Wall Street's favourite climate solution is mired in disagreements

Jess Shankleman Akshat Rathi, Bloomberg, 2 June 2021 (extracts)

"Create a market that turns a ton of removed carbon into a commodity just like corn or copper, and money will flow from the emitters to the fixers. That's the theory behind the new carbon-offset market being conceived by Mark Carney, a former governor of the Bank of England, and Bill Winters, the chief executive of Standard Chartered Plc... Carney says the unified market for carbon offsets could be worth $100 billion by the end of the decade, up from about $300 million in 2018... If Carney's forecast for market demand proves correct, hundreds of companies will soon begin a buying spree for carbon offsets. Just the 18 oil majors that already have net-zero goals will eventually need to erase 3.3 billion metric tons of annual emissions, according to clean-energy researchers at BloombergNEF. That's nearly 18 times the amount of carbon offsets issued in 2020...

"The danger is that cheap offsets can be used to avoid the hard work of actually cutting emissions. The practice is so common that the certificates are often described by critics as "papal indulgences," reminiscent of the way Catholics in the Middle Ages made payments to the Church to eliminate the stain of sinful deeds...

"Verifying that an offset corresponds to a ton of CO_2 removed from the real-world atmosphere is a problem climate experts have been trying to solve for years. The new market would only compound this difficulty by demanding clear answers to thorny questions. Should the market allow trade in forest-protection offsets linked to well-documented failures? For how long should an offset remain valid after the original carbon removal?

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Big oil's net-zero plans show the hard limits of carbon offsets

Kate Mackenzie, Bloomberg, 1 March 2021 (extracts)

"The carbon emissions generated by our current industrial and agricultural systems are going to lead to a disaster far worse than insolvency without vigorous efforts to reduce them. If promises to offset them with carbon-absorbing activities are to be worth anything, they're going to need to be more than aspirational words on paper.

"Take Royal Dutch Shell Plc... the company plans to increase its total fossil fuel output in the near term by boosting gas production, and the majority of its capital expenditure will continue to go towards oil and gas. To get to net zero while doing that, it plans to capture 120 million metric tons of carbon dioxide per year via "nature-based" offsets by 2030.

"A Greenpeace UK study of its earlier 2019 pledge to use forest conservation to offset its emissions said such a promise would have to account for as much as 6% of the world's capacity to absorb carbon in forest land.

"As more companies follow suit, the total volume of offsets they rely on will quickly exceed the ability of the planet to provide them. Without more concrete near-term actions, "net zero" risks becoming a fairytale providing cover for the heavy emitting industries, particularly those in the fossil fuel sector who have aggressively blocked climate action (emphasis added).

"Fears that CDR would become a loophole in net-zero plans have lurked for years. Experts worried that unrealistic assumptions about negative emissions were being baked into advice policymakers were receiving from scientists."

Written by: David Spratt & Ian Dunlop | August 2021

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