



For immediate release

DECC Scheme for Carbon Offsets Will Slow Efforts to Address Climate Change

New Governmental programme will undermine the voluntary market for carbon reductions.

3rd February 2009: The UK Government's launch of a *Quality Assurance Scheme for Carbon Offsetting*, two years after the initial consultation, is likely to harm the voluntary carbon market according to the International Carbon Reduction and Offset Alliance (ICROA), the leading membership body of organisations offering offsets and carbon management services.

"Rather than support the expansion of the voluntary emissions reduction market, the Department for Energy and Climate Change (DECC) Quality Assurance Scheme for Carbon Offsetting is certain to inhibit this important activity," said Jonathan Shopley, ICROA's co-chair. "Voluntary offset purchases result in greenhouse gas emissions reductions that are additional to those required by law," Shopley emphasised. "These reductions provide individuals and businesses with a powerful way to take significant action to curb global emissions. The Government should be working with the voluntary carbon market, not undermining it," Shopley added.

The DECC Scheme initially recognises only those offsets approved under formal U.N. standards, such as Certified Emission Reductions (CERs). The DECC Scheme does not yet recognise Verified Emissions Reductions (VERs), which are based on rigorous voluntary certification standards and ensure good quality emissions reductions. Projects that produce VERs result in a number of important "co-benefits," like the promotion of sustainable development, the alleviation of poverty, and in some cases, the restoration of critical ecosystems and habitat. Projects that produce CERs are usually much larger scale, and often lack the community focused co-benefits that VER projects generate. "The Scheme is deeply flawed because of its failure to initially recognise VERs and as a result will harm important

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financing of efforts to address climate change in rural communities throughout the developing world. Shopley stated. “The Government has ignored the experts and is stifling efforts to address climate change. ” Shopley said.

Shopley added that the design of the programme has failed to keep pace with developments in the voluntary carbon market, which has significantly progressed in sophistication, quality, and self-regulation, in the last two years. The DECC Scheme ignores the emergence of codes of conduct for market participants and the establishment of robust voluntary standards with transparent registries that now allow for reliable, transparent accounting of offset sales. ICROA members have committed to selling VERs produced by projects developed in compliance with several leading certification standards, notably the Gold Standard and the Voluntary Carbon Standard. These certification protocols have been developed openly in collaboration between environmental NGOs, climate policy experts, and industry participants.

The Government’s requirement that only CERs be used in voluntary markets and the additional costs of registering offsets under the DECC Scheme will also drive up the price, which is counter-productive in these challenging financial times, according to ICROA. “We should be creating more incentives to finance new carbon reduction projects and greater opportunities for businesses and individuals to buy offsets.” Shopley said.

The DECC Scheme does establish a stakeholder panel to allow for further discussions regarding the voluntary carbon market. “We urge the Government to immediately sit down with market participants to address these flaws in the DECC Scheme.” Shopley said.”

END

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NOTES TO EDITORS:

About ICROA: www.icroa.org

The International Carbon Reduction and Offset Alliance (ICROA), is a not for profit alliance of leading carbon reduction and offset providers. It provides leadership and a unified voice advocating for rigorous industry standards. ICROA members support a “reduce and offset” approach to carbon management. Members have adopted the ICROA Code of Best Practice and must report transparently on their compliance with the Code following the end of this year.

As described by ICROA’s Code of Best Practice, carbon management is a comprehensive approach to assessing and reducing an organisation’s carbon footprint. Comprehensive carbon management requires:

- Measuring carbon footprints according to accepted international standards
- Setting emissions reduction targets based on scientific assessments
- Reducing net CO2 emissions by:
 - Achieving reductions within the organisation
 - Using real, permanent, and additional offsets

ICROA members currently serve thousands of businesses and hundreds of thousands of individuals. The member companies are Carbon Clear, The CarbonNeutral Company, ClimateCare, Climate Friendly, Climate Neutral Group, co2balance, First Climate, NativeEnergy, Targetneutral, TerraPass,

Examples of the Importance of VER Credits:

Ugastove Ltd in Kampala manufactures efficient home cooking stoves that each cut over a tonne of CO2 per year and reduce poisonous kitchen smoke for their users. It is now able to quadruple its output thanks to carbon finance, accredited through the Gold Standard.

“The voluntary market can support projects that start small enabling them to grow to achieve significant carbon savings, such as the half million tonnes CO2 we expect our stoves to save over the next five years, projects like ours that start small cannot easily get funding from the compliance market.”

David Mukisa, director of Ugastove.

"As the leading carbon-neutral insurer, ibuyeco is a regular purchaser of thousands of tonnes of "voluntary" credits on behalf of our customers. We believe VERs support quality sustainable carbon reduction projects in countries worldwide, and the absence of their recognition in the code may lead consumers, erroneously, to believe that they are not worthy of support. We urge DECC to include VERs in the code".

David Lundholm, Director, Ibuyeco

“Through Forum for the Future’s research and partnerships with leading businesses and NGOs we have consistently found that robust VERs are playing an important role, engaging customers in climate action and funding innovative carbon reduction projects benefitting communities round the world. We therefore have no doubt that it is a mistake for the government not to include VERs in its assurance scheme and hope that a second version including quality VERs will be released quickly.”

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Alice Chapple, Director of Sustainable Financial Markets at Forum for the Future and author of *Making the Voluntary Carbon Market Work for the Poor*

“We recommend strongly that the government think again about its proposed code... it must produce a voluntary code based on all credit types which will recognise the important role that the voluntary market has to play...”

House of Commons Environmental Audit Committee

“The difference in robustness between CERs and VERs is not sufficiently great to warrant Defra including one yet excluding the other.”

Dr Cameron Hepburn, Environmental Change Institute, Oxford University

“Only the voluntary carbon market, coalitions of buyers and sellers, can tackle [funding preservation of global rainforests] immediately. Governments should therefore foster trading in the voluntary market, rather than hinder it, or worse, exclude it from recognition.”

Global Canopy Programme, Vivocarbon Initiative

“Voluntary carbon markets... the markets most likely to reach poorer and smaller communities in developing countries.”

State of the Voluntary Carbon Markets 2007, Ecosystem Marketplace, (p.6)

“the voluntary market has, thus far, been responsible for the development of the most creative offsetting products. We cannot overstate the importance of being able to tailor offsetting projects to the interests – and geographies – of customers.”

Forum for the Future

Useful References:

- IIED and the Ashden Awards looked at ten leading examples of sustainable energy projects in the developing world, which were collectively helping lift nearly ten million out of poverty and cutting two million tonnes of CO₂e per year, and found that seven out of ten were getting funding from the carbon market, of which five were through VERs. http://www.ashdenawards.org/reports/low_carbon_energy
- Forum for the Future’s report ‘Making the Voluntary Carbon Market Work for the Poor’ argued that many community based development projects can benefit from funding from the voluntary market, and that it should be supported in continued growth and improvement. <http://www.forumforthefuture.org.uk/node/4638>
- Gold Standard VER information: http://www.cdmgoldstandard.org/how_does_it_work.php?id=44
- Voluntary Carbon Standard information: <http://www.v-c-s.org/>

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