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**Subject:** Point Carbon article on OQI

## NGOs offer US policymakers advice on offsets

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A group of six US-based non-profit groups released a set of recommendations Monday to policymakers on how cap-and-trade legislation at the state, regional and federal level should incorporate the use of offset credits.

Chief among the Offset Quality Initiative (OQI) recommendations is that offsets represent actual emissions reductions, that those reductions be in addition to reductions that would have occurred without the credits, and that the offsets be independently verified.

The use of offsets -- credits from emission-reduction activities outside a mandatory emissions cap -- was included in the Lieberman-Warner bill, a Senate cap-and-trade bill that failed to overcome a filibuster in June, but restricted to 30 per cent of a covered entity's compliance.

That bill allowed 15 per cent of offsets to come from domestic emission-reduction projects, 10 per cent from international forestry projects and 5 per cent from developing countries under the UN's clean development mechanism.

The OQI urged regulators not to restrict offset eligibility by geographic location. That is a thorny issue for some policymakers, especially at the federal level, who are worried about sending US dollars overseas to fund emission-reduction projects in places where the US already has a large trade deficit, like China.

The OQI also said that where practical, regulatory offset programmes should be designed to be as compatible as possible with other existing and emerging carbon trading regimes, both domestically and internationally, as long as those regimes have comparable environmental integrity.

While it discourages forward crediting -- the issuance of tradable credits before the actual emission reduction occurs -- OQI is a proponent of forward selling of credits, which it said can help finance a project.

OQI also favours direct emission reduction projects, such as the capture and combustion of landfill methane, over indirect emissions, which cause reductions at locations other than the project site

The OQI includes The Climate Trust, Pew Center on Global Climate Change, California Climate Action Registry, Environmental Resources Trust, Greenhouse Gas Experts Network and The Climate Group.

The release of the recommendations coincides with a stakeholder meeting of the US-Canadian Western Climate Initiative (WCI) in San Diego this week. The forum will discuss the WCI's latest draft proposal, which suggests that the use of offsets for compliance in the regional emissions trading programme may be limited to 10 per cent.

Despite the limit, the WCI could create an offset market of nearly 90 million credits.

Few expect any meaningful action on federal climate change legislation until after the November Congressional and presidential elections.

*Washington DC*