

## To offset or not to offset?

### Introduction

When they first arrived on the market, carbon offsets rapidly rose to prominence as a painless and affordable way for ethical consumers to take action on climate change and reduce their personal carbon footprint. Businesses used offsets to help make their operations “carbon neutral”; while individuals mainly used them to counteract their most carbon intensive activities – especially emissions relating to flights and travel.

Consumer offsets are part of a voluntary carbon market specifically established for conscientious individuals and organisations. This should not to be confused with offsets from the Clean Development Mechanism (CDM) which countries use to cushion their compulsory obligations under the Kyoto Protocol. The CDM has come under heavy criticism – both for weakening the international carbon cap, and for some of the controversial offset projects within it – but these issues have no bearing on the voluntary market.<sup>1</sup>

As part of the voluntary market, consumer offsets fund carbon reduction programs independent and additional to those required under current national and international law, yet despite this, offsets suffered a major media and consumer backlash around 2006, with new scientific studies undermining specific types of offset project and influential commentators attacking the very principle of offsetting. The market for individual buyers never really recovered.<sup>2</sup>

In this document we re-examine the role offsetting can play in tackling climate change, and investigate how these compare with alternative carbon products in the consumer market today.

### About Sandbag

Sandbag is a UK based not-for-profit campaigning organisation dedicated to achieving real action to tackle climate change and focused on the issue of emissions trading. Our view is that if emissions trading can be implemented correctly, it has the potential to deliver the deep cuts in carbon emissions the world so badly needs to prevent the worst impacts of climate change.

### The case against carbon offsetting

There are two chief criticisms levelled against personal offsets: that they do not deliver the carbon savings they promise and yet, simultaneously, they encourage people to persist in unsustainably carbon-intensive behaviours and lifestyles.

George Monbiot nicely captured both issues in the metaphor of “carbon indulgences”;<sup>3</sup> comparing offsets with the absolutions sinners could purchase from the mediaeval church to buy their way out of punishment in the afterlife. The creators of the spoof website [cheatneutral.com](http://cheatneutral.com) shift this metaphor closer to home by offering a mock service which offers compulsive adulterers the chance to offset their ongoing infidelities by paying for other couples to be faithful to their partners.

**Clever as these metaphors are, both risk exacerbating a moral confusion endemic in environmental behaviour change discourse: namely, that specific carbon emitting behaviours are sinful or immoral when – in fact – it is our total contribution towards a limited atmospheric carbon budget which is at issue.<sup>4</sup>**

<sup>1</sup> See our report [Tracking Compliance Offsets in the EU Emissions Trading Scheme](http://bit.ly/cj8Ela)

<sup>2</sup> [Eco System Marketplace - State Of the Voluntary Carbon Markets link: http://bit.ly/cj8Ela](http://bit.ly/cj8Ela)

<sup>3</sup> Monbiot - [Selling Indulgences](http://bit.ly/b633nF). Link: <http://bit.ly/b633nF>

<sup>4</sup> Two articles in *Nature* on the atmospheric CO<sub>2</sub> budget put the remaining budget at between 0.5 and 0.9 trillion tonnes. Allen et al (2009) (Link: <http://bit.ly/aEJkXN>) and Menshausen et al (2009) (Link: <http://bit.ly/bwODF5>)

While rightly discouraging carbon profligacy, the “carbon-sin” metaphor also fails to acknowledge the very real limits of carbon austerity in industrial societies with a carbon-intensive infrastructure. Is a person turning on the lights in Britain really morally superior to someone doing the same thing in coal-powered Australia, or morally worse than someone lighting their home in nuclear-powered Japan?<sup>5</sup> Individuals, cannot be held personally accountable for the background societal emissions which they cannot reasonably be expected to avoid.

Below we explore the two chief complaints against offsetting in greater detail:

## Criticism 1: Offsetting projects do not deliver the carbon savings promised

The strongest controversies on this front were tree-planting projects, which forward-sold the “carbon sink” effect trees would only accrue over the course of their lifetimes. These projects also overlooked that trees become sources of emissions as they decay later in their lives. This means forest projects need to be maintained in perpetuity to reliably deliver the tonnes of offset promised.

Some critics have also expressed uncertainties as to whether various other offset projects, such as wind farms, solar arrays and anaerobic digestion plants, might have sometimes happened anyway, before earning offset revenues.

## Answer 1: Only purchase reliable offsets.

Partly owing to the vocal criticisms levelled against offsetting, the industry was quick to undergo reforms and establish new standards to reassure consumers that its projects were environmentally sound. As of 2008 only 1% of voluntary offsets related to tree-planting and 96% of voluntary offsets were certified by third party organisations.<sup>6</sup>



One of the best known and most rigorous international standards is the Gold Standard - endorsed by over 60 NGOs.<sup>7</sup> The Gold Standard avoids forestry-related projects by only certifying renewable energy and energy efficiency projects. Furthermore, the Gold Standard only certifies offset projects use the best and most recent methodologies to assess whether carbon savings are genuine<sup>8</sup> and ensures that the projects could not have happened without dedicated offset funding.<sup>9</sup>

The UK government has also released its own Quality Assurance Scheme which endorses carbon *retailers* rather than specific carbon credits.<sup>10</sup>

## Criticism 2: People buy offsets instead of taking action at home

The arrival of cheap offsets caused many environmentalists to fear that businesses and individuals would simply pay to outsource their climate responsibilities to overseas projects in the developing world while carrying on with their carbon-intensive lifestyles and activities at home.

5 The carbon intensity in MtCO<sub>2</sub>e/TWh of the three countries is as follows: Australia = 0.98; UK = 0.61; Japan = 0.40.  
6 Ecosystem Marketplace - State Of the Voluntary Carbon Markets. Link: <http://bit.ly/cj8E1a>

7 <http://www.cdmgoldstandard.org/>  
8 e.g. the UN additionality standard or the Gold Standard VER additionality standard.  
9 CDM Gold Standard Toolkit Link: <http://bit.ly/cZ8UOs>  
10 <http://offsetting.decc.gov.uk/>

These commentators rightly point out that the scale of the climate challenge is such that drastic emissions cuts will be needed in both rich countries and developing countries.<sup>11</sup> Consequently, outsourcing mitigation to projects in the developing world fails to address the need for real cuts at home.

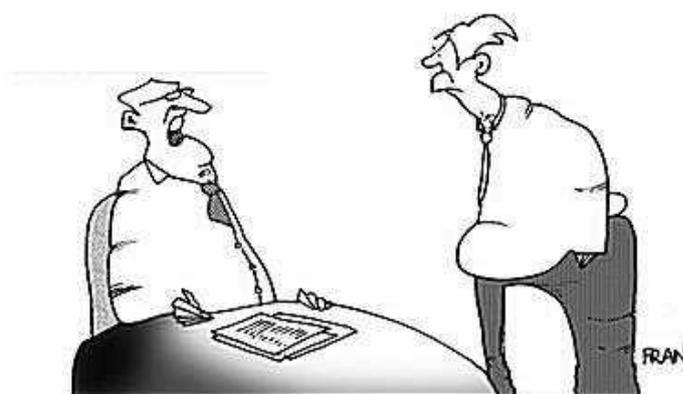
## Answer 2: Do both!

In recognition of this issue, accreditation bodies like the UK Quality Assurance Scheme insist that retailers provide detailed advice on how individuals and organisations should directly lower their carbon footprint.

But even with the best intentions, individuals participating in modern industrialised societies will inevitably be responsible for some CO<sub>2</sub>. Offsets provide an opportunity to compensate the atmosphere for these outstanding emissions. Surely better than resigning ourselves to them. In short, offsets should not be seen as a substitute for a low-carbon lifestyle, but should be seen instead as one of many tools consumers can use to shrink their personal carbon footprint and reduce global emissions.<sup>12</sup>

**The term “offsets” is unfortunate in that it implies that their use is restricted to balancing out ‘bads’ with ‘goods’.<sup>13</sup> Offsets should best be understood as another weapon in the armoury to cut atmospheric carbon and fight climate change. Voluntary offsetting over 2007-8 prevented some 25 million tonnes of CO<sub>2</sub> from entering the atmosphere – it would be rash to reject the help these products can bring.<sup>14</sup>**

Surprisingly, a significant proportion of offset credits arise from rich, industrialised countries with some 34% of offsets coming from projects across the US, Australia, New Zealand, Canada



and even Europe.<sup>15</sup> Nor should we forget that offsets projects in developing countries can bring clean electricity, new technology and sustainable development they would not have otherwise received.

## Going one better – carbon destruction

While the above arguments will hopefully help to rehabilitate the reputation of offsets as a useful tool in cutting carbon, there are now superior tools available in the carbon market. Since 2005, the EU has imposed a strict legal limit on the total amount of CO<sub>2</sub> the heaviest polluters within Europe can emit under its Emissions Trading Scheme (ETS). This forces companies covered by the scheme to either lower their emissions or purchase carbon allowances from other companies which have managed to lower theirs.

Through Sandbag and a handful of other organisations in Europe, it is now possible for ordinary consumers to *buy and destroy* these carbon allowances thereby preventing the corresponding pollution from ever taking place.

Destroying ETS credits has several key advantages over traditional offsets:

- **The carbon reductions are airtight.** Even Gold Standard offset certifiers calculate the carbon a project can expect to save against a hypothetical baseline. As they cannot predict the future, even the best assessments can never be

<sup>11</sup> The IPCC puts this at a 25-40% reduction in developed country emissions, and a 30% departure from projected emissions growth in developing countries.

<sup>12</sup> There is actually a subtle but crucial difference between shrinking one's personal footprint and reducing carbon in the atmosphere. We explore this elsewhere in this series in "Shrinking Your Footprint or Covering Your Tracks?"

<sup>13</sup> There is, indeed, no reason people shouldn't be encouraged to cut more CO<sub>2</sub> than their own activities account for.

<sup>14</sup> Ecosystem Marketplace - The State of the Voluntary Carbon Markets 2009 Link: <http://bit.ly/cj8E1a>

<sup>15</sup> Ecosystem Marketplace - The State of the Voluntary Carbon Markets 2009 Link: <http://bit.ly/cj8E1a>

100% reliable. By contrast, because European carbon budgets are fixed in advance, destroying a permit for one tonne of carbon directly removes that tonne from the budget. The carbon saving is completely assured without relying on complex and inscrutable methodologies.

- **Destroying permits cleans up European energy infrastructure.** We have noted the limits of carbon austerity in industrialised societies with carbon intensive infrastructure, and discussed how overseas offsets can help compensate for our unavoidable emissions. But rather than merely compensating for these emissions, we can directly limit them at source by removing carbon from the EU ETS. This directly reduces the pollution available to power companies and heavy industry, and also raises the price of carbon, incentivising investment in cleaner technologies.
- **Destroying permits is the only way to directly reduce your electricity emissions.** Because electricity emissions are already controlled by the Emissions Trading Scheme, efficiency measures and renewable tariffs only serve to displace carbon emissions elsewhere in Europe.<sup>16</sup> Retiring carbon from the ETS is currently the only way to directly and quantifiably reduce these emissions domestically

In addition, destroying carbon through Sandbag has a range of further benefits:

- **Our carbon permits have a human face.** Rather than buying from the open market, we purchase carbon permits from climate-conscious universities and hospitals who have spare permits as a result of energy efficiency measures. Sandbag funds are then ring-fenced for investment into further carbon savings at these institutions.
- **Our brokerage fees support our campaigning work.** Rather than funding carbon stockbrokers or profit-making companies our admin fees help support our not-for-profit campaigning work to drive down European emissions even further.



## Conclusion

While much maligned, carbon offsets are an increasingly effective way of cutting atmospheric carbon. In tandem with other efforts to minimize emissions, carbon offsetting and carbon destruction can help people to cancel their unavoidable emissions or even become carbon negative: net removers of CO<sub>2</sub> from the atmosphere.

Much of the aversion to offsetting amongst ethical consumers is a residue from negative press it received four years ago. This negative publicity triggered rapid reforms to the voluntary carbon industry which were less widely reported, but were sufficiently reassuring to reinvigorate offsetting for corporate social responsibility purposes. Since then, carbon destruction has become available, offering consumers even greater reassurances on carbon savings while driving down emissions in critical sectors of the European economy.

We hope this document helps restore a more balanced assessment of the role of consumer offsets in combatting climate change, and introduced some other products which can aid in that fight. Our survey of personal and consumer climate actions continues in the other instalments of the Cutting Carbon Series.

Evaluations of offsets from other organisations can be found at:  
<http://www.co2offsetresearch.org/publications.html>  
[http://assets.panda.org/downloads/vcm\\_report\\_final.pdf](http://assets.panda.org/downloads/vcm_report_final.pdf)  
<http://www.which.co.uk/advice/carbon-offsetting/carbon-offsetting-sites-compared/index.jsp>

**For more information please email [info@sandbag.org.uk](mailto:info@sandbag.org.uk) or visit [www.sandbag.org.uk](http://www.sandbag.org.uk)**

<sup>16</sup> This is why 100% renewable tariffs still need to use offsets in order to qualify for Ofgem's Green Certification Scheme.