

Carbon Offset Watch

www.carbonoffsetwatch.org.au 2008



Total Environment Centre Inc



UNIVERSITY OF TECHNOLOGY SYDNEY



What is Carbon Offset Watch?

Carbon Offset Watch is Australia's first independent ranking of voluntary carbon offset providers. It gives you information to inform your offset purchase and encourages you to demand quality and transparency in offset retailer services and products.

Who is Carbon Offset Watch?

Carbon Offset Watch is a partnership between the Institute for Sustainable Futures (an academic research institute at the University of Technology, Sydney), the Total Environment Centre (representing environmental interests) and CHOICE (representing consumer interests).

What are carbon offsets?

Carbon offsets are reductions of greenhouse gas emissions from one activity or project to compensate for the emissions of

another activity or project. Offset projects include: measures that reduce greenhouse gases from entering the atmosphere in the first place; and measures that remove greenhouse gases from the atmosphere after they have been released.

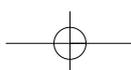
Carbon offsets should be the final part of a plan to minimise your emissions – after reducing consumption (for example, by energy efficiency or by reducing private car use) and using low or zero emission energy (such as purchasing GreenPower for your electricity or using a hybrid vehicle). When these options have been exhausted, or are not cost effective consumers can voluntarily pay for an emission reduction elsewhere.

Why Carbon Offset Watch?

Public concern about climate change has grown rapidly and is an urgent issue. Individuals and organisations want to continue to help by reducing their own greenhouse gas emissions. Over



Carbon Offset Watch is supported by the Albert George and Nancy Caroline Youngman Trust as administered by Equity Trustees Limited.



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50 carbon offset providers in Australia have emerged in the last two years to assist people and organisations to reduce their carbon footprint. Information on the quality of these carbon offsets, however, may be difficult to obtain and there is inadequate regulation to ensure consumer confidence.

Consumers are left to choose between a diverse array of carbon offset products without being able to easily and confidently ascertain the quality of their purchase. Carbon Offset Watch has investigated the quality of carbon offset products to help reduce confusion and improve confidence amongst consumers.

Further information

The full report and more resources are available at www.carbonoffsetwatch.org.au

CARBON OFFSET WATCH RANKING

The following table ranks carbon offset retailers in four performance categories. Within each category retailers are

listed in descending order according to the score they achieved; retailers with the same score are listed in the same row in the table. Retailers have been assessed using information about their products and services for the 6 month period ending April 2008. If you are purchasing offsets you should to check for the latest information from providers.

Explanation of performance category definitions:

Outstanding (scored 90% or more): There is a very high likelihood that an offset purchased from these retailers will deliver real, additional greenhouse gas emission reductions.

Good (scored 75% to 89%): There is a high likelihood that an offset purchased from these retailers will deliver real, additional greenhouse gas emission reductions.

Adequate (scored 60% to 74%): While it is likely that an offset purchased from these retailers will deliver real, additional greenhouse gas emission reductions, they represent a higher degree of risk for the consumer.

Outstanding (scored 90% or more)

Climate Friendly

Cleaner Climate, Climate Positive, Southern Metropolitan Regional Council (SMRC)

Carbon Reduction Institute

Website

www.climatefriendly.com

www.cleanerclimate.com

www.climatepositive.org

www.smrc.com.au

www.noco2.com.au

Good (scored 75% to 89%)

Fieldforce Environmental

Neco

Coolplanet

Ark Climate, Carbon Planet

Green Pass, Low Energy Supplies and Services (LESS)

Greenpig

AGL, Enviro-friendly, Origin Energy

Landcare CarbonSMART

www.fieldforce.net.au

www.neco.com.au

www.coolplanet.com.au

www.arkclimate.com, www.carbonplanet.com

www.greenpass.com.au, www.lowenergy.com.au

www.greenpig.com.au

www.agl.com.au, www.enviro-friendly.com

www.originenergy.com.au

www.carbonsmart.com.au

Adequate (scored 60% to 74%)

CO₂ Australia

COzero, Global Carbon Exchange

www.co2australia.com.au

www.cozero.com.au, www.gcx.com.au

Not recommended (scored less than 60%)

No Carbon Offset Watch participants in this category. This does not imply that all Australian carbon offset retailers perform well. We are not able to comment on the likely performance of those offset providers who were invited and chose not to take part in Carbon Offset Watch.

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Not recommended (scored less than 60%): There is little certainty that offsets purchased from retailers in this category would deliver real and additional reductions. No retailers who participated in Carbon Offset Watch fell into this category. This does not imply that all Australian carbon offset retailers perform well. We are not able to comment on the likely performance of those offset providers who were invited and chose not to take part in Carbon Offset Watch.

How does Carbon Offset Watch rank retailers?

Carbon Offset Watch assesses retailers according to a methodology that represents our considered opinion on the important features of retailer products and services. These are:

- > aspects of the offset retailer's services, particularly how the retailer encourages customers to reduce carbon emissions before offsetting and how they estimate customer carbon footprints (19.5% of the total score)
- > the quality and reliability of the offset itself, largely based on the features of the independent accreditation it has obtained (73% of the total score)
- > the desirability of the underlying projects used to generate the offsets from a long-term sustainability perspective, based on the project type, for example energy efficiency, renewable energy or forestry (7.5% of the total score)
- > price is not included in our assessment

- > co-benefits (such as ecosystem restoration or land rehabilitation) are not included in our assessment.

Participation

Over fifty voluntary carbon market participants were invited to take part in the first Carbon Offset Watch assessment and twenty carbon offset retailers chose to participate. We think it is reasonable to expect that responsible organisations selling carbon offsets in the voluntary market should be willing to participate in this kind of independent assessment process, particularly given the current absence of specific legislated standards for the market. We are unable to recommend any non-participating organisations as carbon offset retailers due to a lack of information.

How can the carbon offset market be improved?

There are a number of critical challenges facing the carbon offset industry. Carbon Offset Watch intends to participate in the debate with government and business to help resolve these challenges.

1. Establish a national standard for carbon offsets

The Rudd Government made an election commitment in 2007 to introduce a national standard for carbon offsets by the end of 2008 that would build on existing schemes, provide national consistency and require all voluntary carbon credits to be accredited. The details of a national standard are yet to



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emerge but we particularly support action on product claims, offset acquittal and carbon footprint calculators.

No existing standard covers all these elements, so it would not be sufficient to simply adopt an existing standard such as Greenhouse Friendly as the de facto national standard.

2. Voluntary carbon offsets should be additional to Australia's Kyoto commitments

Voluntary offsets are currently counted towards Australia's mandatory Kyoto target. This means that voluntary offsets

bought by consumers are helping Australia to achieve its Kyoto Protocol target rather than reducing emissions beyond that target. As the target is obligatory, these emission reductions would happen whether or not the voluntary projects occurred. While individuals and organisations may still wish to reduce their own emissions through the purchase of offsets, wider knowledge of the lack of regulatory additionality may significantly dampen demand.

Tips for buying carbon offsets

- > Before you consider buying offsets, try to reduce your carbon footprint as much as possible. For tips on reducing your carbon footprint see Global Warming Cool it. www.environment.gov.au/settlements/gwci
- > Only buy offsets from offset retailers who provide detailed information about their products and services, and the projects they use to generate offsets. Projects may be in Australia or overseas. Ask for more information if you need it.
- > Choose retailers that help you estimate your carbon footprint and explain how the footprint is calculated.
- > Choose offsets that are independently accredited by a recognised scheme or standard. Of those included in Carbon Offset Watch, we consider offsets accredited under the international Gold Standard and Clean Development Mechanism to be the best quality. Offsets accredited by VCS, VER+ and Greenhouse Friendly are also of a very high quality. Many voluntary carbon retailers are flexible and can source different kinds of offsets on request.

- > Choose offset projects that change or prevent the underlying activities that create greenhouse gases. These are best for combating climate change in the long-term. Such projects include those that:

- > improve energy efficiency
- > increase renewable energy
- > prevent waste going to landfill
- > protect existing forests.

Other types of projects, like tree planting projects, can have different benefits (such as restoring ecosystems or rehabilitating land).

- > Get documentary evidence of your offset purchase. Ensure that the retailer guarantees to 'retire' the offset from the market on your behalf, or transfers ownership of the offset to you so that you can retire it yourself. This is the best way to be sure that the emissions you have saved aren't claimed by someone else.
- > Choose offsets that are listed in a registry that tracks ownership of the offset and records that the offset has been removed from the market. This helps to ensure that the offset you bought is not sold again.

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