



Friday 16th January 2009

Benika Raybould
Climate Change Strategy & Bill Delivery Team
Area 4E
Ergon House
Horseferry Road
London
SW1P 2AL

Dear Ms Raybould,

We write in response to the *DECC Consultation on Carbon Units, the net UK Carbon Account and Carbon Accounting*, on behalf of the International Carbon Reduction and Offset Alliance (ICROA). We welcome the Government's proposal to clarify how carbon accounting will function under the Climate Change Act.

ICROA is the membership organisation for leading carbon reduction and offset providers, in the voluntary carbon market. Our members sign up to a robust Code of Best Practice and then report on how they adhere to the ICROA Code. For further information on ICROA, please visit our website: www.icroa.org.

We would like to respond to questions 1 and 2 of the consultation.

Question 1: Do you agree with the proposal that all carbon units which are recognised under the Kyoto Protocol and EU Emissions Trading Scheme should be eligible to count towards the net UK carbon account? Should any other units also be recognised or should additional restrictions be considered?

We agree that the carbon units currently recognised under the Kyoto Protocol and EU Emissions Trading Scheme should be eligible, (see however our response to question 2 below, which strongly urges that any units retired voluntarily by individuals or businesses be clearly separated within the net UK carbon account from any units used for compliance with international targets/agreements.) However, in addition to compliance units, we believe that high quality Verified Emissions Reductions (VERs) should also be eligible for the following reasons:

1. The voluntary carbon market has rapidly matured in the last few years and now has two robust offsets standards: the Gold Standard, launched in May 2006, and the Voluntary Carbon Standard (VCS), launched in November 2007. The offsets generated using these standards ensure that emissions reductions are permanent, verified and

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Carbon Clear
The CarbonNeutral
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co2balance
First Climate
NativeEnergy
targetneutral
TerraPass

additional. These standards have been developed using independent and transparent processes. They have cross sectoral NGO backing and registries, in which the offset credits are tracked and retired. The Gold Standard and the VCS are the only offset standards currently permitted by the ICROA Code of Best Practice and we would advise that only VERs generated using these standards should be recognised in the net UK carbon account.

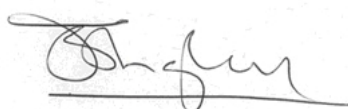
2. The UK Climate Change Bill seeks to set ambitious targets past its mandated requirements. Recognising VERs, in the net UK carbon account, would help the Government meet these voluntary targets. Recognising VERs, in the net UK carbon account, would help to reduce confusion for consumers and business about the carbon markets and encourage greater voluntary participation, leading to greater overall reductions.

3. The increasing value of the voluntary carbon market, particularly in its ability to support innovative projects has been well recognised: 'The Government believes that VERs can be just as rigorous and this was a point made during the consultation. The rapidly developing VER market has the potential to provide new and innovative project to reduce emissions¹.'

Question 2: Do you agree with the proposals for the circumstances in which units should be credited to or debited from the net UK carbon account? Are there any other circumstances in which carbon units should be considered as credits or debits?

We urge the Government to ensure that a robust structure is implemented, so that "units bought by individuals, businesses and other non-Governmental organisations" that are added to the net UK carbon account are removed from the donor's account to prevent double counting. The Government must clearly communicate to individuals, businesses and other non-Government organisations that their voluntary retirement of Kyoto and other acceptable units is designed to assist the Government in exceeding and not meeting their Kyoto targets. In addition, we believe that if the net UK carbon account is intended to capture voluntary retirement of Kyoto and other acceptable units, then voluntary retirement should be transparently and separately accounted for.

Yours sincerely,



Jonathan Shopley
ICROA Co-Chair



Tom Stoddard
ICROA Co-Chair

¹ Secretary of State for the Environment, Rt. Hon. Hilary Benn MP's open letter, published 19th February 2008.

