

CARBON OFFSETS: A CAUTIONARY TALE

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The voluntary carbon offset market is booming. Dozens of companies are ready to help eco-conscious consumers compensate for their personal carbon emissions by contributing to projects that reduce greenhouse gas emissions elsewhere.

The idea sounds promising. By purchasing carbon offsets, individuals can mitigate their climate impact and help finance projects that keep greenhouse gases out of the atmosphere. In addition, as more people demonstrate their willingness to pay extra for green initiatives, they send a signal to lawmakers that there is public support for tough climate legislation.

But critics consider promoting offsets to be a flawed approach. They argue that it encourages a business-as-usual attitude toward climate change by suggesting that people can neutralize their emissions without altering their lifestyle.

Compounding the problem, there are as yet no agreed-upon standards to ensure that offset projects deliver the promised carbon reductions.

Nonetheless, well-chosen offsets can be an important part of a broader strategy to address climate change. They provide an additional opportunity for individuals who have already curtailed their energy consumption to reduce their impact on global warming even further. And, fortunately, there are resources to help consumers find credible high-quality offsets.

How Much Does It Cost?

Most offset providers have online calculators that allow potential customers to calculate their emissions and the cost of

offsetting that amount. However, the various calculators frequently give quite different estimates of total emissions. This reflects differences in the level of detail that users are asked to provide and in the methodology used in the calculations. Estimating the climate impacts of air travel is particularly complex.

Moreover, the offsets which are offered range widely in price, from \$5 to \$25 per ton of emissions. For consumers trying to make a choice, analysts suggest that the quality of the offset project rather than the cost should be the determining factor. It's better, they say, to invest in high quality offsets than to buy as many offsets as possible.

Choosing a High-Quality Offset

Offset providers fund a wide variety of projects, but how can consumers be sure that the offsets they buy will result in real emissions reductions? A report published by Clean Air—Cool Planet suggests a set of characteristics to look for in an offset project:

- **Additionality.** Will the offset revenues make the project happen or would it have occurred anyway (e.g., because it is required by law)?
- **Baseline.** Has a credible emissions baseline been determined against which reductions will be measured?
- **Quantification.** Are rigorous accounting rules used to quantify the greenhouse gas reductions? Are emissions likely to increase elsewhere as a result of the project?
- **Verification.** Are emissions reductions independently verified and verifiable?