

Offset System Essential Elements Draft Recommendations Paper International Rivers Submission to the WCI Offset Committee

International Rivers provides the following comments regarding the WCI Offsets Committee's "Offset System Essential Elements Draft Recommendations Paper" issued in April 2010.

We believe that the WCI's first priority must be to ensure the environmental integrity of the emissions cap and any offsets that may be used to achieve the regional cap. Our core concerns are that the WCI develop processes to ensure that offsets deliver reductions that are real, additional, verifiable and enforceable by WCI partners, and result in maximum emission reductions or co-benefits within the region. **This involves excluding the Clean Development Mechanism (CDM) and focusing instead on ensuring the environmental integrity of offsets within the WCO jurisdictions.**

International Rivers is a member of the Western Climate Advocates Network (WeCAN) and signatories to the comments submitted to you by WeCAN's offset committee.

We emphasize and build upon several points made in those comments:

3.2.3 Geographic Limits

- WCI offsets should be strictly limited to WCI states and provinces, in order to maintain a high level of integrity for offsets, capture co-benefits from emissions reductions, and encourage clean tech innovation and the adoption of binding caps in other states and provinces. Using offsets that occur within the WCI jurisdictions allows compliance with Section 9.2 of the Design Recommendations of September 2008, which states that offset projects must be enforceable and verifiable by the individual WCI jurisdiction issuing or accepting the credit.
- The CDM should be excluded from any offset program. As stated in our previous comments, the CDM has a poor track record when it comes to additionality and its stated goal of sustainable development (<http://www.internationalrivers.org/en/node/4614>). A number of projects with adverse environmental impacts, inadequate public participation processes, and problematic land compensation schemes are in the pipeline or have been awarded carbon credits. Such projects include but are not limited to large hydropower projects, which comprise one-quarter of the projects in the CDM pipeline. Due to these problems, the CDM should be excluded from any regional offsetting program.

4.2.1 Quantification

- We recommend that the WCI only adopt protocols for projects in which a high level of confidence that the reductions occurred can be established. This would exclude projects such as hydropower, whose emissions are difficult to quantify with accuracy. Reservoirs can be both sources and sinks depending on the project's location, temperature, reservoir area and depth (<http://www.internationalrivers.org/en/node/383>). The high level of uncertainty in calculating real emissions reductions from such projects decreases the confidence that offsets generated are real.

5.1 Additionality and Baseline

- The WCI should avoid subjective project-by-project assessments of the likelihood that an individual project is additional, as is performed by the CDM. Subjective additionality testing requires the developer of a project to show that their individual project would not have been built without the CDM. Proof is left up to each individual project developer. The WCI should instead define objective criteria, which requires assessing the proportion of additional to non-additional projects that would likely be included in an offset program based on different choices of criteria, performance benchmarks and project types. It also involves updating those assessments periodically. It will be important to explicitly recognize that any form of offsetting will allow in some proportion of non-additional projects and account for these non-additional credits, such as through conservative baselines and “discounting” the number of credits generated.

5.2.1 Eligibility Date

- Offset credits should only be awarded for emission reductions that occur after the start date of the program in 2012, regardless of when the offset project was initiated.

7.1.1 Verification

- A public comment period in the protocol acceptance and project verification processes is essential. This is especially true for international projects and protocols. A limitation of an offsetting program is information about what is really happening on the ground. Public comment periods enable the input of information to which the verifiers and the WCI regulating bodies might not otherwise have access. Public comment periods will enable verifiers to better assess the additionality and other requirements of project eligibility, as well as provide information that is relevant to the reevaluation of existing standardized additionality and baseline assessments.

7.2.1 Validation

- A validation step is absolutely necessary as part of any offsets protocol. International Rivers and its partners have commented on several CDM projects that have been submitted for validation over the years and that have had serious environmental and/or social implications. With the recent suspensions of major auditors by the CDM Executive Board, it is clear that these auditors require strong regulation themselves (<http://www.internationalrivers.org/en/node/5225>). Any auditor that seeks accreditation with the WCI Partner Jurisdiction must have their history thoroughly reviewed and taken into account when deciding their accreditation for WCI offset projects.

7.2.2 Enforcement

- WCI’s current enforceable provision of requiring each jurisdiction “to the extent permissible by law, put in place sufficient compliance/enforcement mechanisms” does not go far enough to ensure the enforceability of an offset crediting program. The stringency and details of each jurisdiction’s enforcement requirements can vary widely. We are concerned that this may lead to fraud and other issues affecting the legitimacy and value of offset credits.

8.1 Transparency/Public Process

- Experience with the CDM shows that it is important to maintain transparency in any regional offsetting program. This includes the timely public disclosure of offset project documents, allowing for public comments on proposed methodologies, projects, and credit issuance, and requiring regulators to explain why comments were or were not taken into account.

8.2 Co-Benefits of Offsets

- We urge the WCI Offsets Committee to go farther than simply recognizing the environmental social, and economic and health benefits from an offset project within one of the WCI jurisdictions. The WCI should explicitly state that it will prioritize projects with positive co-benefits.

8.3 Assessment of Environmental or Social Impacts

- The WCI should require that each offset project do no net harm, and protocols should require an assessment of environmental and social impacts. One of the main criticisms of the CDM is that it has supported projects with negative, and sometimes severe, human and environmental harms.
- All large and small-scale projects must have an Environmental Impact Assessment and demonstrate that they do not have adverse environmental and social effects on impacted communities, since local environmental laws may not be consistently strong across jurisdictions and regions.
- Hydropower should be excluded as a project type, due to its high risk for negative environmental and social impacts. If hydropower is included, all projects should be assessed according to the World Commission on Dams, the global benchmark for dam building.

We thank the WCI Offsets Committee for all the thought and hard work that has been put into the Offsets White Paper, and we hope that the Offsets Committee takes our concerns into consideration, in order to ensure the environmental integrity of the WCI cap-and-trade system.

Sincerely,



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