PUTTING A PRICE ON CARBON

FROM OFFSETS TO TRUE VALUE

EXECUTIVE SUMMARY

Julie's Bicycle
CREATIVE • CLIMATE • ACTION

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ARTS COUNCIL ENGLAND

FOREWORD

"If all the world is a commodity, how poor we grow.
When all the world is a gift in motion, how wealthy we become".

ROBIN WALL KIMMERER - BRAIDING SWEETGRASS: INDIGENOUS WISDOM, SCIENTIFIC KNOWLEDGE AND THE TEACHINGS OF PLANTS

Over the last few thousand years humans have developed tools for the exchange of food, land and labour. Cocoa beans, cowrie shells and tulip bulbs - all at some stage used as currency - have prefigured our dominant method of measuring value: money. As we in the cultural sector know only too well, financial value only tells part of the story; it fails to express the intangible value the arts bring beyond its ticket sales, such as connection, community, love, identity and wellbeing.

Human lives and livelihoods depend on functioning ecosystems: predictable weather, fertile soil, clean water and air, and stable coastlines. Yet our financial system is wholly inadequate in recognising the true value of nature. The woodlands, forests and peat bogs that provide carbon sinks; the coral reefs that prevent storm surges; and the pollinating insects that prop up our food system, quite simply, make the planet habitable.

Our failure to recognise and account for nature is driving mass extinctions, rapid global heating and devastating communities around the globe. How we steward our relationship with our environment is at its heart a question of social justice. We must ask the questions: who gets to pollute, who benefits, and who pays the costs?

Of course, any comprehensive attempt to create a balance sheet of nature is likely doomed to failure. But while money remains a proxy for value, there is a compelling argument to financially account for environmental risk and damage so as to discourage harmful activities and steer investment toward socially just, regenerative action.

Carbon offsetting, alongside carbon trading, are attempts to 'marketise' greenhouse gas emissions. As this briefing paper outlines, carbon offsets are, essentially, a voluntary and retrospective payment for the right to pollute. This has some merit, but there are other measures needed, e.g.: the 'polluter pays' principle, progressive carbon taxation, global governance (e.g. recognition of 'ecocide' as an international crime); and climate finance to support the transition to a cleaner world that is fair and just. Most critically, offsetting actions should never be a substitute for actions to reduce emissions at source.

"In nature's economy the currency is not money, it is life."

VANDANA SHIVA

This briefing paper looks at carbon offsets, what they are, and some alternative models. It is one part of a richer set of choices we need to make to address our short-term economic system making fast money on the basis of profoundly inadequate valuations that are at the heart of the climate, nature and social catastrophe.

Choose well.

CARBON OFFSETS
SUMMARY AND TOP TIPS

Nothing less than transformation is needed to meet the challenge of the climate crisis. The arts and culture's contribution combines the imperatives to reduce emissions and restore nature with the ingenuity and creativity that connects heart, head and soul. The task in hand - limiting global warming to below 1.5 °C before 2050 - requires greater reductions by high income economies which means that our ambition should be greater - preferably net zero by 2030.

What does 'net zero' really mean?

A net zero commitment is not the same as zero carbon, or zero emissions, which means that no greenhouse gas emissions are emitted. A net zero commitment, instead, requires that all remaining greenhouse gas emissions are 'balanced' – removed - with an equivalent amount via offsets that remove or capture carbon from the atmosphere, such as peatland preservation, or carbon capture technologies. For a net zero commitment to be meaningful it cannot rely on offsetting as a main strategy. There is a finite capacity for carbon removal and we need absolute reductions.

What is carbon offsetting?

Offsetting means ‘balancing’, ‘compensating’, or ‘neutralising’ the carbon emissions from a given activity by paying into a scheme or project that will reduce emissions somewhere else. Offsetting investments are typically made in environmental, climate and nature restoration projects such as tree planting, or renewable energy development schemes. Offsets are usually sold as units with a price per tonne of carbon dioxide (CO_2). But not all offsets sequester, or capture, carbon from the atmosphere - some are just emissions that have been, or will be, avoided elsewhere.

HOW MUCH DOES A TONNE OF CARBON COST?

Carbon pricing ranges from a few dollars per tonne to over 200.

ClimateCare (offset provider)	ca EUR 7.50 / tCO_2e
Fairtrade minimum price for carbon credits	EUR 9.20 – EUR14/ tCO_2e depending on whether it is an energy efficiency, renewable energy, or forest management project
World Land Trust	£15 / tCO_2 mainly through forest protection projects under REDD+ (Reducing Emissions from Deforestation and forest Degradation)
Woodland Trust UK	Donation of £25 accounts for approximately 1 tCO_2
EU Emissions Trading System	ca EUR 25/ tCO_2 in 2019 with Carbon Tracker suggesting it needs to rise to EUR 45-55 to meet EU climate ambitions
Grantham Institute	Suggest the UK government should impose an average carbon price of £40 / tCO_2 in 2020, rising to £125 tCO_2 or more in 2050, on emitters in the private sector, and use even higher costs per tonne to inform policy in order to meet the UK’s current net zero commitments.
‘Social cost of carbon’	One survey of experts across science and economics suggests a ‘social cost of carbon’ of around $200 (EUR 164) per tCO_2 16 - another suggests $417 (EUR 344) / tCO_2

Why the disparity?

Pricing ranges on what is included in the cost (cost of project as compared to a cost set to incentivise investment as compared to real cost of climate damage).

If companies, individuals and governments are committing to meet their climate targets using offsets, this creates a perverse incentive for those offsets to become as cheap as possible instead of sparking real, meaningful transformation. There is a real danger that offsetting prompts a race to the bottom, not to net zero.

How we price our damage, and where and how we compensate, also raises questions about the nature of our work, its environmental and social costs and its benefits. The principle of **climate justice** – that those least responsible for climate change are most affected by its impacts - should be considered.

Why offsetting alone is not the answer
Offsetting is not a magic solution; many schemes fall short of their promised climate benefits and ethical credentials. Addressing emissions through offsetting often means that damaging business-as-usual behaviours continue.

Carbon offsetting should always be the last step in your climate strategy: only turn to offsetting once you have exhausted all other options for cutting your carbon footprint.

FOUR APPROACHES FOR 'PRICING IN' CARBON:

These are the four main strategies that can be considered. The pros and cons of each approach is analysed within this report.

Buy certified carbon credits/offsets on the voluntary carbon market through an offsetting platform, which may be necessary to meet net zero commitments. If you do choose to buy offsets, look for Gold Standard certified projects, which are quantifiable and fairly well regulated. Remember, though, that the offsetting market remains beset by ethical and practical challenges that threaten to undermine urgent climate action.

Do-It-Yourself: set your own price per Tonne of CO2 and donate to a project or charity driving environmental change and climate justice through campaigns, conservation, education, research, legal reform, and more. This approach means you can support causes which are harder to quantify in terms of carbon emissions, but that are equally important in driving positive change and can resonate with your audiences, staff, and partners.

'Inset' internally by setting an internal price per Tonne of CO2 and creating a ring-fenced budget for reducing your own emissions e.g. a fund for on-site renewable energy or energy efficiency, or to invest in reducing the emissions of your supply chain. This has the benefit of creating a resource for environmental action and driving emissions reductions at home, although the required investment for quantifiable reductions may be comparatively high.

Invest directly into projects with an environmental and financial return such as buying community energy shares. This has the benefit of supporting a green economy, but doesn't count towards net zero commitments in the same way as an offset carbon credit.

DO

MEASURE: Calculate your carbon footprint using the Julie's Bicycle free online CG Tools to measure the carbon impact of your activities and buildings (ig-tools.com/login).

APPLY: The climate hierarchy (see below) and plan to avoid and directly reduce emissions first.

PLAN: Develop a climate strategy and action plan that sets out emissions reductions targets. Focus on avoiding and reducing emissions first. If you choose to offset, be clear on your aims and the impact you want to make and research your approach carefully.

CHOOSE WISELY: Decide where to put your contribution and price it adequately – it doesn't have to be an 'official' offset.

VERIFY: Find a Gold Standard certified (or similar) carbon offset provider to ensure the investment is credible and verified.

ENGAGE: Use offsetting as a way to engage your organisation and audience in your wider environmental programme, the offsetting approach you're taking and why.

DON'T

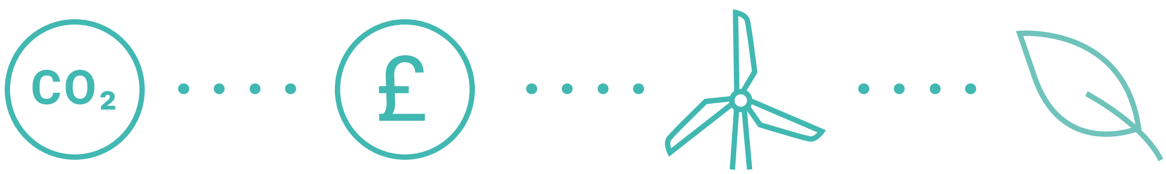
UNDER VALUE carbon. There is no set price for one tonne of carbon and many offsetting providers set their prices too low to reflect the true social and environmental costs.

SUBSTITUTE: Don't use offsetting as a substitute for taking actions to reduce emissions at source.

MISCOMMUNICATE: If you are using offsetting as a way to claim 'net zero' or 'carbon neutral' then communicate clearly what emissions reductions have been achieved directly against those offset. Frame your climate strategy as a journey- we all have work to do.

PRESUME: That carbon offsets will undo or balance out your emissions tonne-for-tonne; all things considered, there's a good chance that this is an unrealistic expectation.

RUSH: Some websites offer a carbon offset option at point of purchase, but rather than a quick click, consider a coherent approach that captures all your impacts.



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