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The Low Carbon Agenda

No.11 / December 2008

Season's Greetings!

Last month we looked at the '[moral debate](#)' around offsetting, and those of you who responded to the newsletter were unanimously in favour of offsetting as a carbon management method. I was hoping for a bit more dissent!

This month, we're looking at the different offsetting options with some guidance on what would be best for you and/or your organisation.

Wishing you all the very best for Xmas and the New Year,

Gareth

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Carbon Offsetting - the Key Issues

If you buy an offset, you want to know that the process actually works. There are two main factors that determine the robustness of a carbon offsetting method:

- Effectiveness: will the scheme actually reduce carbon?
- Additionality: does your money make the difference between carbon being reduced or not.

We'll look at each of these in turn.

Effectiveness

The initial criticisms of carbon offsetting focussed on whether the investment schemes would actually cut carbon. This was predominantly due to the complex issues around planting trees for carbon sequestration. There are three questions you need to ask and I'll illustrate them using tree planting:

- Technical effectiveness: does the offset project actually cut carbon, and, if so, how much? For example: how much carbon do trees sequester? (The answer depends on local conditions).
- Rebound effects (aka leakage): will the project inadvertently cause an emissions increase elsewhere? For example, will the tree planting process release carbon from the soil? (It can do, depends on the soil) Or would the tree planting in one area lead to tree felling elsewhere due to land use pressures? (More difficult to answer).
- Permanence: is the carbon removed forever? For example will the trees be cut down for fuel or development sometime in the future? (They would need legal protection).

Similar uncertainties will apply to any offset project and you will have to ensure that they have been minimised as much as possible through good governance by the offsetting organisation.

Additionality

This is the more complex issue. At first glance it appears simple: if you are investing in a project which would have occurred anyway without your money, then you are being ripped off. But it is the definition of 'anyway' that gets complicated. At the highest level, some people consider that any emissions cuts in Kyoto signatory countries would have happened 'anyway' as the country's Government has signed up to that cut. This argument would restrict offset projects to non-Kyoto

countries.

Personally I think this is stretching the 'additionality' definition too far. If I offset my emissions, I am happy for that to contribute to national targets on the grounds that:

- a. it is the West that needs to cut its emissions as a priority,
- b. we are struggling to do that, and,
- c. Governments are a societal structure, so Kyoto targets belong to us.

On the other hand, I would want to know that my offset is not letting a private sector company (eg an energy company) off the hook by contributing to its legal obligations to cut carbon (eg by contributing to its Renewables Obligation - we'll discuss this further next month).

Types of Scheme

There are a number of different offset scheme:

- Voluntary projects, some of whom sign up for one of the variety of quality protocols. Example projects include community renewables, insulating fuel poor homes, providing energy efficient equipment to the public and, of course, tree planting;
- Credits from certified sources, such as projects certified by the Kyoto Clean Development Mechanism (CDM) or the Kyoto Joint Implementation Mechanism;
- Purchasing allowances from 'cap and trade' schemes such as the EU Emissions Trading Scheme and 'retiring' them (ie tearing them up) so the companies in the scheme will be forced to collectively cut their emissions by that amount.

Which to Choose?

In terms of which type of scheme to go for, it is a matter of what suits you or your organisation. If you simply want to offset your carbon in as robust a manner as possible and don't care about how it is actually done, then go for CDM-type schemes or purchase and retire allowances.

If you see offsetting as more of a CSR-type activity and that the investment in a specific project (eg a local project or one which also meets a societal need related to your sphere of business) is more important than the robustness of the offset, then find a voluntary scheme that suits you and do your homework on its effectiveness and additionality. Of course, you may have to loosen your additionality criteria or take a chance on effectiveness to get the project you want.

I'm not going to make any recommendations for specific suppliers of offsets as I try to remain impartial about these things, but the ENDS report recently published a [supplement explaining offsetting in more detail and naming the top 30 providers in their view](#) - warning, it ain't cheap!

Next Month

Next month we will look at the pros and cons of buying 'green electricity', which has more in common with offsetting than most people realise.

Low Carbon News

The UK's Committee on Climate Change has produced [a huge report](#) on how the country can cut carbon emissions. Industry is largely ignored - decarbonisation of the electricity supply and insulating homes are the prime targets.

Barack Obama has made a clear commitment to low carbon technologies when he takes up office. See his message to US representatives at the Global Climate Summit [on YouTube](#).

Back in the UK, or England to be precise, the fifth round of the Government's [Bio-Energy Capital Grant scheme](#) has opened. £500,000 is up for grabs for companies, charities, public sector organisations - in fact, pretty much anyone in England other than individuals/householders. Deadline is 30 April 2009.

Don't Forget

If you want a little light reading over the festive season, you can still get 25% off the price off the [Green Business Bible eBook](#) using the discount code: **7P81A800**.

Tip of the Month

If you offset your carbon emissions, the correct term for the result is 'carbon neutral'. You should never claim to be 'zero carbon', 'carbon negative' or have 'no carbon footprint'. The Advertising Standards Agency has been getting tough on this one, so be warned!

The small print:

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