

The Voluntary Carbon Standard °C

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The Climate Group

**Carbon Neutrality and the
Voluntary Carbon Market
Wellington, 31/10/07**

ABOUT US

- > NGO/nonprofit, founded 2003, London, New York, California, Australia, Beijing, Hong Kong, Delhi
- > **WORK WITH LEADERS:** convene working groups on sectors/issues (finance, retail, world cities etc), brief companies and governments on policy, science etc
- > **RESEARCH:** Identify and document best practice in policy and strategy
- > **COMMUNICATIONS:** Profile successful efforts to reduce greenhouse gas emissions and promote low-carbon technologies
- > **EXPAND SOLUTIONS MARKET:**
e.g. developing standard for
voluntary carbon offsets

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CHALLENGES FOR THE VCM

Three key voluntary carbon market needs:

- > Customer awareness - what is offsetting and where it does it fit into broader climate strategies?
- > Delivery mechanisms - how to create an attractive sales proposition
- > Standardisation - developing trust, integrity, confidence and fungibility ...

STANDARDISATION APPROACHES

Different standards are emerging...

...with different specific goals

- > CDM/JI
- > National/Regional Standards
- > Voluntary Carbon Standard 
- > Gold Standard  The Gold Standard
Premium quality carbon credits
- > Defra Code of Conduct  defra
Department for Environment
Food and Rural Affairs
- > CRS GHG Standard 
- > Carbon Stewardship Council: 



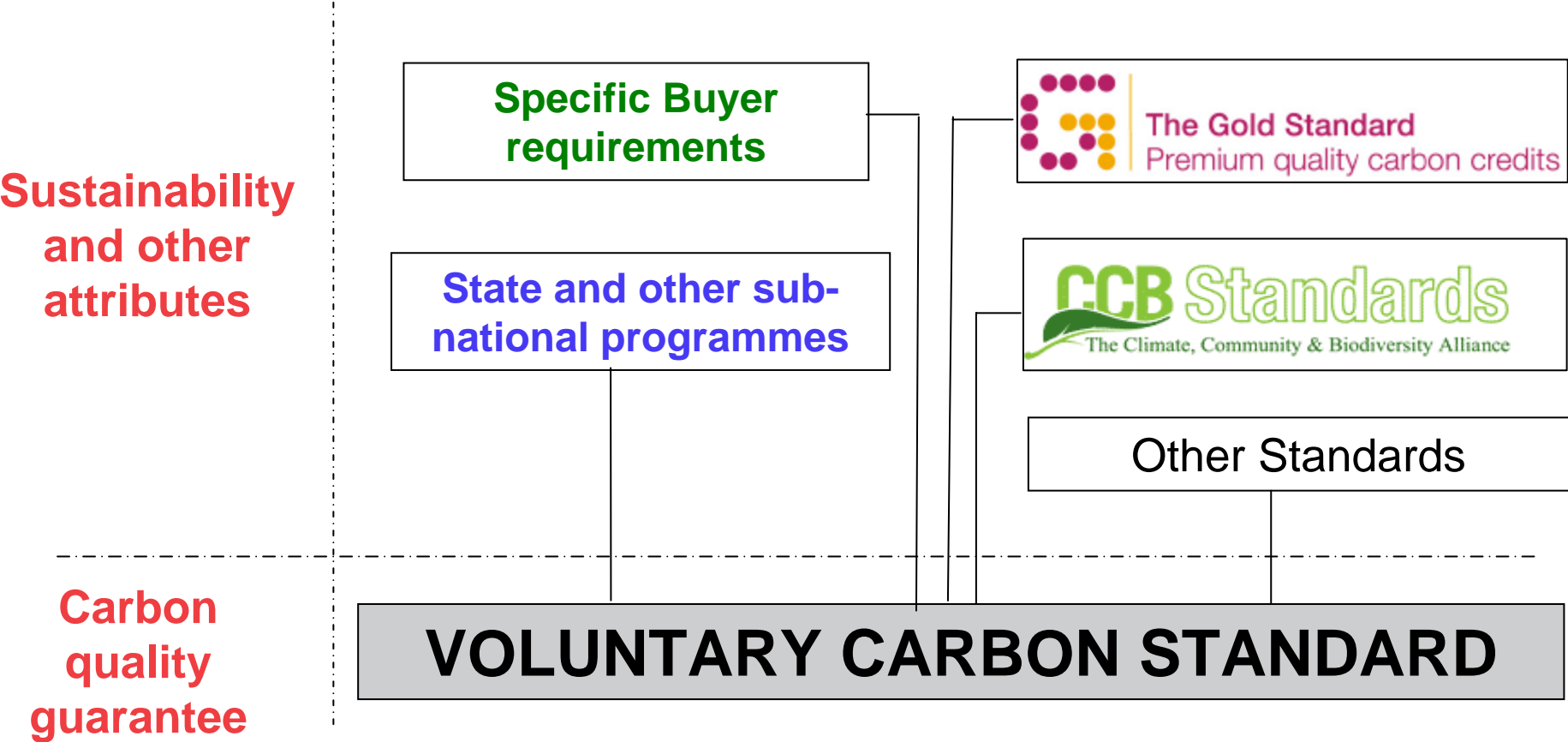
VCS - AIMS

- > The basic standard for voluntary emission reductions - a tonne is a tonne.
 - > Give investors/buyers confidence: **increased investment in offset projects can increase the uptake of and flow of funds to low carbon solutions.**
 - > Innovation: **new approaches that can feed into compliance schemes**
 - > Provide credibility to the voluntary market: **consumer-focussed offsets and offset products can raise awareness and accelerate public action.**
 - > Reduced transaction costs
- ⇒ The VCS will help expansion of the voluntary carbon offset market and drive major emissions reductions.
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VCS - PROCESS

- > 1st version for consultation launched by TCG, IETA and WEF, March 2006.
- > ~85 comments received from TCG, IETA, WBCSD and WEF members/partners
- > 2nd draft released October 2006, consultation through end November 2006: >60 comments received
- > Independent Steering Committee reviewed comments, agreed policy components.
- > Drafted by VCS team and LRQA into ISO 14064 compatible framework
- > Launch in November 2007, new independent body

VCS - MARKET POSITIONING



VCS - BASIC PRINCIPLES

Quantification

Additionality

Leakage

Verification

Permanence

Double-counting

VCS - WHAT'S COVERED

- > The VCS relates to VER projects and credits from them.
- > It does *not* seek to certify:
 - the 'emissions footprint' being offset
 - The 'goodness' of buyers / users / suppliers of VERs
 - Other attributes of projects other than additional and real greenhouse gas reductions
- > VERs certified as meeting the VCS have to enter into an approved registry and become Voluntary Carbon Units (VCUs)

VCS - KEY ELEMENTS

- > Based on ISO 14064-2
- > No restriction on project types
- > Independent additionality test (3 options)
- > Methodologies - CDM/JI methodologies + from other programmes that meet or can be adapted to VCS + double verified new methodologies
- > Accommodates project and programme-based approaches
- > Innovative methods for dealing with permanence in LULUCF
- > Verification by DOEs, other verifiers accredited to ISO14065 and other credible schemes

VCS - LAUNCH & NEXT STEPS

- > Mid November launch
 - o VCS standard document
 - o Guidelines
 - o Revamped website with project database
 - o Registry approval underway
 - o Gap analysis tool

- > New VCS Organisation with independent board
 - o Random audit of verifiers and projects
 - o Review of standard

WHO WANTS THEM

The Google logo, featuring the word "Google" in its characteristic multi-colored font (blue, red, yellow, blue, green, red) with a trademark symbol.The Yahoo! logo, featuring the word "YAHOO!" in a bold, red, sans-serif font with a registered trademark symbol.

Buyers - NewsCorp, Yahoo, Google

Project Developers – EcoSecurities, Ecofys – across all project sectors.

Traders and Brokers – Climate Change Capital, Cheyne Capital

Carbon Neutral Service Providers – CarbonNeutral Company, Climate Care

WHAT ABOUT A STANDARD FOR CARBON NEUTRALITY?

CARBON NEUTRAL COUNCIL

Objectives

- Grow the market for low carbon products and services by supporting organisations to develop a range of carbon neutral goods and increasing consumer awareness and accessibility to these goods.
- Provide an internationally recognised quality standard for defining and implementing carbon neutrality, built on current best practice in the field and a consensus between relevant stakeholders.
- Offer confidence to users and the public alike about the environmental integrity of carbon neutral claims

Vision

- Within a few years of establishment of the Carbon Neutral Council we would expect to see a vibrant and growing market of organisations, products and services bearing the CNC hallmark and the hallmark being widely preferred by consumers.

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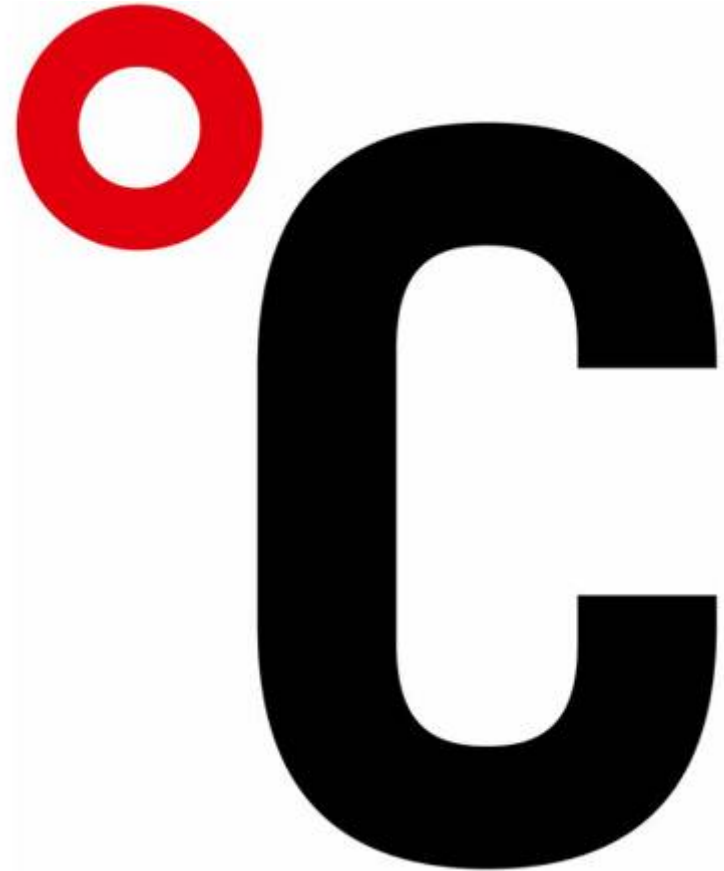
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