



CMIA and ICROA Question and Answers:

The DECC Quality Assurance Scheme for Carbon Offsetting

1. What is the UK Government's Quality Assurance Scheme (QAS) for Carbon Offsetting?

In February 2009, the UK Government Department of Environment and Climate Change (DECC) launched the Quality Assurance Scheme (QAS) for Carbon Offsetting. Approval of offsets under the QAS is voluntary, so offset providers choose whether or not to register the offsets they sell under the QAS.

The Government's stated goals in establishing the QAS were: increasing consumer confidence when purchasing; enabling consumers to identify offsets that accurately calculate emissions and cancel a specified amount of carbon credits; and increasing consumer understanding about the role offsetting can play in tackling climate change.

For the purpose of the QAS a carbon offset is defined as 'the use of carbon credits to balance the total emissions that result from a defined activity measured in carbon dioxide equivalent (CO₂e)'.

In order to obtain approval under the QAS an offset provider must offer:

- accurate calculation of emissions to be offset using the factors provided by the QAS or Defra's Voluntary Reporting Guidelines
- use of Kyoto compliant carbon credits (CERs, ERUs, and Phase 2 EUAs)
- cancellation of carbon credits within a year of the consumer's purchase of the offset;
- clear and transparent pricing of the offset (total price and price / tonne at the point of sale);
- provision of information about the role of offsetting in tackling climate change and advice on how a consumer can reduce his or her carbon footprint

Though the QAS's development was funded by Government, the process of approval is self-financing and so companies wishing to have offsets approved are required to pay for this service via an Approval Body (AEA Group Plc.).

DECC is in the process of establishing a second phase of the QAS to look at the inclusion of Voluntary Emissions Reduction credits (VERs) in the scheme, subject to a satisfactory level of assurance.

2. Why are CMIA and ICROA members not seeking approval under the QAS?

In our view VERs developed under robust voluntary standards are equally effective in achieving emissions reductions as Kyoto compliant instruments while providing important co-

benefits such as the promotion of sustainable development, the alleviation of poverty, and in some cases, the restoration of critical ecosystems and habitat. We believe that since the inception of the scheme in 2007, DECC has failed to keep pace with developments in the voluntary carbon market which has significantly progressed in sophistication, quality, and self-regulation.

We therefore strongly support the principle of a mixed market, including high quality VERs with CERs and other government-regulated instruments in the QAS, and our members will not seek approval under the QAS until voluntary offset standards are included. In support of the second phase of the QAS we have proposed a set of principles we recommend are used by DECC to judge the quality and integrity of voluntary standards:

- an internationally agreed project approval and emission reduction verification procedure;
- an international registry for tracking and cancelling VERs with a proven operational track record; and,
- addressing the issues of additionality, avoiding carbon leakage, permanence, verification, transparency and avoiding double counting

3. How do ICROA and CMIA want the QAS to be developed?

We are currently working with DECC on the design of the second phase of the QAS, where they will consider the inclusion of voluntary carbon offset standards in the Government programme. CMIA and ICROA advise DECC to include robust voluntary carbon offset standards in the QAS.

Offset credits validated and verified by voluntary offset standards (VERs) are often more appropriate for the needs of consumers and business customers for offsetting their emissions. VER offset projects located in the developing world, where the weight of future emissions are predicted to originate, also provide the communities who are most vulnerable to the effects of climate change with direct access to sustainability benefits and technology for the mitigation of carbon emissions. Offset projects can assist with the alleviation of poverty, and in some cases, the restoration of critical ecosystems and habitat. The voluntary carbon market is valued for its innovation, as demonstrated by the introduction of new methodologies beyond those found under the Kyoto Protocol flexible mechanisms.

CMIA and ICROA advise that any voluntary offset standard included in the QAS meet the following criteria: that the VERs are real, measurable, permanent, additional, independently verified and unique. The VERs must also be tracked in a registry. ICROA advises that the second stage of the QAS focus initially on two leading voluntary offset standards; the Gold Standard and the Voluntary Carbon Standard (VCS). The ICROA Code of Best Practice currently only permits, together with CERs, the use of the Gold Standard and the VCS, as these robust voluntary offset standards meet the key criteria for offsets as outlined above. Gold Standard offset projects are particularly noted for their premium sustainability requirements. The VCS is renowned for its innovation, as demonstrated by the VCS AFOLU methodologies.

For more information on the Gold Standard, please visit <http://www.cdmgoldstandard.org/>

For more information on the VCS, please visit <http://www.v-c-s.org/>

4. Can your organisation be a member of CMIA and ICROA if you use the QAS?

Yes:

CMIA encourages all organisations, which commit to the principles of CMIA and fulfil the membership criteria, to apply for membership. For more information on CMIA membership, please visit <http://www.cmia.net/join.php>.

ICROA encourages all organisations, who fulfil the ICROA membership criteria and who agree to sign up to and report against the ICROA Code of Best Practice, to apply for membership. For more information on ICROA membership, please visit: www.icroa.org/contact .

CMIA and ICROA member organisations are aware that the CMIA and ICROA are engaging with the UK Government to help ensure that robust voluntary offset standards are included in the second stage of the QAS.

5. What is ICROA and CMIA's position on the role of CERs?

ICROA and CMIA also strongly advocate the use of Certified Emission Reductions (CERs) for voluntary offsetting where appropriate. CMIA members are active in the compliance and voluntary carbon markets. The ICROA Code of Best Practice also encourages ICROA members to use CERs. We believe that CERs and VERs should be used in conjunction rather than in competition. The voluntary carbon market provides an essential complement to the compliance carbon market. Methodologies developed in the more flexible realm of the voluntary carbon market, are now being translated into policies for the compliance carbon market. The voluntary carbon market provides essential choice, on project type and project beneficiaries, which is not as accessible from the sole use of compliance market credits.