

Caleb's response to the Consultation on establishing a voluntary Code of Best Practice for the provision of carbon offsetting to UK customers

Your Question	Caleb's response
Q1: Do you agree that the Government should publish a Code for offset providers?	Yes. We feel that the UK Government is taking an important step by seeking to improve the voluntary offset sector
Q2: Do you agree with the proposed aims of this Code?	On the whole we agree with the proposed aims. There are, however, two important caveats: 1) The 'educational' component should heavily emphasise the importance of direct emission reductions and low emission 'lifestyle' options. Carbon emission offsetting will never be more than a second-order measure because it fails to address emissions produced by the consumer. 2) Encouraging 'the provision of credit types which are consistent with the Government's policies on meeting its Kyoto obligations' could result in missed opportunities, uniquely available via the voluntary offset markets, to support high quality energy efficiency and renewable projects within the UK. The Code's aims should be widened to also support the delivery of high-quality VERs and domestic projects
Q3: Should Government consider, in future, making the Code mandatory and putting it in legislation?	No, we can see no immediate reasons why the Code should become mandatory.
Q4: Do you agree that the Code should be voluntary in nature?	Yes, we agree that the Code should remain voluntary
Q5: Do you agree that the most appropriate credits to demonstrate best practice in offsetting are one, or a combination of, CERs, EUAs or less easily, ERUs?	No, we don't believe that the Code should be defined according to the type of credits. The quality of the projects should be the main priority. There should be no 'a priori' assumption that credits from the Kyoto mechanisms are automatically more suitable. The EUETS, the CDM and JI are tending to favour end-of-pipe, 'cheaper' solutions at the expense of more structural improvements. A well developed VER market, supported by the Code, could be valuable for moving the voluntary offset industry towards higher quality projects and more robust structural emission reductions based, for example, on renewables. Ultimately, voluntary markets have a better ability (than the Kyoto mechanisms) to target sectors which are beyond the reach of efficient regulation, such as mobile or diffuse sources in the transportation and building sectors.



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Q6: With a Code that includes EUAs, do you agree with the proposed treatment of the 'double-counting' issue?	Yes, in principle, this could work. But the current situation is wholly unsatisfactory and undermines end-use energy efficiency efforts.
Q7: Do you agree with the proposal to use the government-agreed database of emission figures as the approved method of calculating emissions to be offset?	Yes, it is high time to cut through the confusion generated by the plethora of different carbon calculators currently in the market-place. There is also a case for extending the centralised calculator to the full basket of GHGs
Q8: Should guidance be provided on how to calculate emissions from businesses?	Yes, there is a case for guidance on generic baseline calculations that should be made available to businesses, together with sign-posts to other sources of information that relate to sector specific metrics, to the extent that these are available
Q9: Do you agree that companies providing offsets, as part of a package of goods and services, should be entitled to use the quality mark?	Yes, we think that the quality mark would help overcome the confusion about the quality of available offsets by pointing purchasers towards the higher quality options
Q10: Do you agree that the Code should require companies offering offsetting at the point of sale with other goods or services, to give consumers a compulsory choice or a 'default option'?	Companies should emphasise the importance of direct emission reduction steps that a consumer might take and then offer, for instance, 'high', 'medium' & 'low' offset choices clearly aligned to differential costs/ton and examples of the 'quality' of the offsets. So for example: A 'low' cost offset might purchase some agricultural/tree planting credits. A 'medium' cost offset could be a fugitive or landfill gas project and a 'high' offset could be a community generated renewables investment or development of high energy efficiency housing – possibly meeting GS-VER requirements. At the moment there seems to be a 'never mind the quality, feel the width' philosophy around <i>most</i> of the carbon markets – both voluntary and regulated. Consumers should not be left under the illusion that cheap offsets will buy them more than some 'peace of mind'.



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<p>Q11: Do you agree that the quality mark should only be for accredited offsetting products and not for businesses that have offset their own emissions?</p>	<p>The notion of supporting 'carbon neutrality' via offsets should definitely be avoided. The first priority must remain direct emission reductions and these are in no sense 'additional'. We agree that the quality mark should be only for accredited offsetting.</p>
<p>Q12: Are there any other conditions that should apply to the use of the quality mark?</p>	<p>Yes. See Point 10.</p>
<p>Q13: Do you agree that these six points are necessary information to be made available to consumers?</p>	<p>Yes, these are necessary but not sufficient. As already alluded to in Points 2, 5, & 10, offsetting, by itself, does not address emissions produced from the consumers' activities, it merely 'compensates' for it to varying degrees depending on the quality of the offset. Climate change avoidance requires a more substantive effort, and the consumer should be called upon to actively reduce emissions through better informed purchasing/lifestyle choices and activities</p>
<p>Q14: Should consumers be allowed to choose which projects they fund from an offset provider's portfolio?</p>	<p>Yes, absolutely. They should also be encouraged to choose 'high quality' projects that provide verified emission reductions and also a 'development dividend'. The implications of this is then (hopefully) that the overall effectiveness of emission reductions should be lifted away from 'commodity carbon' (fugitives, landfill gas, cement, fuel switch, plantation sink) projects towards the more robust & community based renewables & end-use energy efficiency type projects – even in the UK. We seem to have forgotten the Agenda 21 adage 'think globally, act locally'. As already mentioned, good quality and transparent voluntary offset projects might be a unique way to additionally support UK carbon management projects via energy efficiency and renewables investments. These could be small scale and close to the consumer – providing a much more educative opportunity also. While such domestic projects would undoubtedly be more 'expensive' – they would also be more a more honest reflection of the true cost of climate change than the cheap offsets, credits and allowances currently being peddled.</p>



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Q15: Should written confirmation of credit purchase and cancellation be provided, a) to all consumers or b) on request only?	Yes - to all consumers
Q16: Do you agree that this breakdown of prices should be provided to consumers?	Yes – this should be made available
Q17: Do you agree that this price information should be provided at the time of purchasing offsets? Or on request only?	Yes – at time of purchase
Q18: Does the government need to issue more guidance on how the process of purchasing and cancelling credits works in practice?	Yes – guidance should be made available in order to enhance the level of transparency across different project types. If Voluntary Emission Reductions (VERs) are supported via this Code, then the guidance should also include the rationale for choosing the 'non-mandatory' offset route (e.g. possibility of UK projects; possibility of innovative offset solutions; possibility of non-CO2) and what mechanisms are in place for issuance and retirement of credits.
Q19: is the timescale for purchasing credits appropriate?	Yes – The timescale for purchase is appropriate
Q20: is the timescale for cancelling credits appropriate?	Yes – The timescale for cancellation is appropriate
Q21: What evidence should offset providers have to show to demonstrate compliance with the Code?	They should demonstrate a commitment to promote direct reductions, a commitment to subscribe to global VER registry when this becomes available and demonstration that they are working towards such a VER registry within a given time-frame. They should also demonstrate a commitment to promote the value of local (UK) projects and education of consumer on the importance of paying up for higher quality projects – that actually have the potential to deliver emission reductions and a development dividend.



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Q22: Do you think that industry could have a role in helping to promote the Code?	Yes – It would be in the industry's interest to promote the Code and its' commitment to it
Q23: Do you agree that the administration of the quality mark scheme should be financed by fees charged for upfront accreditation and from annual subscriptions from those using the accreditation quality mark?	Yes – This appears possible. There may be additional requirements for disbursements surrounding the implementation of a global VER registry, if the government chooses to lead in the development
Q24: Should the Code be reviewed on a regular basis?	Yes – This is particularly important during the early years and should pay particular attention to the evolution of VER markets, if this becomes part of the Code, as well as the quality of offsets available from the regulated markets
Q25: If so, how frequently, every year?	Yes – Yearly seems about right.
Q26: Do you agree with the assessment of costs and benefits and described in the partial RIA?	<p>No – Compliance cost for Options 3a and 3b might be low, but the potential for losing credible UK projects, projects yielding higher development dividend (than typically available from regulated markets) & non-CO2 projects is not considered in this calculus</p> <p>You estimate that take-up under Options 3a & 3b would be in the region of 25-30%, presumably on account of the higher perceived credibility of credits from the CDM & JI or allowances from the EUETS. Our own conclusion, as already mentioned, is that these instruments are not delivering well enough to warrant so much trust. For instance, research completed by the International Institute for Sustainable Development (IISD)¹ shows that the top-scoring 10% of CDM projects analysed for their development dividend² generate only 1.4% of project CERs, while the low-scoring 10% account for over 75% of project CERs.</p>

¹ Joint Implementation Quarterly No 4; 'Measuring the CDM Development Dividend'; December 2006; www.jiqweb.org/jiq4-06.pdf

² A 11 point Framework that assesses CERs for their Economic, Social & Environmental impacts