



BUSINESS COUNCIL ON  
**CLIMATE CHANGE**

# 411 on Carbon Offsets: Using Offsets as a Tool for Sustainability

Presented to:

The Business Council on Climate Change (BC3)  
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# Climate Action Reserve



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## Background:

- Independent Non-Profit Organization, formed in 2001
  - Mission: Encourage voluntary actions to reduce GHG emissions
- Renamed in 2008, mission remains the same
  - New focus on transparent, high-quality offsets program

## What we do:

- Develop regulatory quality offset protocols and project guidelines
- Oversee third-party verification
- Operate a transparent registry of serialized credits and projects
  - Publicly Accessible Information about all projects and CRTs



# Core Principles: Offset Quality



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## Benefits of offsets are clear, but...

- Cost-effective, immediate impact, allows for flexibility emission reduction strategy and supports environmental messaging, but...

## All offsets are NOT created equal!

- **Real** – Has it already occurred?
- **Additional** – Business as usual?
- **Verifiable** – Independent oversight?
- **Enforceable** – Clear ownership?
- **Permanent** – How do you know?
- **Measurable** – How? What methodology/standard?



# Benefits and Challenges of Offsetting for Voluntary Buyers



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## Benefits:

- Mitigate Environmental Impact
- Reputation and credibility
  - Customer-facing brands
- Identify inefficiencies
- Experience in emerging compliance markets (AB32)

## Challenges:

- Brand Risk “greenwash”
- Complacent execution
  - When is it appropriate to use offsets?
  - Need to be supported by other sustainability initiatives
  - Avoid “carbon neutral”
  - No “silver-bullet”





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# Offsets Paradox: Bad Apples

## One view: Cost effective tool to reduce emissions

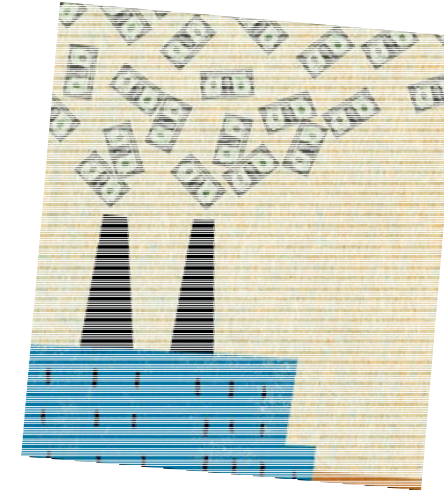
- Marginal Abatement > Offsets

## Other way of seeing it:

- Companies should reduce their own emissions NOT outsource them

## Answer = Companies should do BOTH

- Offsets can “bridge the gap”
- Best when part of an “all of the above”, diversified sustainability tool-kit



**THE WALL STREET JOURNAL**  
WSJ.com

U.S. NEWS | December 30, 2008

### Green Goal of 'Carbon Neutrality' Hits Limit

By JEFFREY BALL

ROUND ROCK, Texas -- Computer giant [Dell](#) Inc. said this summer that it has become "carbon neutral," the latest step in its quest to be "the greenest technology company on the planet."

What that means, and what it doesn't, may surprise Dell customers and other consumers who have been bombarded with bold environmental promises from major corporations.

In the two years since Al Gore's movie, "An Inconvenient Truth," helped make climate change a marquee issue, companies from [Timberland](#) Co., the shoe maker, to [News Corp.](#), the owner of The Wall Street Journal, have promised to become "carbon neutral."





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# How to do it right: Guiding Principles

- Reduce what you can, then offset the rest
- In support of other environmental initiatives
  - Internal reductions, energy efficiency and renewable energy
- Hedge your Bets
  - Part of a diverse set of sustainability initiatives and actions
- Communication is **KEY**
  - Explain why and how you're offsetting; how it relates to your company, your brand, and your customers
  - How it relates to other environmental initiatives
  - Use in context of larger vision/mission



# Voluntary Offsets – Six Questions You Need to Ask



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1. Where is it registered?
2. What makes it additional?
3. Where is it located?
4. What kind of project is it?
5. What vintage?
6. Are they permanent?



# Voluntary vs. Compliance: AB 32 & California Cap-and-Trade



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- **California Cap-and-Trade Goal: 1990 GHG levels by 2020**
  - Three compliance periods (CPs) 2013-2014; 2015-2017, 2018-2020  
(Narrow Scope) (Broad Scope)
  - Narrow Scope = 600 Largest industrial emitters
  - Broad scope = Natural gas, electricity transmission and transportation fuels (85% of CA Econ covered)
- **Role of Offsets in Cap-and-Trade**
  - Allowances = 1 mtCO<sub>2</sub>e; (*Accountable for all emissions*)
  - Offsets = activities “outside” the cap (*Limit: 8% of compliance obligation*)
  - Early Action Offsets: vintage 2005-2015 CRTs from CARB-Approved project types (Forestry, Livestock and ODS)





# Conclusion – Be an Informed Buyer



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**Find projects that match your organization’s mission, values, and goals**

- Involve your stakeholders
- Invest in your community
- Look for transparency and **QUALITY**
- Capture Co-Benefits

**No silver bullets**

- Offsets are an important tool, but only when part of a diverse sustainability strategy
- Doing your homework will help you avoid risks and reap the benefits



# Upcoming Events



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## Workshops:

- Reserve 101 – CA Compliance Workshop
  - San Francisco, CA - April 10<sup>th</sup>
  - <http://events.climateactionreserve.org>

## Annual Conference:

### *Navigating the American Carbon World 2012*

- April 10-12 2012, San Francisco, CA
- [www.NACW2012.com](http://www.NACW2012.com)



# Contact Information



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