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

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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

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

### 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”
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
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

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

• **California Cap-and-Trade** Goal: 1990 GHG levels by 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 mtCO2e; *(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

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

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

Annual Conference:
Navigating the American Carbon World 2012
• April 10-12 2012, San Francisco, CA
• www.NACW2012.com
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