



Investing in Carbon Offsets: Guidelines for ACUPCC Institutions

Executive Summary

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Executive Summary of the accompanying document to

The ACUPCC Voluntary Carbon Offsets Protocol



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Background and Purpose

The American College & University Presidents' Climate Commitment (ACUPCC) is a high-visibility initiative of college and university presidents and chancellors to address global climate disruption through actions to reduce and eventually neutralize greenhouse gas emissions on their campuses, and to develop the capability of students to help all of society to do the same.

The ACUPCC fosters a strategic approach to carbon management on campuses by providing for signatories a common framework, through which they each create their own unique climate action plans with the same end-goal in mind: greenhouse gas (GHG) neutrality.

GHG neutrality means eliminating all GHG emissions from a specified set of activities, and/or offsetting a portion of those emissions by purchasing carbon credits (or generating credits by developing emissions-reduction projects outside of the boundary of the specified activities being neutralized). In the case of the ACUPCC, the specified activities are all direct emissions on campus, emissions associated with purchased energy, and emissions from commuting and from air travel paid for by the institution.

There is a need among ACUPCC institutions – and institutions taking the ACUPCC into consideration – for clarity around the questions:

- Should offsets be incorporated into Climate Action Plans?
- When and how should they be included?
- What steps can be taken to ensure that investments in offsets are legitimate, credible, and effective?

The primary means of accessing potential offsets is through “voluntary carbon offset markets”. These markets are relatively new, unregulated, and often confusing. The purpose of this document is to provide guidelines for ACUPCC institutions and others as they choose to engage in these markets. It is an accompanying document to the ACUPCC Voluntary Carbon Offset Protocol (“the Protocol”), and aims to expand on and interpret the principles laid out in the Protocol in order to provide more practical and concrete guidance to institutions, as they consider engaging in carbon offsetting activities.

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The Protocol and the guidelines were developed over a six-month period through a highly collaborative process involving ACUPCC signatories, their representatives, and experts from the offset markets. A sixteen member Working Group, chaired by David Hales, president of College of the Atlantic conceptualized and drafted the documents, and provided ongoing feedback. The Working Group

targeted a broader advisory group made-up of all ACUPCC signatories and experts from dozens of offset-related organizations to provided feedback during two public comment periods.

Offsets in the Context of Plans to Achieve Greenhouse Gas Neutrality

These guidelines emphasize the priority that ACUPCC institutions put on:

- *avoiding* their own emissions through smart planning and conservation;
- *reducing* their own emissions through efficiency and other measures; and
- *replacing* their own emissions-intensive activities with cleaner alternatives.

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Offsets are a potentially effective mechanism for complementing internal reduction activities, but cannot replace them. While internal reductions are a higher priority and should be evaluated first, investments in offsets can be made as soon as these activities are initiated.

Offsets are designed to be a short-term mechanism, and ACUPCC institutions may choose to use them as such to meet self-imposed targets or achieve GHG neutrality as soon as possible. Each year, as further internal reductions are made, fewer offsets need to be purchased to maintain climate neutrality or a decreasing emissions profile on the way to neutrality. Offsets have the potential to accelerate progress towards a future in which anthropogenic GHG emissions are eliminated or so dramatically reduced that GHG concentrations in the atmosphere are stabilized at as safe a level as possible. To be effective and credible, however, offsets must be of high quality.

Offset Protocol Guidelines

The principles of what determines a high-quality offset are described in the Protocol. Emissions reductions should be: real and tangible; additional; transparent; measurable; permanent; verified; synchronous; registered; and retired. They should account for leakage, and should not be double-counted. Projects should also have other social and environmental co-benefits in addition to reducing emissions, and add value to the education, research, and service missions of higher education.

These guidelines explore these principles in more detail; identify key issues to consider in evaluating offsets using these criteria; describe many of the major existing standards, protocols, registries, and regulatory frameworks in order to give ACUPCC institutions an overview of market participants; and discuss key considerations and the relative merits of common offset project types.

The Protocol calls for offsets to represent *absolute reductions* of existing GHG emissions to the atmosphere. After careful consideration, the Working Group has determined that projects that result in the *avoidance* of future emissions from new activities are not valid for creating offsets under this Protocol. For example, fuel-switching projects that replace oil-fired boilers with

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biomass result in a reduction of existing emissions. Building a wind farm, rather than a planned coal plant, in order to meet new demand and avoid expected future growth of emissions would not be a valid source of offsets under the Protocol.

Renewable Energy Credits (RECs) are not the same as offsets. In certain cases, if the criteria of the Protocol are fulfilled, a REC-generating project may be considered an offset project. RECs can still play an important role in developing the renewable energy infrastructure in the US; in helping institutions meet their goals by accounting for some of their Scope 2 emissions (those indirect emissions associated with purchased energy); and in avoiding future emissions as part of the overall effort to *achieve* and *maintain* GHG neutrality.

The guidelines explore other tricky issues related to project types, such as the permanence of reductions generated through forestry projects, and double counting concerns around energy efficiency and grid-connected renewable energy projects. While many of these issues remain unresolved, these guidelines call for the intellectual and research capacity of ACUPCC institutions to engage on these topics, to continue to improve emissions-reduction mechanisms, and to create innovate new approaches to GHG reduction.

The guidelines also highlight and discuss issues related to other important topics, including: the structure of offset transactions; communication of offset strategies, how to ensure legitimacy of declarations of organizational GHG neutrality; and the geographic location of offset projects.

Emissions reductions should be:

- Real
- Additional
- Transparent
- Measurable
- Permanent
- Verified
- Synchronous
- Account for Leakage
- Registered
- Not double-counted
- Retired

As carbon offset markets continue to evolve – and as regional, potential federal, and international regulatory markets begin to directly impact US institutions – the principles and details of the Protocol and accompanying guidelines will likely evolve as well. At this time, the Protocol and these guidelines provide a vehicle for ACUPCC institutions and other organizations to better understand the markets; the unique considerations for the higher education context, including the educational opportunities that offsetting activities represent; and the contribution that colleges and universities can and should make to improve these mechanisms to accelerate progress toward stabilizing GHG concentrations in the atmosphere.