but that's to be expected. And in particular, what we want to see is increased integrity, increased excellence and transparency, and increased ambition from those markets.

So certainly we're seeing some growing pains associated with the voluntary market. But the voluntary market's a very small proportion of the overall global carbon markets, about 5%. What we are seeing is increased compliance activities. So countries, companies, others involved in regulated carbon markets and learning who regulates, how they regulate, and when to regulate is part of what we're going through right now. And I think that's a really positive change. We don't eschew that in any way, shape, or form. It's a good, healthy parameter of growth.

Lisa DeMarco (00:08:33)

I think the ICVCM, the Integrity Council for the Voluntary Carbon Market is attempting to build a baseline threshold for the standard, the threshold integrity element of credits. I think that's really credible. We need to have public confidence that what's being purchased and sold or financed is of good quality. So I think that's really credible. And then secondly, I think that Voluntary Carbon Markets Initiative, the VCMI, has to come out with confidence that allows corporates and others to credibly use emission units, emission reduction units and removals towards their targets in a meaningful way.

Lisa DeMarco (00:09:19)

In particular looking at the overall energy transition, we like to strategically help corporates facilitate a smooth and affordable and rapid energy transition. And for that to happen, we need to ensure that the outcome is affordable for people who are most affected by energy markets and carbon markets. So there's been a lot of work done by IETA, by the University of Maryland, modeling the costs with carbon markets, modeling the costs of energy transition without carbon markets. And we're certainly of the view that carbon markets facilitate both the pace of the change and the associated affordability of the change. So very happy with them generally.

Svenja Telle (00:10:02)

We are dealing with an ecosystem that is becoming more fragmented. And that's not a bad thing. What's important is how do we deal with the fragmentation from a data perspective? We are having an increasing amount of registry standards, project types, prices, transactions, political externalities or influences. And what's important is to create an ecosystem, a data ecosystem, in which that data is manageable, accessible, and we can make sense out of it in terms of reducing risk, political risk, financial risk, and understanding the market better. So digital infrastructure for the market, data insights, and data analytics to be more informed in an increasingly complex environment I think is very important.

Svenja Telle (00:10:51)

I think most importantly in this market is communication. We really need to build capacity to communicate and improve the understanding of diverse players in the market. Because you open any sort of newspaper over the last 18 months, there has been a lot of misinformation, some of it is right, other parts is incredibly inflated. And that brings me back to the importance of data and transparency to build integrity and trust in projects. And I think we are moving into an era in the market where there is more attention given to MRV, monitoring, reporting and verification, which has always been an integral part of the market. But we see a lot of technology development in that part, such as digital MRV, to use IoT sensors to geospatial data mapping, and then on top of that, data management tools to actually make sense out of the data and bring more insights into the project quality and execution to make sure that the credits, the end buyers, actually supposed to deliver what they promised they would.

Svenja Telle (00:12:03)

Carbon markets are, at the end of the day, market-based climate mitigation tools for both climate mitigation and adaptation. So if we think about it, if we want to scale climate action, we need to scale carbon markets.

Ana Carolina Avzaradel Szklo (00:12:19)

What we're seeing, it's not a binary choice. So it's not regulated market or voluntary carbon market. The voluntary carbon market should play a complementary role. So governments should be looking at it, once they try to develop an overall strategic climate finance strategy, looking at voluntary carbon markets as an additional piece that can help finance other technologies, breakthrough technologies that have not been, for instance, included in their NDCs. So it's not just about one or the other. So they do come together as a holistic approach that governments can use. And at the same time, allowing for corporates from countries where you still don't have a regulated market so that they can actually step in and also engage in opportunities and embrace the responsibilities that they have.

Ana Carolina Avzaradel Szklo (00:13:18)

I think technology has been evolving, thankfully. And it's a great tool, of course, not just relying 100% on it, because I think human brains are still needed for all the analysis that needs to be done. But you can use it for remote sensing, for traceability, for satellite images, but also to improve monitor reporting and assurance frameworks such as the one that we are developing to launch towards the end of the year. That's something extremely important to prevent human errors, to increase credibility, increase the robustness of the tools that we are using. So I think it goes on both sides, from all the concepts that are being developed. So we have the claims code of practice from the VCM. We have the CCPs from ICVCM, and we have a lot of different artificial intelligence tools that can be used so that we can increase the credibility and diminish the time that is consumed when you're processing a lot of data.

Melissa Lindsay (00:14:02)

Carbon's been amazing because the provenance of that carbon credit is extremely important. And so, within that space is a highly proliferated market. People care about where that credit has come from, what the community benefits are, what the SDGs are, where the money is really going back to. All of these kind of additional data points that go hand in hand with the sale of the credit means it is not so simple as just saying, I want this product and this volume and then having these comparable prices. You really have a huge number of data points associated with every single product that you have. And the whole industry is wanting to transform, it's wanting to scale, and you can't scale without digitalization. And you know, I like the example of Uber, where when Uber first assessed its total addressable market, it calculated what that current demand for taxis was and taking share of that market. It didn't factor in the impact its technology would have as so successful on stimulating demand. And I think the carbon market really needs to find its Uber or its digitization path to really stimulate that next wave of growth and to support it.

Melissa Lindsay (00:15:25)

The market itself has been pricing in, there's quality, but what's happening now is people are saying, actually, we're going to have quality thresholds. And the next generation of credits and the project developers coming into this space are raising that bar. And for me, it's not fair that, you know, the Guardian articles are honing in on legacy projects. You know, it's like comparing the original Nokia with the newest iPhone and saying it was bad. It wasn't, it was great at the time, but things move on. And I think our understanding of how to put together projects has improved. And, you know, technology's helped that. Things like improving baselines, that's only come with digitalization.

Juan Durán (00:16:11)

How we can build systems that are first reliable. Second, with the required security that it needs. But also with the functionalities, but with functionalities that you can like build your own systems. Because every single project is different. So I can start developing a project, but let's say, okay, I need this specific measurement system that I sold this specific company has developed very well. So a satellite imaging analysis software that we can connect all those systems together so that we can exchange information, and then also have that information stored as well in the Climate Action Data Trust or in another metadata registry so that that information is available for everybody. So those types of solutions are the ones that I like to discuss here in these types of seminars, because it gives us the opportunity to exchange what every company is doing and see how we can join forces to start building it like a lego.

Juan Durán (00:17:13)

We focus on data driven, so we focus on capturing the data that will support each one of the carbon units. So actually it has come that people have demanded our system to say, okay, let's work together on understanding how to digitize all the information so that the data that supports each one of the carbon units is reliable. That's one of the important things. And the other important part that I have seen through the evolution is that the market is evolving. The market is evolving in a more data driven market. And actually what I see on the Article 6 side is that we should learn from the voluntary carbon market and implement all those findings and all that infrastructure at the service of providing that secure market.

Dinesh Babu (00:18:01)

It's kind of using that, leveraging the digital phase of the whole technology development that is happening now. So the whole carbon market is transforming into digital aspects. So why not use that as a tool and provide the solutions to the market? So that the kind of distributed ledger - the usual benefits of blockchain in terms of being transparent and in terms of being public, open source, and secured. So that's the kind of technology that we are leveraging to bring the market together so that the kind of confidence grows up. And then the market also sees more innovative solutions in terms of scaling investments to achieve the higher ambition of the climate goals.

Dinesh Babu (00:18:37)

Leveraging the technology has been the message, I would say, and the digital guru is kind of the blockchain. And therefore, we as a

company see a lot of discussions moving around how we can leverage the technology and the solutions and the tools that are available in this space. Because the kind of transformation that is happening in the carbon market, and, especially, again using those two key words: transparency and environmental integrity, the digitization or the digitalization - or whatever you want to call it - is going to be kind of the next level of addressing these challenges and complexities.

I'm not saying that is the only solution, but at least there is an opportunity to use it, to embrace it, and then see how the climate action and the investments that are going to happen. And how the projects are basically generating the carbon credits, how do you see the whole visibility of the project activity cycle? And how transparent the pricing is in terms of how the pricing of carbon credits is? So therefore, that is kind of the message I reinforce when I come to these conferences. All the conferences this month and this year have always focused on something that would like to leverage the technology. And I believe digitization or the digitalization is going to be the way forward.

Nick Osborne (00:19:44)

So I think technology is critically important. Essentially, we're just talking about packets of data here, right? So you verify that something's happening, and then the data needs to flow. I think it needs to flow with low friction. It needs to flow in a way which is right the first time. And critically, the registries and the interface with those registries is a really important part of the process. So where I see technology is really behind the scenes. And really making sure that the registries works seamlessly, that your access to the registries works seamlessly, and there aren't very many mistakes. I think in the longer term, MRV is going to be a critical use of technology. So the way that we present a more convincing output for carbon credits can be use of satellite data, for instance, for reforestation projects can be more ground level data if you're talking about conservation. But critically, the gap in the market seems to be a little bit that the projects themselves are well-designed, but the running of the projects and the output of those projects has a bit of a question associated with it sometimes, and that's where technology can help.

Lars Kvale (00:20:41)

With any piece of technology, it's always a question of how can you use that. And how can you use it to actually solve problems, solve challenges. So in the case of the carbon market, some of the key issues that we're trying to focus on around transparency, ease of use in the markets, access to the markets, and just the general concept of how do you actually interact with carbon assets.

Lars Kvale (00:21:02)

The core component of blockchain that is valuable for entities engaged in the carbon market is the concept of an asset, a digital asset. Digital assets have, until the advent of blockchain, generally existed in proprietary databases, of which you're not the one in control of access to that database. That always introduces a source of risk into the way you run your business. Blockchain allows you to have full and true custody of digital assets. In a sense, carbon has always been a digital asset, but it's been behind or contained in a kind of siloed database. Blockchain allows you to now have true custody. Now, whether that makes sense to you, whether it's done in a way that is easy to use, that is smart for you, allows you to demonstrate the commitment you have around sustainability, around carbon to specific projects, that's the challenge for Chia and other companies engaged in this sector of actually creating those solutions.

Lars Kroiger (00:22:01)

We're really happy with the progress. I think, particularly at a time of great controversy in the space, certain data doesn't lie. It is what it is. And if you can present a lot of data in one place from a bunch of different sources in a way that people can draw their own conclusions of the basis of it, that's a good service, and that's what we try to do.

Lars Kroiger (00:22:22)

I think the ratings folks have a very, very important role to play. But there are many of them, multiple of them, and they don't always agree. So that can be a little disheartening when you see very well known projects, and without mentioning names, well known ratings agencies, one says this is an A-star, and the other says this is an F. I mean, sometimes quite literally. And I don't blame buyers for saying, well, what should I believe? You know, and what should I pay? So I think over time that will hopefully harmonize. I think

sometimes they don't communicate a lot. I think that the space has particularly had an issue historically with price. There isn't one central price source. I think this isn't an exchange model, this is more an eBay model for what this space is. We spend a lot of time getting very clever on price. So we get prices on projects and ventures from a large number of brokers, and we put that into various models to have estimated prices for all the projects. Which is, I think one of the services that our clients like a lot, because at least you want to know you're sort of paying the right price. The other thing I think people like a lot is information on who has bought what. Which corporate has retired which credit, when and where and how much money that they spend. That's important because, well, first of all, how does that hold up against their claims? If you're a broker and you're trying to sell a certain type of credit, it's kind of useful to know who has bought that type of credit in the past. Yeah, so there's a lot of use cases where this kind of information is useful for players in this space. We also see it a lot for consulting firms, ESG reports, and so forth.

Max DuBuisson (00:23:58)

You know, overall, I wouldn't say that we're seeing a pullback at all, in terms of the credits we're generating, and also on the non-crediting side, the supply chain reductions, we're generating massive demand. So we have no shortage of corporate interest in financing these things. I think overall, I think it's a good thing, all the extra attention and activity in the market. I've been working in carbon markets since 2008 and seen a couple of different peaks and valleys. And overall, it's good, there's more activity, there's more credits being created. And I think that this focus on quality, maybe we're going to clean house a little bit and make sure that the growth in the market happens in the right way and in the right places. So I think there's some unnecessary swirl that's unfortunate, some extra energy that has to be spent on education. But ultimately, I think it's going to be a positive outcome for the climate.

Max DuBuisson (00:24:48)

Yeah, I think in the terms of standards, we see, especially for agriculture, unlocking scale is about aggregation of many farms, many fields together. Under single projects, you get statistical power when you grow these populations, and it makes it easier to incorporate tools like remote sensing in those kinds of ways. So, you know, in my career, a lot of my time has been spent writing protocols and methodologies, and a lot of them are very narrow. And so this is a shift towards methodologies, protocols, standards that really embrace that scale and aggregation and rethink what are the requirements? How do we go about this? What does verification look like? Is it still visiting every single site? Or can we incorporate technology in ways to verify at scale without losing any of the rigor that's behind it? So I think that's going to be really important. And then I think on the corporate side, you know, we've been tracking the Greenhouse Gas Protocol Land Sector and Removal Guidance. And I think we really need to make sure that ends up in a practical place so that corporations are really incentivized to make change in their land use emissions and removals, because that will also help drive the sector forward.

Goulmara Aguiar (00:25:55)

So when we started this standard, basically there were no any standards operating in agricultural space. As you know, 99% of all credits are coming from forestry or energy side. So it was a niche opportunity that we used. The second thing is half of our team is coming from capital markets. Personally, I'm coming from capital markets and technology side. So definitely automating the processes of standards. How do we verify, how do we validate automatically this contract? How do we remove this bottleneck to activate this volume and make it available for the markets? That was the opportunity for Ormex at the beginning. Definitely today what we see with Article 6, and mainly Article 6.2 on which we are working on, is that from our side, it's really important that any transaction done or with Article 6.2 is mentioned as is. Still there are discussions about how it will be done, and we're just very close and supportive of these discussions.

Goulmara Aguiar (00:26:55)

I guess it's very interesting to come from fresh, to have a different point of view that may disturb. And it's okay. But we need some fresh energy, I guess. But we also work with FAO, for example, Food and Agriculture Organization, for different kinds of calculations. And we need to have this kind of expertise as well. So we don't just say we are good, we are taking from the market what we have, but also bringing some important adjustments. For example, today most of the credits are about Tier 1 validation and measurement. Tier 1

measures are 75% not precise. 75% according to IPCC. So we particularly ask our clients to move on Tier 2 and Tier 3 measurement, which are way more precise. We ask them to do sampling. Because we are talking about SOC. So there is no dMRV on SOC, you know, soil organic carbon. So that's a good point. We are going to something that will be more precise on the market, bringing more quality as well for carbon credits and traceability definitely.

Dominique Strasdin (00:28:07)

I think claims is a huge part. So what claim they can actually make is a big sort of driving point because right now you've got ambiguity around carbon neutral, carbon compensated, you know, what am I supposed to use and what does that actually mean? I think SBTi have done a great job, SBTi Net Zero, and we've got that clarity over, I must reduce in the first instance, which we totally advocate. That is the right strategy, and I can use my 10%, and I know that, in an industry where it's hard to abate, shipping, aviation, industry, they're going to need that 10% so they can work towards that 10% target. But ultimately, how do I then deal with the rest of it? And does that come under Beyond Value Chain Mitigation? How can I contribute, what can I use to contribute? And it is evolving. There's no question it is evolving. It just needs to evolve a little bit quicker.

Rick Saines (00:29:02)

There are no perfect markets. There is no perfect solution. And this is a journey that we're all going to have to go down, but be sort of respectful of the criticism, but at the same time, not be deflated by it. Because at the end of the day, despite the sort of the recent criticisms, there is not another viable alternative to the degree to which capital has been mobilized to support certain interventions, in particular, in these emerging market countries. You know, I was just in Africa for the Africa Climate Summit. And those countries are depending on carbon and carbon revenues for their future growth plans to meet their Paris obligations and deliver for their people. So we have to get this right. And so ultimately long term, I think we're still very bullish on it. But it's a commitment to ensure that it's done well.

Matt Beckwith (00:29:56)

Gosh, there's so much to just get excited about. I was talking with a former colleague that I worked with at Indigo, who's reforesting, buying Brazilian land in the Amazon, and reforesting it. There's just a lot of creativity. And I think, going back to the concerns you raised about questions, that's also what's exciting. There's a lot of proverbial white space. There's opportunity to innovate. Whereas, you know, ten, fifteen, twenty years from now, that's not going to be there. There's going to be a template, and people need to follow that. And so it's exciting to me to see where people are coming up with new ideas and aren't just following what everyone else is doing.

Leslie Durschinger (00:30:32)

What's happening is that now you not only have to have good historical deforestation degradation. Now, to be fair, have a just transition, you have to be able to predict where across that jurisdiction in the future deforestation degradation is going to happen. So if you have one project over here that has no roads, no rivers, nothing by it, and then you have this other project over here that's right across rivers, they're not going to have the same baseline deforestation rate. So we have, it's called spatial allocation nesting for those of us in the sort of REDD know this. And so we have some technology called TerraChange that we continue to invest in using good quality image processing classifications and being able to predict using statistical models that are spatially fit for spatial variables like distance to road, forest density, and to be able to predict across a landscape. So everybody gets the proper accounting. Because otherwise you have a transfer of wealth, which, when I say that to a project owner, they don't know what I mean. But you coming from a finance background, you know what I mean, a transfer of wealth. And that's something that that technology has to become more, not just us using it, but more applied efficiently and effectively across the sector.

Leslie Durschinger (00:31:43)

It's kind of frustrating to be honest, and I think the approach that we have is to put our head down and do our job, which is to deploy capital from our Terra Bella Nature-Based Solutions Carbon Pool into good projects on the ground to produce high quality multiple benefit credits. And continue to invest in improving your effectiveness in implementing on the ground, the accuracy and use of

technology, and the greenhouse gas accounting. So we're just going to keep doing our job and let the haters be damned.

Mark Downes (00:32:12)

Carbon markets are one element of achieving net zero. Carbon markets are the means, or one of the means, but we wanted to really focus on net zero. And net zero is a term that is very much more used now in the public. Companies have their own net zero targets. So it's a common language now. So we wanted to pick up on that and utilize that. And really make that as the key element of why IETA exists.

David Antonioli (00:32:49)

Why do we keep using the word voluntary? I think it undercuts our credibility. They're the carbon markets. People used to ask me all the time, well, what do you think about the merger of the voluntary carbon markets? It is a single carbon market. It's a big market. You can use it for Article 6.2 transactions. You can choose any accounting mechanism you want. If you go to Article 6.4, it'll be the U.N. sanction tool. You can do it for other reasons, including, you know, voluntary reasons or corporate commitment reasons. But to call it voluntary, I think we're putting a real obstacle in front of ourselves.

David Antonioli (00:33:23)

So I think that one of the premises that we need to be thinking about is how do we use current finance not only to kind of create the reductions, which I think are really the tool and mechanism that allows you to get the funding and financing to the project. But really, how do we think of carbon as a transitional tool so that we can transform entire sectors of the global economy. So that when we do or achieve that transformation, there's no going back, right? So at the end, the one thing that kind of keeps me up at night is, well, what happens when the music ends? When the carbon finance stops, how do we know that that sector or that activity will endure? And if we think about carbon in a different way, we think about it as a way to transform sectors of the economy. How do you achieve that tipping point? And once you get there, then you're good to go. So there's a challenge about how do we think about it? What are those rules of the future? But I think we, if we think about carbon in that way, I think it can be an even more compelling framework for what we're trying to achieve rather than just a ton, you know, in a project, I think we're looking at it more broadly. I think we have a greater chance of achieving success, but I think it's more motivating as well. Like we're here to transform sectors of the economy. That to me is a much more important, more powerful rallying cry.

David Antonioli (00:34:40)

And I think as soon as we start to realize that we are running headlong into the carbon limits, right? I mean, what's the carbon budget? About 500 gigatons. We emit 60 a year. You can do the math, right? Not too long. I think soon enough, we will start to figure out that we're running very fast into a brick wall, and we're going to have to do something about the emissions that we're putting into the atmosphere. And thinking about net zero, net zero is predicated on the idea that we reduce our emissions by 90% from today. So from 60 down to six, right? So under net zero, we will need six gigatons of removals every year. We have like 0.023 today. So that has to scale dramatically. And every single ton that we put in the atmosphere today is another ton that we have to remove that's going to be potentially very costly. So why don't we do the emission reductions today to make that problem in the future a lot less severe.

David Greely (00:35:37)

Thanks again to all of our guests and to IETA for partnering with us at their North America Climate Summit 2023. We hope you enjoyed the episode. If you would like to listen to the full interviews, they are available on our website, smartermarkets.media on the SmarterMarkets™ Presents media page. They're also available on our new podcast channel, SmarterMarkets™ Presents, available on all major podcast platforms. We'll be back this Saturday morning with our regularly scheduled podcast. We hope you'll join us.

Announcer (00:36:07)

This episode is presented by Base Carbon, a financier of projects involved primarily in the global voluntary carbon markets. Base Carbon endeavors to be the preferred carbon project partner in providing capital and management resources to carbon removal and abatement projects globally and, where appropriate, will utilize technologies within the evolving environmental industries to enhance efficiencies, commercial credibility, and trading transparency. For more information visit Basecarbon.com. Base Carbon: Sensible Carbon Investing.

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