Carbon Coalition

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The Alliance for Sustainability Leadership in Education

Carbon Credits

What are they, how are they made, why they should be scored

Principles of Carbon Offsetting

- Carbon offsetting must always be supplemental within a broader net zero strategy. A mitigation hierarchy must be in place which begins with quantifying emissions, continues with reducing or removing these emissions as much as practicable, and concludes with offsetting only unavoidable emissions.
- Offsetting should only be used in parallel with executing all practicable measures to reduce emissions, supplementing rather than replacing genuine reductions of an institution’s own emissions.
- See the EAUC “Principles of Carbon Offsetting” document for full details.

What is a Carbon Credit

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1 Carbon Credit = 1 tonne of CO_2e

- Either:
  - 1 tonne of CO_2e removed from the atmosphere (preferred)
  - 1 tonne of CO_2e prevented from entering the atmosphere

- A carbon offset is the purchase and retirement of a carbon credit.
  - As a carbon credit is a tradable commodity. By retiring a carbon credit you ensure it can never be resold, and you are therefore responsible for the carbon removal or reduction.
  - If your carbon footprint is 100 tonnes of CO2e, and you purchased and retired 100 carbon credits, you would be carbon neutral.

Voluntary and Compulsory Markets

Compliance Market:

- Certified Emission Reductions
  - UN CDM, EU ETS, California Carbon Market
- Legally mandated
- Large companies and governments with emission caps
- Cannot use voluntary market

Voluntary Market:

- Verified Emission Reductions
  - Gold standard, Verra VCS, Plan Vivio
- Voluntary for CSR
- Available to anyone who wishes to offset
- Can also use credits on the compulsory market

Types of Carbon Credits

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- Emission Reductions:
  - Forest Protection / Avoided deforestation
  - Renewable energy
  - Energy efficiency
- Emission Removals
  - Peatland restoration
  - Reforestation
  - Direct air capture with carbon storage
  - Carbon capture storage

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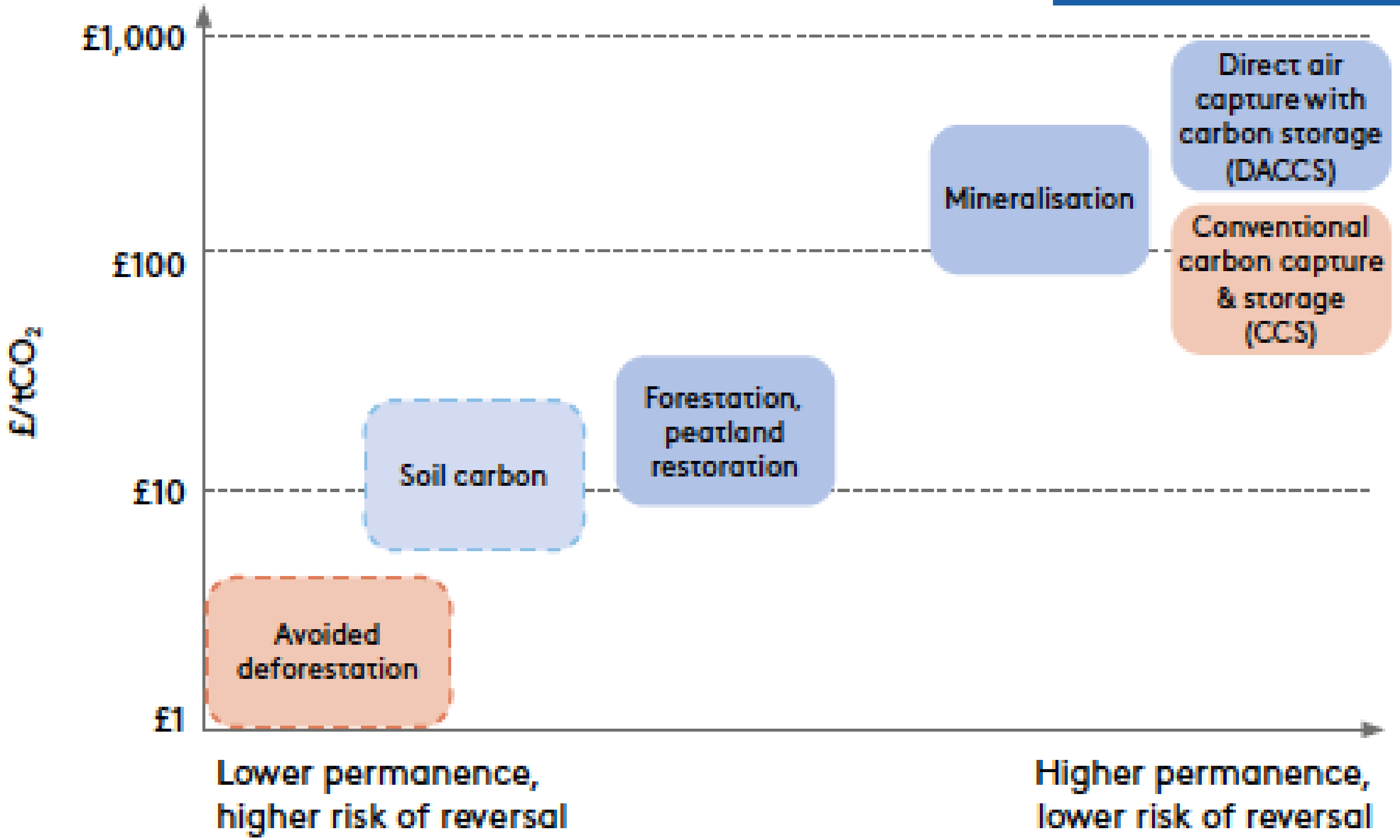
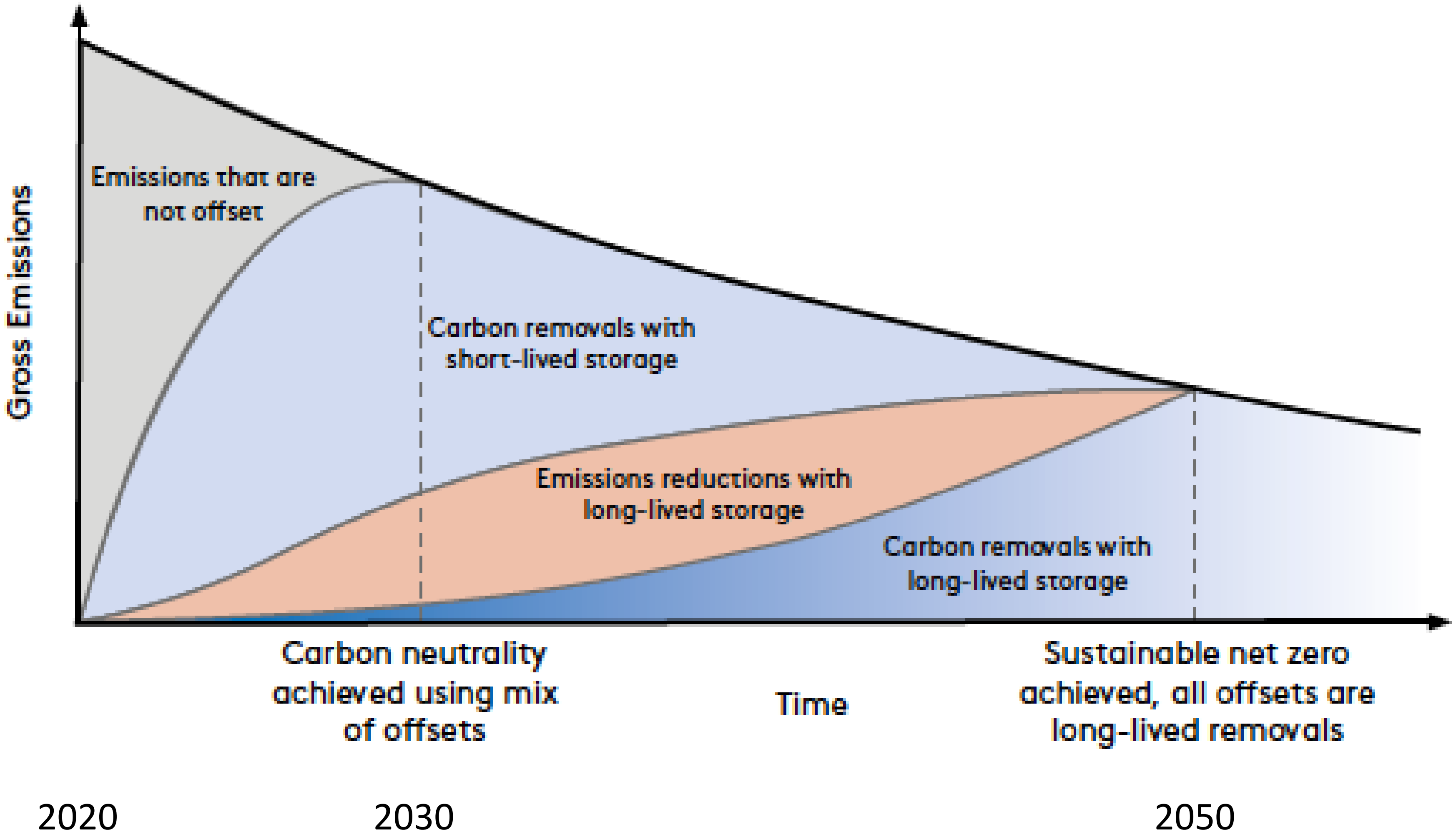


Types of Carbon Credits



The Creation of a Carbon Credit

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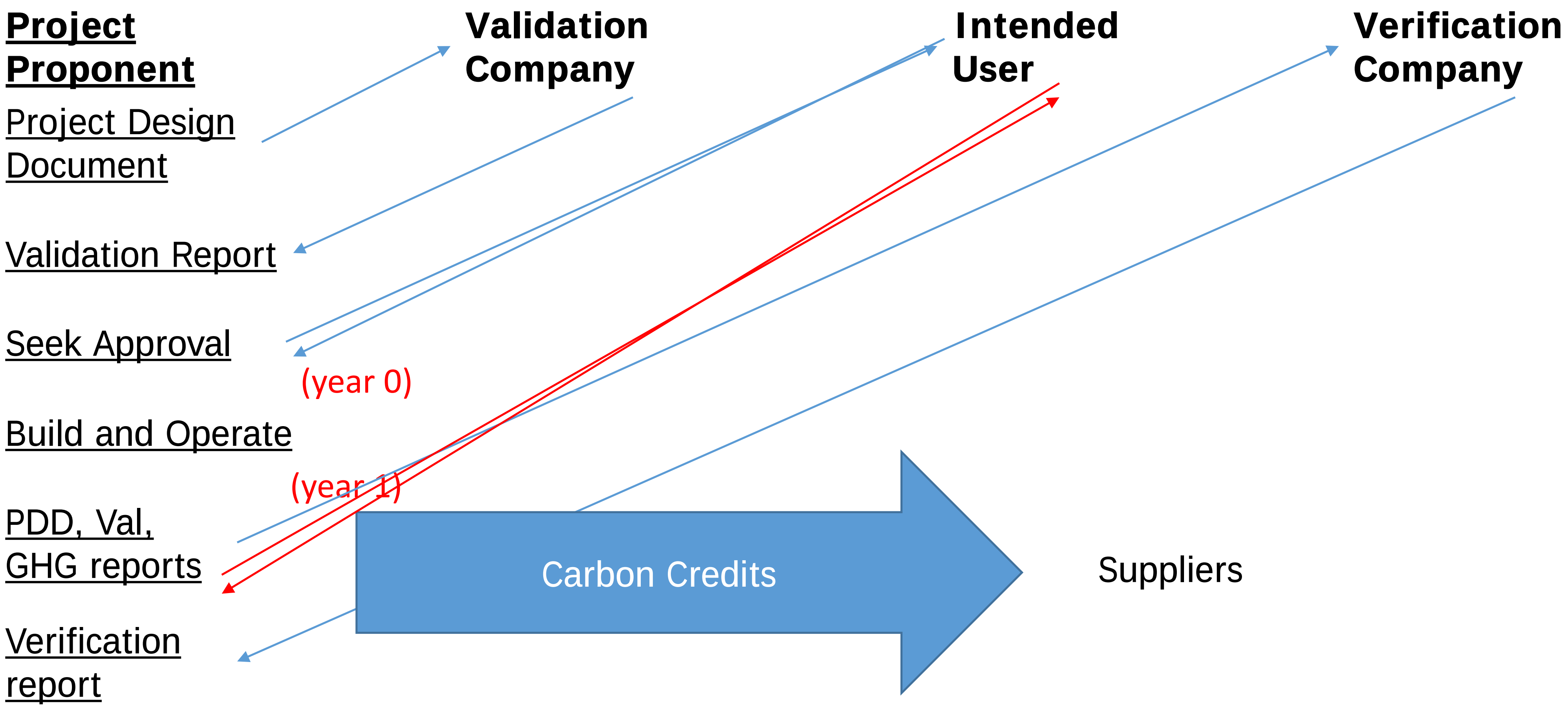

Why Score Carbon Credits

- In theory, 1 carbon credit should equal either 1 tonne of CO_2e removed or prevented from entering the atmosphere. In practice this isn't always the case.
- Some intended users don't require as stringent validation or verification requirements as others.
- Intended users have a financial benefit to provide as many carbon credits as possible.
- Carbon credits come in a range of prices, yet more expensive doesn't necessarily equal better and cheap carbon credits incentivizes pay to pollute schemes. By scoring we can quantify value for money.
- By scoring carbon credits and only accepting the highest quality for our portfolio, it allows institutions to fully trust that 1 carbon credit does equal 1 tonne of CO_2e removed or prevented from entering the atmosphere.

Evidence of Why Score Carbon Credits

- https://www.theguardian.com/environment/2021/may/04/carbon-offsets-used-by-major-airlines-based-on-flawed-system-warn-experts
- https://www.greenpeace.org.uk/news/the-biggest-problem-with-carbon-offsetting-is-that-it-doesnt-really-work/
- https://ec.europa.eu/clima/sites/clima/files/ets/docs/clean_dev_mechanism_en.pdf
- https://www.climatechangenews.com/2016/08/10/are-carbon-market-financed-cookstoves-really-clean/

Additional Benefits of Carbon Credit Projects

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As part of the Carbon Coalition, we want to include Carbon Credit projects that can have strong links with HFE institutions:

- UK Projects
- International Projects
- Educational Projects
- Projects with Teaching Opportunities
- Projects with Research Opportunities
- Projects Mapped to SDGs

- As well as scoring carbon credits based on their certified carbon removal or reduction, carbon credit projects offered within the portfolio will contain additional benefits.

- If a project contains one of these benefits, it will be highlighted in the carbon credit portfolio. Thus making it easier for a sustainability manager to choose a carbon project based on institutional goals as well as carbon removal or reduction.

Carbon Pricing

- Carbon is (incorrectly) priced differently across the world – (we must strive for a global carbon price). All voluntary carbon credits have their own unique price and can vary between £1 - £1000 per carbon credit.
- The EAUC Carbon Coalition will align the "*Off the Shelf*" carbon credit portfolio with the new UK ETS auction reserve price. (The minimum price for which carbon allowances can be sold).
  - The UK ETS is set up primarily for the compliance market.
- The current UK ETS price is £22 per 1 tonne of CO2e[1].
- The price of carbon aligning with the UK ETS is very much likely to increase in price with time. For reference, see the EU ETS[2].