

## Offsets have a place in carbon control efforts

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Sens. Joseph Lieberman, I-Conn., and John Warner, R-Va., are promoting a bill to establish a national cap-and-trade program that would regulate carbon emissions from industry. One provision would allow emitters to meet their emission reduction targets by purchasing carbon “offset” credits.

The Western Climate Initiative, in which Oregon is participating, also has included offsets in its cap-and-trade proposal.

Even Delta Airlines, which serves Lane County, is selling carbon offsets as a way of reducing the environmental impacts of its flights.

Is this a credible idea? Do offsets have an important role in climate policy, or are they simply a way to soothe our guilt and continue business as usual?

A little background is needed.

Offsets are market-based tools that allow a party that cannot reduce its emissions to purchase a credit or fund reductions by parties that can. Two types of carbon markets exist: compliance and voluntary.

The larger compliance markets are created by mandatory emission reduction programs such as the Kyoto Protocols and the European Union’s Emission Trading Scheme. The United States is not party to these regulations — so until legislation such as the Lieberman-Warner bill passes, we do not participate in these markets.

The smaller voluntary carbon markets, such as those employed by Delta, on the other hand, are alive and growing in the United States. They operate under a seemingly simple premise.

Sometimes, such as when you must fly, you can’t reduce your carbon emissions. By paying an extra fee that goes toward renewable energy or carbon sequestration projects that reduce carbon dioxide by the same amount as your flight creates, you neutralize, or “offset,” the climate-damaging pollution generated by your trip. Your funds also provide an incentive to grow alternative clean technologies.

Voluntary offsets are available today from a variety of organizations in Oregon and elsewhere for vehicle travel, home heating and business-related emissions. While simple in concept, offsets have their upsides and downsides.

On the plus side, in order to purchase an offset the emissions must be calculated and a cost assigned. This helps prepare people for a time when cap-and-trade or other regulatory policies require that emissions calculations become as standard as financial accounting is today. Measuring emissions also can spur ideas for reducing them.

Habitats — a Eugene sustainable design, construction and landscaping company — last year hired Good Company, a local consulting firm, to measure its emissions. It then purchased offsets from the Portland-based Climate Trust to cover its office and travel-related emissions. Co-owner Jeff Ard told me the offsets were “a very cost-effective way to address some of our impacts. We intend to do it again this year.”

Of course, the whole point of an offset is to generate money for projects that eliminate emissions. This appears to be happening.

In 2006, about \$5.5 billion of carbon offsets were purchased in the global compliance market, representing about 1.6 billion metric tons of emission reductions. The Climate Trust, one of the oldest and most respected sellers of voluntary offsets, has invested \$8.8 million in projects that are expected to offset nearly 2.6 million metric tons of carbon dioxide.

Not everything is so rosy. One criticism of offsets is a lack of regulatory oversight, which makes it difficult to know if they lead to new, verifiable emission reductions. A study last year by the group Clean Air/Cool Planet, for example, found that some offset dollars are being collected for projects that already had been paid for and thus did not produce additional environmental benefits.

It's also difficult to know how long it will take for the emission reduction to occur, or whether it will be permanent. Planted trees, for example, may fail or may burn in a fire, releasing the carbon they store back into the atmosphere.

The methods used to calculate emission reductions also have been criticized for lacking transparency, quality assurance and third-party verification.

Perhaps the biggest downside of offsets, however, is that they allow people to pay a fee and not take steps to actually reduce their emissions. I know of a few businesses that do little to reduce their emissions, for example, and instead simply purchase offsets so they can claim to be “carbon neutral.” This is nothing more than business as usual.

When they are verifiable, meet rigorous criteria and lead to carbon reductions that would not have occurred otherwise, offsets are a valuable contribution in the fight against global warming. However, they should never be viewed as an alternative to reducing emissions.

Offsets also are not an alternative to regulatory policies. As long as carbon pollutants can be emitted for free, little progress will be made against global warming.

Only a comprehensive suite of public policies can put a price on carbon high enough to trigger major reductions.

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