

OFFSETS: Start-up working on software to streamline CDM process *(Monday, July 28, 2008)*

Debra Kahn, *ClimateWire* reporter

A software developer working on a program to streamline the creation of carbon offsets has raised \$2.9 million in funding from several venture capitalists.

CarbonFlow, a San Francisco start-up founded in 2006 to fix inefficiencies in carbon markets, says its eRecord platform will help offset projects get started more quickly by reducing wasted effort and bureaucratic red tape -- common complaints among companies attempting to navigate the Kyoto Protocol's Clean Development Mechanism program. It can take some projects a year to get verified and registered, delaying environmental benefits and discouraging smaller companies from even trying to create offsets, said CarbonFlow founder Neal Dikeman.

"It's difficult to get through the process, and a lot of that is a garbage-in, garbage-out type of thing," Dikeman said. "People putting in information that's hard to check, hard to decipher, just lost in communications loops."

Different types of projects run into varying bottlenecks, he said. "For a more complex project, issues might boil down to handling calculations and data. For more simple projects, issues might rest on analyses of additionality."

(Under the protocol and the rules governing the Clean Development Mechanism, an emissions-cutting project must be deemed to be something beyond or in addition to business as usual, or, in traders' lingo, the successful project must have "additionality.")

The funders are Clean Pacific Ventures, of California; OVP Venture Partners, from Washington; and New Zealand-based Meridian Energy.

While the software program will first be aimed at companies working on CDM projects, Dikeman said he intends eRecord to work with projects in other markets too, including U.S. cap-and-trade systems. The platform is still under development and does not have a release date scheduled, he said.

"We see the potential for the eRecord to serve as 'middleware' for the sector, acting as an honest broker helping to link information about disparate project, cap-and-trade, registry, inventory and marketplace or exchange systems," he said. "Bottom line, we seek to drive transparency up, and transaction costs down."

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