



PRESS RELEASE

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Government's Quality Assurance Scheme for Carbon Offsetting is misleading consumers

Government efforts to protect people who offset their carbon emissions may be doing just the opposite by approving the use of EU carbon allowances, or EUAs, as carbon offsets.

A report 'EUAs for voluntary offsetting: Money for hot air?' published today by carbon management company Carbon Clear shows that EUAs are not suitable for use as voluntary carbon offsets. Retiring EUAs is a waste of money as it does not result in any proven carbon reductions, and may cause a net increase in global greenhouse gas emissions.

The authors urge consumers and businesses to consider using other types of carbon offset credits, such as those certified by the Verified Carbon Standard, WWF's Gold Standard and the Clean Development Mechanism, to safeguard the effectiveness and reputation of their carbon offset programmes.

A new trend has seen several companies offer to retire EUAs on behalf of voluntary carbon offset buyers who want to compensate for their carbon footprints, or go carbon neutral. It is claimed that retiring EUAs forces polluters to pollute less, allowing buyers to compensate for their own carbon emissions.

Europe's big polluters hold a surplus in the region of 1.1 billion EUAs as a result of the global recession and over-allocation of EUAs by government. Retiring EUAs on a voluntary basis therefore simply reduces the surplus of credits held by polluters. This in turn boosts big polluter's windfall profits – such as the €100 million earned by steel giant Arcelor Mittal from the sale of its surplus EUAs in 2010 – and does not force them to further reduce emissions.

Even without the issue of a surplus of EUAs held by polluters, the report shows how the complexity of the carbon market and its flexibility mechanisms means that removal of EUAs by voluntary buyers has an

uncertain effect on the market price of carbon. Without this link, it is impossible to predict or quantify any resultant reductions in carbon emissions.

Mark Chadwick, CEO of Carbon Clear said, “Carbon offsetting has an important role to play for individuals and organisations wanting to take responsibility for the carbon emissions that they cannot reduce. It is vital however that they choose carbon offset credits that they can trust to provide real reductions in carbon emissions, for example through the funding of new green technology in the developing world. EUAs do not offer verified reductions in carbon emissions, and therefore voluntary buyers should consider their use carefully in order to protect the reputation of their carbon offsetting programmes.”

The carbon offsetting industry body, ICROA, has not approved the sale of EUAs to voluntary customers by its members. The report recommends that voluntary offset buyers ensure they understand the limitations of using EUAs as offsets, and urge the British government to reconsider their endorsement of EUA carbon retirement under the Quality Assurance Scheme to avoid misleading consumers about the effect of buying these carbon credits.

The full report can be found at:

http://www.carbon-clear.com/static/EUA_Retirement_Carbon_Clear_White_Paper.pdf

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About Carbon Clear

Carbon Clear is a leading carbon management company with a proven track record of helping companies address climate change challenges. The company conducts carbon footprints, provides carbon reduction advisory services, develops carbon offset projects, and sources high quality carbon credits for clients. For more information, please see www.carbon-clear.com.