



PROJECT DEVELOPER FORUM

Credible Climate Action.

The Oxford Principles for Net Zero Aligned Carbon Offsetting:

Response from the Project Developer Forum

A study report brought to you by [The Project Developer Forum](#)

(Publication date: December 11, 2020)



Introduction

In September 2020, the Smith School of Enterprise and the Environment at the University of Oxford published The Oxford Principles for Net Zero Aligned Carbon Offsetting ('the Principles')¹. The Project Developer Forum ('the PD Forum') welcomes the publication of the Principles at a time when there is growing interest in offsetting as part of a movement amongst businesses, financial institutions and other organisations to reach 'net zero' in line with the 2015 Paris Agreement² and subsequent work by the IPCC³ on the measures needed to limit temperature rises due to climate change.

As a group of practitioners with decades of collective experience in developing, financing and realising carbon offset projects, the PD Forum would like to take this opportunity to respond to some of the challenges raised by the Principles and give our insight into how corporates may best use carbon offsets to achieve aspirations of net zero – as well as other ESG goals, such as supporting progress to SDGs.

Principle 1: Cut emissions, use high quality offsets, and regularly revise offsetting strategy as best practice evolves

The PD Forum strongly supports the recommendation that organisations should firstly focus on reducing their emissions to the extent technically and financially feasible – as well as transparently disclosing the absolute emissions of greenhouse gases associated with their operations and supply chain.

For residual emissions that cannot easily be reduced, the PD Forum agrees that carbon offsets can be used as a mechanism to achieve carbon neutrality. We would reassure offset purchasers however that the need to ensure additionality, permanence and 'real' emission reductions / removals does not need to lie with each individual purchaser, working this out for themselves. PD Forum members have been developing projects under long-established, recognised and independent standards (such as Verra, Gold Standard, CDM) where additionality, permanence and volume are assessed (audited) by independent third parties, and where methodologies have been developed through a process of expert review, and are regularly updated in light of changing baselines.

Offset purchasers should, by preference, purchase offsets from existing projects which will reduce the time, resources and economics associated with registering new projects. Alternatively, should offset purchasers wish to develop new projects, such projects should be developed under a recognised and established standard. There are several new standards under development, sometimes driven for specific national or regional needs, or based on sectoral or technological expertise; however, while the PD Forum encourages, and is itself deeply committed to innovation, we would always recommend a careful consideration of the

1 <https://www.smithschool.ox.ac.uk/publications/reports/Oxford-Offsetting-Principles-2020.pdf>

2 <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

3 <https://www.ipcc.ch/sr15/>



reputation and recognition of each standard⁴. Many of the standards also verify the claimed co-benefits of projects.

Principle 2: Shift to carbon removal offsetting

The PD Forum believes that there is a role for both emission reduction and carbon removal offsetting. We understand that emission removals have a crucial role in stabilising atmospheric carbon dioxide levels. But we would highlight the importance that emission reduction/ avoided emission projects have in the context of the Paris Agreement.

The Agreement emphasises the importance of “the specific needs and special situations of the least developed countries with regard to funding and transfer of technology” and of “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”. Carbon offsets based on avoided emissions (e.g. providing renewable energy based power generation rather than fossil fuel based energy) are one of the most established routes to providing finance for low carbon, climate resilient development in some of the most impoverished communities in the world – providing a direct route to support millions of people out of poverty. In a post Covid recovery period, this is particularly important as, for example, evidence by the IEA shows that Covid has reversed recent trends in increasing electrification⁵.

Principle 3: Shift to long-lived storage

The PD Forum understands the call for more support for geological storage projects and the role that such projects would have in stabilising global greenhouse gas emissions. However, we would argue that the carbon offset market is not necessarily the mechanism to support these projects. Corporate offset purchasers are often seeking emission reduction projects which also have clear co-benefits, such as poverty alleviation and/ or contribution to the SGDs. Geological storage projects will be unlikely to offer any contribution to sustainable development, beyond GHG removal. We would argue that biological storage projects offer a potentially more attractive route to removing GHGs while offering an opportunity to benefit local communities.

Principle 4: Support the development of net zero aligned offsetting

The PD Forum strongly supports the suggestion for market signalling and aligning supply and demand. The offset developer community is well-established, nimble and ready to respond to market demand for quality carbon offsets. Use of long-term forward contracts will allow us to develop projects with the certainty of demand for the credits to be generated – something that has been often missing in the market in recent years.

⁴ For example check the International Carbon Reduction and Offset Alliance (icroa.org) for the standards they endorse

⁵ <https://www.iea.org/articles/the-covid-19-crisis-is-reversing-progress-on-energy-access-in-africa>



We would urge however, offset purchasers to have a clear vision for the type of projects they want to support and the priorities that they have – whether focusing purely on GHG removal or with an emphasis on the potential co-benefits that quality offset projects can also deliver.

About the PD Forum

The Project Developer Forum (PD Forum) is a collaborative association and collective voice of companies and practitioners that are developing and financing greenhouse gas emission reduction projects worldwide. With over 30 full and affiliate members, we work on a global scale and evaluate opportunities to deploy climate financing and carbon market instruments to accelerate investments for greenhouse gas mitigation and sustainable development, under both compliance and voluntary carbon standards.

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