

Compensation of CO₂ Emissions

Agreed resolution of the General Assembly of the Climate Alliance on 3rd April 2008 in the city of Aachen

Text of the Resolution

Compensation projects are “sold” as low-cost alternative for voluntary reduction of greenhouse gas in Europe and should guarantee the “climate neutrality” of our activities and actions.

Against this background and in the face of their self commitments the members identify the following key points:

- 1. Real reductions of the greenhouse gas emissions in Europe**
The target of Climate Alliance and its member municipalities is the protection of the world’s climate. To achieve it Europe should and must reduce greenhouse gas emissions, especially CO₂, by using adequate methods.
- 2. Climate neutrality**
Every activity influences the climate when emitted greenhouse gas reaches the atmosphere. Due to that fact the term “climate neutrality” is misleading because it suggests that compensation neutralises emissions. In fact, the CO₂ balance is neutral but the emitted CO₂ is still in the atmosphere.
- 3. No selling of indulgences**
The “CO₂ compensation” must not be meant as a legitimating to keep the CO₂ emissions unchanged or even to raise them.
- 4. Efficient energy use is the priority**
In either case, the first goal is to reduce CO₂ emissions as far as possible by means of more efficient energy use or the use of renewable energies or respectively by displacement through other services with lower CO₂ emissions. Adequate means should be used for CO₂ reduction in the own field of responsibility instead of financing voluntary compensation.
- 5. Development even without compensation**
The support of measures to reduce CO₂ in developing countries as well as the promotion of sustainable renewable energies must be embraced. However these activities, also like the North-South projects of the Climate Alliance, should not be understood as “compensation projects” to balance and legitimise CO₂ emissions in our countries.

Arguments

The idea of implementing compensation measures for CO₂ emissions evolved from the Kyoto-Protocol. The two project-oriented mechanisms are the so-called Clean Development Mechanism (CDM) and Joint Implementation (JI). The principle of both mechanisms is similar: An investor carries out a project in a host country that reduces the emissions and therefore obtains emission credits. Requirement for the generation of emission credits is that the reductions of emissions are additional to the measures that would have been carried out also without the project. The background of these instruments is the idea that not all reduction commitments can be achieved within a short time period in the home country. The instruments are based on the conviction that the market will regulate supply and demand of certificates and thus will lead to an efficient CO₂ reduction.

The projects of the CDM instruments will pass through a cycle exactly defined by the Kyoto-Protocol which audits and certifies whether the projects fulfil all criteria. The certificates generated by these projects are administrated by the respective national emission trading register.



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Compensation for everyone:

There is still the possibility of "voluntary compensation" for consumers, households, middle-sized companies and other CO₂ emitters. The criteria for projects which use this instrument are not uniform and therefore difficult to compare concerning their contribution to climate protection. The number of suppliers that offer volunteer compensation for CO₂ emissions is increasing. Even experts can no longer keep track of the variety of compensation offers. There is the danger that this instrument, which promises the consumer an easy course of action in the field of climate protection, will be used more and more instead of real mitigation activities.

Volunteer compensation projects should refer to the official CDM test procedure and should be based on the following criteria:

Additionally

The "compensation method" must result in additional CO₂ reductions. It should be verifiable that the measure would not have been carried out without the compensation benefit.

Avoiding double count

Up to now, no emission reduction certificates have been issued for climate protection activities, which are not subject to the EU emission trade. This can lead to so-called double counts" because the emission reductions of these projects could possibly be booked by different actors.

Transparency

There should be high demands on the implementation of projects, their preparation, the proof of additionally, the safeguarding of their durability as well as the guarantee of environmental and social standards. The observance must be ensured by trustworthy organisations in our countries in connection to reliable partners on the spot of the measures.

Important information for the consumer:

- which instruments are used for compensation (VER [verified projects], CER [certified projects]);
- detailed information on projects and applied criteria for examination;
- how much of the received money is used for projects and how much is used for administration costs?
- how will certificates generated by the projects be cancelled?

For projects in developing countries additionally the "Gold Standard" should be taken into consideration, which was developed for the Clean Development Projects (CDM) of the Kyoto Protocol.

The role of forestation and reforestation:

So-called carbon sink projects (forestation and reforestation) are currently very controversial in the way they are intended by the CDM. Mainly, the quantification of stored CO₂ as well as the monitoring of emission reducing areas is very complicated. A durable CO₂-attachment can not be guaranteed.

The support of methods for advancement of sustainable forest use and for the protection of forest biodiversity by local populations and institutions must be welcomed as a contribution to climate protection. The contribution of the indigenous peoples to preventing emissions should be admitted and be honoured by the further development of the CDM instruments.



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