

## LIST OF RESPONDENTS

- Advertising Association
- Advertising Standards Authority
- Associated British Foods plc
- Association for the Conservation of Energy
- Association of Chartered Certified Accountants
- Association of Manufacturers of Domestic Appliances (AMDEA)
- Bristol Friends of the Earth
- British Association for Chemical Specialities (BACS)
- British Sky Broadcasting
- British Standards Institution
- Buro Happold
- Carbon Clear Limited
- Carbon Neutral Company
- CEMEX UK Operations Ltd
- Commission for Architecture and the Built Environment (CABE)
- Confederation of Paper Industries
- E.ON UK plc
- EDF Energy
- EEF Limited
- Energy Retail Association
- English National Parks Authorities Association and the Welsh Association of National Park Authorities
- Environmental Industries Commission
- Eurostar
- Forum for the Future
- Global Climate Change Consultancy
- Good Energy

- Helius Energy plc
- IBM
- Institute of Environmental Management and Assessment
- International Carbon Reduction and Offset Alliance (ICROA)
- Johnson Matthey
- Luton Borough Council
- Manchester Airport Group
- Marks & Spencer
- McCarthy and Stone
- Mineral Products Association – Cement
- Ministry of Defence - Defence Estates
- National Energy Foundation
- Oil Firing Technical Association (OFTEC)
- Planet Positive
- Regional Development Agencies (RDAs)
- Renewable Energy Association
- Royal & Sun Alliance Insurance plc
- Royal Mail Group
- Royal Town Planning Institute (RTPI)
- RWE npower
- Scotch Whisky Association
- Scottish & Southern Energy
- Scottish Environment Protection Agency (SEPA)
- SITA UK
- Soil Association
- Stop Stansted Expansion (SSE)
- Sustainable Development Commission
- The Chartered Institution of Building Services Engineers (CIBSE)

- The Royal Academy of Engineering
- The Society of Motor Manufacturers and Traders Limited
- Trading Standards Institute
- Trading Standards South East Ltd
- UK Environmental Law Association (UKELA)
- Waste & Resources Action Programme (WRAP)



## **The Advertising Association**

7<sup>th</sup> Floor North, Artillery House, 11-19 Artillery Row,  
London SW1P 1RT

Telephone: +44 (0) 20 7340 1100 Fax: +44 (0) 20 7222 1504  
e-mail: [aa@adassoc.org.uk](mailto:aa@adassoc.org.uk) web: <http://www.adassoc.org.uk>

# **RESPONSE OF THE ADVERTISING ASSOCIATION TO THE DEPARTMENT OF ENERGY AND CLIMATE CHANGE CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION AND RECOMMENDATIONS FOR GOOD PRACTICE**

## **1. Introduction**

1.1. The Advertising Association is a federation of trade bodies and organisations representing the advertising and promotional marketing industries, including advertisers, agencies, the media and support services in the UK. It is the only body that speaks for all sides of an industry that was worth over £19 billion in 2007. Further information about the Advertising Association, its membership and remit can be found at the following location: <http://www.adassoc.org.uk/>

1.2. The Advertising Association welcomes the opportunity to respond to the consultation. No part of this submission should be treated as if it were confidential in nature.

## **2. Defining Carbon Neutral**

2.1. Advertising stimulates competition between companies and drives product improvements and innovation. The Advertising Association supports efforts to provide guidance for business to compete on the environmental credentials and positive environmental innovation of products and services.

2.2 Currently, green claims make up a small part of advertising and therefore it is important not to act in a way which would discourage the practice. The industry has already set high standards for making environmental claims. The Environmental Claims Survey published by the Advertising Standards Authority in 2008 revealed that a high proportion of ads (94%) containing environmental claims were compliant with the advertising codes.

## **3. Government's intention not to regulate the use of the term Carbon Neutral**

3.1 The Advertising Association supports the Government's intention not to regulate the use of the term Carbon Neutral. The Advertising Association can see no suitable justification for regulating the term.

3.2 The Advertising Association is a member of the Steering Group contributing to the revision of the Green Claims Code and understands that the revised code will include the agreed definition of the term carbon neutral, along with guidance and good practice advice.

3.3 The Green Claims Code is currently referred to within the self-regulatory non-broadcast and broadcast advertising codes. The industry supports the development of guidance which can work effectively as a reference point within the self-regulatory system and which the independent regulatory can refer to in its investigations.

**21<sup>st</sup> May 2009**



Advertising Standards Authority  
Mid City Place 71 High Holborn London WC1V 6QT  
Telephone 020 7492 2222 Fax 020 7242 3696  
Textphone 020 7242 8159 E-mail enquiries@asa.org.uk  
Online www.asa.org.uk

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2HH

21 May 2009

**ADVERTISING STANDARDS AUTHORITY RESPONSE TO THE  
DEPARTMENT OF ENERGY AND CLIMATE CHANGE (DECC)  
CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION  
AND RECOMMENDATIONS FOR GOOD PRACTICE**

**1. Introduction**

- 1.1 The Advertising Standards Authority (ASA) is grateful to provide information to the Department of Energy and Climate Change's (DECC) consultation on the definition of carbon neutrality. The ASA is happy for this response to be published.
- 1.2 The ASA is the UK self-regulatory body for ensuring that all advertisements, wherever they appear, are legal, decent, honest and truthful.
- 1.3 The protection of all consumers is at the heart of the ASA's work. The Advertising Codes aim to ensure that advertisements do not mislead or offend.
- 1.4 This response provides:
  - A summary of the UK advertising self-regulatory system. More detailed information can be found on our website [www.asa.org.uk](http://www.asa.org.uk).
  - A full response to the questions set out in the DECC consultation paper. As the ASA considers each ad and each issue on a case-by-case basis, our established position evolves over time. Where we have not investigated a particular issue, or where a consultation question relates to general trading practice, the ASA will not submit an answer.
- 1.5 A full explanation of UK advertising regulation is included in Annex 1.
- 1.6 All rulings mentioned in this submission are included in full in Annex 2.

**Chairman** Rt Hon Lord Smith of Finsbury • **Director General** Christopher Graham  
**ASA Council** Alison Goodman • Andrew Motion • Colin Philpott • David Harker • Diana Whitworth • Elizabeth Fagan • Gareth Jones • James Best • Anthony Wilkes • Louisa Bolch • Neil Watts • Nigel Walmsley • Sally Cartwright • Ruth Sawtell • Susan Murray

The Advertising Standards Authority Limited, registered in England No 733214, Mid City Place, 71 High Holborn, London WC1V 6QT.  
The Advertising Standards Authority (Broadcast) Limited, registered in England No 05130991, Mid City Place, 71 High Holborn, London WC1V 6QT.

1.7 A copy of the current advice given to advertisers by the Committee of Advertising Practice (CAP) Copy Advice team, on the use of the term 'carbon neutral', can be found in Annex 3.

## **2. Advertising regulation of environmental claims in the UK**

2.1 The ASA is responsible for independently administering five Advertising Codes,<sup>1</sup> and deals with more than 26,000 complaints per year.

2.2 The codes are written by two industry bodies the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP). The CAP and BCAP (Advertising) Codes are principles-based and wide-ranging in order to prevent the creation of any possible loopholes. The Codes require all advertisements to be legal, decent, honest and truthful and prepared with a sense of responsibility to consumers and to society.

2.3 In the event that the ASA upholds a complaint against an advertisement, the advertiser or broadcaster is required to amend, withdraw or schedule the advertisement appropriately.

2.4 The ASA noticed a significant rise in complaints about environmental claims between 2006, when we received 117 complaints about 83 ads and 2007, when we received 561 complaints about 410 ads. More recently there has been a drop in the number of complaints received in 2008, with 369 complaints about 264 ads. In addition, it should be noted that the total number of complaints about environmental claims remain a very small proportion of the total number of complaints.

2.5 A monitoring survey in 2008 by the ASA on environmental claims in advertising showed a reassuring 94% compliance rate with the Codes. Of 195 ads assessed across all media, only 12 ads seemed to breach the codes.<sup>2</sup>

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<sup>1</sup> The Codes are currently out for full public consultation. Further details can be found on the CAP website [www.cap.org.uk](http://www.cap.org.uk). The consultation closes on Friday 19 June 2009.

<sup>2</sup> The report can be found on the ASA website: [www.asa.org.uk/asa/news/news/2008/Environmental+Claims+Survey+2008.htm](http://www.asa.org.uk/asa/news/news/2008/Environmental+Claims+Survey+2008.htm)

- 2.6 One possibility why the numbers of complaints are dropping could be due to the rising awareness from the advertisers of what the ASA and consumers expect, through the ASA rulings. Every ruling the ASA makes sets the boundaries for a claim that must be adhered to by all other advertisers.
- 2.7 CAP also offers pre-publication advice for non-broadcast advertisers via its Copy Advice Team and online guidance (Advice Online).
- 2.8 The ASA and CAP have actively embarked on training sessions for advertisers and held a seminar on environmental claims in June 2008.<sup>3</sup> This was held in response to rising concern over what consumers and campaigners see as 'greenwash'. Claims about CO<sub>2</sub> emissions such as carbon 'neutral', 'zero' or 'negative' have been particularly open to challenge in the past, as are absolute claims such as '100% recycled' or 'wholly sustainable'. The ASA used the seminar to engage with industry, environmental and consumer groups on establishing where problems arise and setting parameters for environmental and ethical claims.
- 2.9 There are several Advice Online articles for environmental claims in advertisements to help advertisers. These include using previous ASA rulings as a measure of what is and is not acceptable in advertisements. The current article on carbon offsetting and carbon neutral can be found in Annex 3.<sup>4</sup>
- 2.10 The current Advertising Codes are principles-based and the environmental section in the CAP Code focuses on ensuring that claims are not misleading; it does not provide specific definitions for environmental claims. The Advice Online article for general environmental claims references the Defra Green Claims Code.
- 2.11 The BCAP TV Code does not currently have a specific section for environmental claims, with previous rulings made under the general principles that ads must not mislead. It does, however, reference the Defra Green Claims Code in the main body of the BCAP TV Code.

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<sup>3</sup> The full report 'Environmental Claims in Advertising: Is Green a Grey Area?' can be found on the ASA website [www.asa.org.uk](http://www.asa.org.uk).

<sup>4</sup> The full list of all Advice Online articles can be found at: [http://www.cap.org.uk/cap/advice\\_online/advice\\_online\\_database/](http://www.cap.org.uk/cap/advice_online/advice_online_database/)

2.12 The Codes are currently out for full public consultation. There is a proposed additional clause in the environmental claims section of the CAP Code. It has also been proposed that the BCAP Code should contain a section on environmental claims for TV for the first time, with principles in line with the CAP Code. It is proposed that both Codes will reference the Defra Green Claims Code.

2.13 The current Codes, and the new Codes that are out for consultation, can be accessed at: [www.cap.org.uk](http://www.cap.org.uk)

### **3 Full ASA response to the consultation questions**

**3.1 Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Guidance on definitions can be useful to ensure consistency of use of particular terms. However, the ASA can administer the Advertising Codes only, but may take Government guidance into account where appropriate.

**3.2 Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

The ASA agrees with the broad approach taken by the Government.

**3.3 Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

The ASA agrees on basing measurement of emissions on the GHG Protocol; however, the ASA would consider the boundaries of claims (i.e. whether they fall within Scope 1, 2 or 3) on a case-by-case basis.

This is underscored by the inclusion of the GHG Protocol in CAP's Advice Online article on Carbon Neutral.<sup>5</sup>

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<sup>5</sup> See Annex 3: Advice Online: Environmental Claims – Carbon Offsetting and Carbon Neutral



3.4 **Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

The ASA agrees that users of the term carbon neutral should retain flexibility over exactly which emissions should be measured, as long as this is made clear within an advertisement. For example, an ad for Eurostar claimed they offered 'carbon neutral journeys'. The ASA allowed this claim as it was specifically about the journey, and not claiming that Eurostar was a carbon neutral company.<sup>6</sup>

3.5 **Q5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

The ASA considers the recommendations to be clear and appropriate, and in line with ASA rulings and CAP Copy Advice.

3.6 **Q6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

The ASA considers whether a carbon neutral claim is based on CO<sub>2</sub>e emissions or CO<sub>2</sub> emissions only depending on the market sector and the context for the claim. It may be appropriate for advertisers to indicate in an ad which measure they have used. In a ruling against AirportWatch, the ASA believed the inclusion of all CO<sub>2</sub>e emissions in their calculations without clarification was inappropriate. There are many different figures available for aviation's contribution to climate change: global emissions or individual countries' emissions; greenhouse gas emissions; CO<sub>2</sub> emissions (specifically); or CO<sub>2</sub>e emissions. To avoid confusion it is important that the basis of the figures quoted in an ad is made clear.<sup>7</sup>

3.7 **Q7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

The ASA does not ask for substantiation for a carbon neutral claim to be included within an ad; however, the Advertising Codes are clear that an advertiser must hold documentary evidence for any claim capable of

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<sup>6</sup> See Annex 2: Eurostar Group Ltd, 4 June 2008.

<sup>7</sup> See Annex 2: AirportWatch and enoughsenough.org Ltd, 12 March 2008

objective substantiation prior to making the claim.<sup>8</sup> In the ASA's experience too much information or small print in an ad can be confusing for consumers. In particular, mandatory information, which is often required to be presented in an inflexible manner, leads to an overall lowering of trust in advertising.

If a consumer or competitor believes that a claim made in an ad cannot be substantiated, then the ASA can require the advertiser to provide the necessary substantiation and we will assess it in the context of the ad and the claim. The only occasion in which an advertiser must provide a signpost in their ad to documentary proof is in relation to comparative claims. In the event that an advertiser explicitly or implicitly identifies a competitor, then the advertiser is required to indicate where and how those claims may be verified. This is an exceptional stipulation in order to be in line with the European Court of Justice.

The ASA has assessed carbon neutral claims by several advertisers, for example, EDF Energy, Sky and Eurostar, and in all these cases the advertisers were able to provide the appropriate substantiation for the claims in their ads.<sup>9</sup> This system works well for all claims and we cannot think of any reason why 'carbon neutral' claims should be treated differently.

The ASA cannot answer the question in relation to general trading practices.

**3.8 Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

If a product makes a non-specific claim about being carbon neutral it could be misleading if the advertiser has not considered all aspects of carbon production from the entire life cycle of the product. The ASA therefore agrees that consideration of PAS 2050, ISO 14044, or Scopes 1, 2 and 3 would be necessary for a carbon neutrality claim.

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<sup>8</sup> See Annex 2: British Gas Trading Ltd, 30 January 2008.

<sup>9</sup> See Annex 2: EDF Energy plc, 4 June 2008; Eurostar Group Ltd, 4 June 2008; British Sky Broadcasting Ltd t/a Sky, 9 July 2008.

3.9 **Q9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

In line with ASA rulings, where scope 1 and 2 emissions are involved in the product or service being marketed, then emissions reductions are a necessary part of a carbon neutral claim. However, the ASA is aware that there may be cases in which the carbon neutral claim may be attached to scope 3 emissions and, in those cases, emissions reductions might not be a necessary part of the claim.

The ASA judges claims on a case by case basis and sees a strong merit in retaining some flexibility in this area.

3.10 **Q10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

Please see our response in 3.9.

The ASA considers each ad on a case-by-case basis in order to consider whether the overall impression is misleading. While we have not had to assess what level of reductions are an acceptable minimum for a carbon neutral claim, an ad for Shell Oil, which claimed that it used waste carbon dioxide for flowers, was later found to use only 0.325% of its CO<sub>2</sub> emissions. Complaints that the ad implied Shell used all or most of its waste CO<sub>2</sub> emissions to grow flowers were therefore upheld.<sup>10</sup>

3.11 **Q11: Are the recommendations on good practice for reducing emissions clear?**

This question is not for the ASA to answer as it does not affect advertising practice.

3.12 **Q12: Do you agree that the emissions reductions can be measured in either absolute or relative terms? If 'no', what would you prefer? If 'yes', do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Regardless of whether absolute or relative emissions reductions are appropriate, the ASA considers that substantiation for an advertising

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<sup>10</sup> See Annex 2: Shell Europe Oil Products Ltd, 7 November 2007.

claim depends on the context of its presentation in a specific marketing communication. In the case of our ruling on EDF Energy<sup>11</sup> we considered the relative measurement of “carbon intensity” in the ad was not misleading, but only because in that instance absolute emissions were reduced by the same amount. We considered that, without qualification, the meaning of the term “carbon intensity” was likely to be unclear to consumers.

**3.13 Q13: Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

This question is not for the ASA to answer; however, as noted above, ads must not mislead, either directly or by implication.

**3.14 Q14: Do you believe that carbon offsetting is a fundamental element of achieving carbon neutral status?**

The ASA believes that carbon offsetting is likely to be an element of achieving carbon neutral status when dealing with claims that fall within Scopes 1 and 2, as shown by our ruling on Sky. However, it is possible that claims referring to scope 3 may not be able to assure carbon reductions.

**3.15 Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

The ASA has allowed advertisers to claim carbon neutrality after purchasing Certified Emission Reductions (CERs) and Gold Standard Voluntary Emission Reduction offsets (GS VERs). However, the ASA recognised that there were a number of factors that had to be taken into account, such as additionality, validation, verification, project type, timing of credits, leakage and double counting. In each case, the ASA assessed the offsets to ensure that they were of a comparable, or broadly comparable, basis to the Kyoto-compliant offsets.

**3.16 Q16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you**

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<sup>11</sup> See Annex 2: EDF Energy plc, 4 June 2008.

**suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

This question is not for the ASA to answer.

**3.17 Q17: Are the draft recommendations on good practice for offsetting clear?**

The draft recommendations on good practice for offsetting are clear and in line with current ASA policy that offsets should be Kyoto-compliant, or of a comparable standard, in order to claim a carbon neutral status.

**3.18 Q18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

This question is not for the ASA to answer.

**3.19 Q19: Do you believe the proposed definition and recommendations can work in practice?**

The proposed definition has been shown to work within the ASA's practice. Whether other recommendations can work in practice, such as where the carbon offsets should be bought, cannot be answered by the ASA.

**3.20 Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

The ASA is a comprehensive regulatory system. Formal Government regulatory intervention in advertising is unnecessary and would be confusing both to consumers and industry. The general direction of travel for advertising regulation is towards creating a single regulator – the ASA one-stop shop. This is in line with Hampton principles.

The ASA can often implement change more quickly than a formal statutory body and has been at the forefront of regulating environmental claims successfully for several years. Where Government best practice guidance is available in any sector, the ASA considers that guidance as part of its assessments, if appropriate.

**3.21 Q21: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

This is not a question for the ASA to answer.

- 3.22 **Q22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

The ASA believes that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied, as long as the overall impression is not a misleading one. However, see our response on point 3.15 above.

The ASA is aware that there are many factors to take into account when considering verification. When it comes to advertising claims, it should be noted that the ASA does not need to find the evidence that an offset bought is of a high enough quality to withstand scrutiny; an advertiser must prove that their offsets are of a high enough quality in order to defend their claim.

- 3.23 **In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

The ASA believes that since carbon neutral claims must comply with the principles that they are not misleading, either directly or by implication, further guidance would not be necessary.

- 3.24 **Q24: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Advertisers must hold relevant evidence for any claims made. We review each ad on a case-by-case basis. We cannot currently state how old the data could become before we demanded a review of an advertiser's carbon neutral claim. However, the ASA generally expects to see up-to-date relevant data to support all claims capable of objective substantiation.

- 3.25 **Q25: If you agree that the Government should make recommendations on carbon neutrality, (see Q1) should they tend**

**towards good practice or best practice? How often should recommendations be reviewed?**

The ASA would support best practice recommendations in order to provide greater consistency across all forms of communications. However, the ASA can administer the Advertising Codes only, but will take into account other recommendations where appropriate.

- 3.26 **Q26: Should Government make recommendations on when and how it would be appropriate for individual, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

This question is not for the ASA to answer.

- 3.27 **Q27: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

This question is not for the ASA to answer.

- 3.28 **Q28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

Definitions for other carbon-related terms could be useful in order to maintain consistency across all marketing communications, and the ASA would recommend good practice in line with the Hampton Principles (see answer to Q20). However, as mentioned the ASA can administer the Advertising Codes only.

- 3.29 **Q29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

This question is not for the ASA to answer.

#### **4. Conclusion**

- 4.1 The ASA is UK self-regulatory system for ensuring that all ads, wherever they appear are legal, decent, honest and truthful.

- 4.2 The ASA is bound by the Advertising Codes only; however, it may take into account Government guidance during its assessment on an ad, if appropriate.
- 4.3 The ASA broadly agrees with the current definition of carbon neutral and the recommendations from DECC on what carbon offsets should be considered when making a carbon neutral claim. However, we maintain reservations over how to implement the definition when it comes to claims that include scope 3 emissions.
- 4.4 The ASA is grateful for having been provided with the opportunity to have input into this consultation. If there are any questions arising from this response please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L Taffe', written in a cursive style.

**Lynsay Taffe**  
**Communications and Policy Manager**



## **Annex 1: Advertising regulation in the UK**

1. The self-regulatory system is based on a concordat between advertisers, agencies and the media that each will act in support of the highest standards in advertising. Compliance with the Codes and ASA adjudications is binding on all advertisers. It is not a voluntary system.
2. The system is both self-regulatory (for non-broadcast advertising e.g. press, poster, cinema, online) and co-regulatory (for TV and radio advertising). The Codes do sit within a legal framework, which means that, where appropriate, they reflect the standards required in law, e.g. misleading advertising.
3. The Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP) are the industry committees responsible for writing and maintaining the Advertising Codes.
4. The Committee members represent the three main parts of the advertising industry, namely the advertising agencies, media owners (e.g. poster site owners, newspapers, broadcasters) and the advertisers themselves.<sup>12</sup> CAP and BCAP also enforce the adjudications of the ASA.
5. CAP writes and updates:
  - the British Code of Advertising, Sales Promotion and Direct Marketing ('the CAP Code'), which governs non-broadcast advertising (e.g. print, poster, cinema, online)
6. BCAP writes and updates:
  - The BCAP TV Advertising Standards Code
  - The BCAP Radio Advertising Standards Code
  - The BCAP Code on Text Services
  - The Rules on the Scheduling of Television Advertisements
7. Although the Codes do reflect the standards required by law, the aspects of the Code covering harm, offence, taste and decency and social responsibility are entirely self-regulatory. The ASA therefore protects consumers from issues not covered by the legal system.

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<sup>12</sup> Details of the members of CAP and BCAP can be found at:  
<http://www.bcap.org.uk/cap/links/CAP+Members/>.

8. Final adjudications on complaints are decided by the ASA Council and are published on the ASA website. The Council's membership incorporates two-thirds members of the public, one-third advertising experts and is chaired by the Rt Hon the Lord (Chris) Smith of Finsbury.
9. ASA adjudications are enforced through CAP and BCAP. Advertisers that breach the Code face financial loss from having an ad campaign pulled and loss of reputation through the publication of upheld adjudications.
10. For those advertisers who refuse to comply with an adjudication, industry and other pressures can be brought to bear; for example: poster pre-vetting can be imposed and direct marketing companies can have benefits such as Royal Mail bulk-mailing discounts removed. In very serious and extreme cases of non-compliance advertisers can be referred to the OFT and broadcasters can be referred to Ofcom.
11. Aside from CAP's Copy Advice service, for broadcast advertisements, the broadcasters have set up pre-clearance bodies: Clearcast for TV and the Radio Advertising Clearance Centre (RACC) for radio. These bodies work to ensure that the overwhelming majority of broadcast advertisements are within the Codes; however, pre-clearance by these bodies does not prevent the ASA from investigating or upholding a complaint about a broadcast advertisement.
12. Further information can be found on the ASA website: [www.asa.org.uk](http://www.asa.org.uk) and the CAP website: [www.cap.org.uk](http://www.cap.org.uk)

## **Annex 2: ASA adjudications**

1. AirportWatch and enoughsenough.org Ltd
2. British Gas Trading Ltd
3. British Sky Broadcasting Ltd t/a Sky
4. EDF Energy plc
5. Eurostar Group Ltd

**AirportWatch**  
Broken Wharf House  
London  
EC4V 3DT

**Date:** 12 March 2008  
**Media:** National press  
**Sector:** Non-commercial  
**Agency:** Provokateur

**enoughsenough.org Ltd**  
PO Box 310  
Epsom  
Surrey  
KT17 3YY

**Number of complaints: 4**

### **Ad**

A national press ad for AirportWatch and enoughsenough.org, two pressure groups in favour of reducing the number of flights taken by UK citizens. The ad showed a photograph of a woman and a child standing on land covered in cattle carcasses; a plane and several vapour trails were shown in the sky. Text across the photograph stated "Just cut down on the flying, that's all we ask". Text underneath stated "Climate change already kills over 160,000 people a year. In Africa, 185 million people will die of diseases directly attributable to climate change. Drought will leave hundreds of millions without food. You may have turned down your thermostat, but did you know aviation is the UK's fastest growing source of greenhouse gas emissions? One person's emissions for a return flight from London to Dublin are the same as leaving your kettle to boil continuously for 6 days... New York is 75 days... Sydney is 272 days. Flights taken by UK citizens already create the equivalent of almost 20% (twenty) of the UK's climate damage. The UK Government wants passenger numbers to double by 2030 and treble by 2050, destroying all other efforts to reduce emissions. Fly less. Take trains when you can. Use video conferencing. Email 'Halt Aviation Expansion' to ... Health Warning - Aviation Growth Will Destroy

Our Chance of Tackling Global Warming".

### **Issue**

1. All four complainants challenged whether the claim "Flights taken by UK citizens already create the equivalent of almost 20% (twenty) of the UK's climate damage" could be substantiated.
2. Two of the four complainants challenged whether the claim "Climate change already kills over 160,000 people a year" could be substantiated.
3. Two of the four complainants challenged whether the claim "In Africa, 185 million people will die of diseases directly attributable to climate change" could be substantiated.
4. Two of the four complainants challenged whether the claim "Drought will leave hundreds of millions without food" could be substantiated.
5. Two of the four complainants challenged whether the ad, particularly the claim "Health Warning - Aviation Growth Will Destroy Our Chance of Tackling Global Warming", misleadingly implied that greenhouse gases and carbon emissions alone were responsible for global warming and climate change.
6. The ASA challenged whether the claim "One person's emissions for a return flight from London to Dublin are the same as leaving your kettle to boil continuously for 6 days ..." could be substantiated.

**The CAP Code:** 3.1;7.1;49.3;49.1

### **Response**

AirportWatch and enoughsenough.org gave a joint response.

1. AirportWatch and enoughsenough.org asserted that the UK's total 'climate damage' should be measured in annual emissions of million tonnes of carbon dioxide equivalent (CO<sub>2</sub>eq). They asserted that CO<sub>2</sub>eq was an internationally accepted measure that expressed the amount of global warming a greenhouse gas caused in terms of the amount of CO<sub>2</sub> that would have to be emitted to have the same impact.

They asserted that the Department for Environment Food and Rural Affairs (Defra) statistics showed that, in 2005, CO<sub>2</sub> emissions from fuel taken on board

at UK airports were 37.4 million tonnes. They argued that the amount of fuel taken on board was generally accepted as a guide to aviation CO<sub>2</sub> emissions on a country level, on the assumption that planes refuelled at the destination for the return flight, and CO<sub>2</sub> emissions from international flights were divided on the basis of 50% to the departing country and 50% to the arriving country.

AirportWatch and enoughsenough.org asserted that emissions of nitric oxide, nitrogen dioxide and water vapour by aviation at altitude also contributed to global warming. They said estimates of the extent of the extra warming generated by those things varied. They said, in 1999, the Intergovernmental Panel on Climate Change (IPCC), an international body that examined climate change issues, calculated that up until 1992, the warming caused by aviation was 2.7 times that of the warming caused by its CO<sub>2</sub> emissions alone; it went on to predict that, between 1992 and 2050, the warming caused by aviation would be two to four times greater than the warming caused by aviation's CO<sub>2</sub> emissions alone.

They argued that, if the IPCC figure of 2.7 was used, that meant the CO<sub>2</sub> equivalent was 37.4 multiplied by 2.7, which was 101 million tonnes of CO<sub>2</sub>eq. They said the current figures from the Civil Aviation Authority showed that a little over 70% of passengers on flights leaving and arriving in the UK were UK citizens. They argued that, to reflect the proportion of flights taken by UK citizens (as stated in the ad) the figure of 101 million tonnes, which did not account for UK passengers' return flights, needed to be increased by 40% to 141.4 million tonnes of CO<sub>2</sub> equivalent.

AirportWatch and enoughsenough.org asserted that the government stated that the UK produced 656.2 million tonnes of CO<sub>2</sub> equivalent in 2005, but that did not include international aviation and shipping CO<sub>2</sub> emissions, the non-CO<sub>2</sub> effects of international and domestic aviation, or the correcting of aviation figures to take account of the origin of passengers. They argued that, when those were taken into account, the amount of CO<sub>2</sub> equivalent produced was 801.1 million tonnes and flights by UK citizens in 2005 were responsible for 17.7% of the UK's contribution to climate change that year.

They argued that aviation emissions had been growing at a rate of between 5% and 10% a year and therefore the figure was likely to be at least 19.1% per cent in 2007; they sent their own calculations for that figure. They also argued that that figure did not include the warming effect of aviation creating cirrus clouds, which the IPCC did not include in its 2.7 times figure. They believed the

Environmental Change Institute at the University of Oxford had stated "the effects of cirrus clouds ... are now thought to have a bigger impact on the climate than previously". AirportWatch and enoughsenough.org asserted that the claim "almost 20%" was therefore a conservative estimate of the overall climate impact of flights taken by UK citizens.

2. AirportWatch and enoughsenough.org said the figure was based on studies of how climate change had impacted on health. They said, for the year 2000, the World Health Organisation (WHO) had estimated that global climate change caused 150,000 deaths which would not otherwise have occurred and a study by scientists at the London School of Hygiene and Tropical Medicine in 2003 estimated that the annual figure was 160,000. They said a scientific article in 2005 suggested that, for every million people, there were 27.82 deaths globally every year as a result of climate change. They asserted that the world population in 2004 was estimated to be 6,389 million and therefore there were 177,742 deaths a year from the health impacts of climate change. They asserted that those figures did not include any allowance for deaths from increased occurrence of extreme weather events such as floods and storms and argued therefore that the figure of 160,000 was a conservative estimate.

3. AirportWatch and enoughsenough.org said the claim was based on research by Christian Aid and related to the predicted health impacts if climate change was not curbed. They argued that it was clear from the ad as a whole that, if actions to halt climate change occurred, many deaths could be avoided.

4. AirportWatch and enoughsenough.org said the UK Government's Stern Review on the economic impacts of climate change stated that a three degrees Centigrade rise in average global temperature on pre-industrial levels by the end of the century would leave between 150 million and 550 million more people at risk of hunger as a result of drought and lower crop yields, one to three million of whom would die each year from malnutrition.

They said the IPCC summary report on climate impacts said there would be more drought-affected areas and that, by 2020, between 75 million and 250 million people would be facing increased water stress in Africa as a result of climate change. They said the report stated, in some African countries, yields from agriculture dependent on rain could be reduced by up to 50% by 2020. They repeated that the ad clearly conveyed that, if people acted to curb climate change, many deaths could be avoided.

5. AirportWatch and enoughsenough.org said the IPCC had stated "Most of the observed increase in globally averaged temperatures since the mid-20th century is very likely [more than a 90% chance] due to the observed increase in anthropogenic [man-made] greenhouse gas concentrations."

They argued that it was widely reported in the UK media that, based on current growth trends, emissions from aviation were set to take up the bulk of the UK's 'carbon budget' in the coming decades, thereby 'destroying our chances of tackling global warming'.

6. AirportWatch and enoughsenough.org argued that, although the average kettle available to purchase might use 3 kW or more per hour, the calculation should be based on the average power rating of kettles currently in use in people's homes, because people were likely to keep their kettles for several years. They referred to a technical manual published on Ofgem's website that stated that a lifetime of eight years should be assumed for kettles. They said, assuming from a Market Transformation Programme (MTP) report that the typical kettle power rating had been increasing by 0.08 kW per year since 1997, when it was 2.2 kW, and assuming the average kettle in the UK home was four years old, the average power rating of kettles currently in use in people's homes was 2.68 kW per hour. They asserted that, using that 2.68 kW figure, boiling a kettle for 24 hours a day for six days would use 386 kW. They asserted that the average mass of CO<sub>2</sub> released by UK grid electricity was 0.43 kg per kWh and, therefore, the mass of CO<sub>2</sub> released by boiling a kettle for 24 hours a day for six days would be 0.166 tonnes of CO<sub>2</sub>.

AirportWatch and enoughsenough.org asserted that, according to a paper published by Defra in June 2007, the suggested figure for an individual's CO<sub>2</sub> emissions for short-haul flights, similar in distance to that from London to Dublin, was 158 g CO<sub>2</sub> per passenger kilometre. They asserted that, using that figure and using a distance of 514.5 km as an average of the flight distance from London to Dublin, a return flight from London to Dublin was equivalent to releasing about 0.163 tonnes of CO<sub>2</sub>. They argued that that figure was very close to the 0.166 tonnes of CO<sub>2</sub> released by boiling a kettle for 24 hours a day for six days.

## **Assessment**

1. Upheld

The ASA noted the calculations AirportWatch and enoughsenough.org had used as a basis for the claim were their own and were not officially recognised. Although we noted the IPCC report highlighted the issue of radiative forcing (the warming caused by aviation other than its CO<sub>2</sub> emissions alone), we also noted both that report and the Stern Review stated that its impact was uncertain and there was no internationally agreed method of measuring it. We also noted there was no agreed method of attributing international aviation emissions to specific countries and that international aviation emission figures were not included in the national totals reported to the IPCC as part of the Kyoto Protocol. We nevertheless understood that Defra chose to report international aviation figures separately from the domestic emissions totals and that they based their figures on emissions from domestic flights and on international flights departing from the UK only.

We noted AirportWatch and enoughsenough.org had measured climate damage in CO<sub>2</sub> equivalent, not CO<sub>2</sub> emissions alone. We noted there was no internationally agreed method of measuring radiative forcing and understood figures for the warming effect of aviation were usually based on CO<sub>2</sub> emissions alone, which were lower than CO<sub>2</sub> equivalent measurements. We considered that readers were likely to infer that the claim was based only on CO<sub>2</sub> emissions, not CO<sub>2</sub> equivalent.

We noted the 70% figure for UK passengers on flights leaving and arriving in the UK was not an internationally recognised figure and went beyond the UK government's approach. We also noted the figure for the annual growth rate of aviation emissions was not widely recognised as being between 5% and 10%. We noted many different figures were available for aviation's contribution to climate change, including global emissions or individual countries' emissions, as well as greenhouse gas emissions, CO<sub>2</sub> emissions specifically or the overall impact of aviation emissions on climate change (including the multiplier effect of radiative forcing) and we therefore considered that, to avoid confusion, it was important that the basis of the figures quoted in the ad was made clear. We also considered that readers were likely to infer that the claim was based on widely recognised and accepted figures and methods. Because that was not the case and AirportWatch and enoughsenough.org had instead based their figure on their own research and calculations, which went beyond UK government recognised methods, and because they had not made clear that the claim was based on CO<sub>2</sub> equivalent not CO<sub>2</sub> emissions only, the claim was likely to mislead.



On this point, the ad breached CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.1 and 49.3 (Environmental claims).

#### 2. Not upheld

We noted the claim was based on three different studies, all of which had estimated climate change led to around 160,000 deaths per year. We considered that those estimates came from recognised independent sources. We considered that readers were likely to understand that the quoted figure of 160,000 would not be exact and would be based on independent and recognised estimates. We considered therefore that, because three different independent sources had estimated the figure was around 160,000, the claim was unlikely to mislead.

On this point, we investigated the ad under CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.1 (Environmental claims) but did not find it in breach.

#### 3. Upheld

We noted the claim was based on a report by Christian Aid. We noted, however, the report stated the figure of 185 million was an estimate of the number of deaths that would be caused by climate change associated diseases in sub-Saharan Africa by the end of the century. We also noted the claim was based on the 'middle' United Nations (UN) projection for population rise in sub-Saharan Africa and the IPCC's worst case scenario of the earth's temperature rising by six degrees Centigrade by the end of the century.

We considered that the absolute claim "In Africa, 185 million people will die of diseases directly attributable to climate change" implied that 185 million people would die. Given that the figure was based on estimates and a worst case scenario of a six degrees temperature rise we considered that such an unconditional and unqualified statement was unsupported and therefore misleading.

On this point, the ad breached CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.1 (Environmental claims).

#### 4. Not upheld

We noted the claim was based on the UK government's Stern Review on the economic impacts of climate change, which stated that a three degrees

Centigrade rise in average global temperature on pre-industrial levels by the end of the century could leave between 150 million and 550 million more people at risk of hunger if carbon fertilisation was weak. We also noted the number of people affected was based on the IPCC's population figures for the 2080s. We noted the three degrees rise was one of several potential scenarios and that the Stern Review stated, based on current trends, average global temperatures could rise by two to three degrees within the next 50 years. It further indicated that a two to three degrees temperature rise was moderate.

As the figure, which was not precise, was based on a likely scenario of what could happen we concluded that it was supported. We considered that the claim was not misleading.

On this point, we investigated the ad under CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.1 (Environmental claims) but did not find it in breach.

#### 5. Not upheld

We considered that readers were likely to understand the claim to mean that aviation growth would have an adverse effect on climate change and that cutting the number of flights people took would help to reduce the rate and effects of climate change; we considered readers were unlikely to infer from the ad that greenhouse gases and carbon emissions alone were responsible for global warming and climate change.

We understood it was widely accepted that aviation did make some contribution towards global warming and climate change, although a precise measure of that contribution was difficult to ascertain, and considered therefore that the ad was unlikely to mislead on this point.

On this point, we investigated the ad under CAP Code clause 7.1 (Truthfulness) but did not find it in breach.

#### 6. Not upheld

We recognised that the point of comparing the CO2 emissions for a return flight from London to Dublin to boiling a kettle continuously for six days was to highlight, in a meaningful way to consumers, the amount of energy used in flying. We checked the calculations used in making the claim to determine whether the claim was exaggerated and could mislead.

We agreed that readers were likely to expect the claim to be based on the average power rating of the kettles currently in use in people's homes and were satisfied with AirportWatch and enoughsenough.org's findings that this was 2.68 kW per hour which equated to 0.166 tonnes of CO<sub>2</sub> emissions for a kettle boiling continuously for six days.

We noted there was no internationally agreed figure for an individual's CO<sub>2</sub> emissions per flight and that AirportWatch and enoughsenough.org had referred to a Defra paper published in June 2007, two months after the ad appeared. We considered, however, that they should have used the figure which was available at the time the ad was published. Using this figure, 150 g CO<sub>2</sub> per passenger kilometre, and AirportWatch and enoughsenough.org's figure of 514.5 km for a flight from London to Dublin, that was equivalent to releasing around 0.154 tonnes of CO<sub>2</sub>.

We noted this figure was just less than the figure of 0.163 tonnes calculated by AirportWatch and enoughsenough.org and the figure of 0.166 tonnes for the boiling kettles. Given that the claim would have been substantiated for a comparison to a kettle boiling continuously for 5.5 days, we considered that the claim was not exaggerated and was not misleading.

On this point, we investigated the ad under CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.1 (Environmental claims) but did not find it in breach.

### **Action**

We told AirportWatch and enoughsenough.org to remove the claims "Flights taken by UK citizens already create the equivalent of almost 20% (twenty) of the UK's climate damage" and "In Africa, 185 million people will die of diseases directly attributable to climate change" from their advertising. We also told them to ensure that the basis of future similar claims was made clear and that the claims were based on widely recognised and accepted figures, methods and estimates.

Adjudication of the ASA Council (Non-broadcast)

**British Gas Trading Ltd**  
30 The Causeway  
Staines  
Middlesex  
TW18 3BY

**Date:** 30 January 2008  
**Media:** National press  
**Sector:** Utilities

**Number of complaints:** 1

### **Ad**

An advertorial in a national newspaper for British Gas stated "Such is the way of life these days it's virtually impossible to exist without having some kind of negative impact on the planet. To counteract this, it's important for all of us to strive for carbon neutrality. One choice we can make is to use energy from renewable sources that produce less CO2 emissions. To help you do this British Gas has recently launched two new green energy tariffs. British Gas Zero Carbon is the greenest domestic energy tariff when compared to those on the energywatch website, and is available for as little as £7 per month. For every customer on this tariff we will supply an equivalent amount of renewable energy into the national grid as well as offsetting all the carbon emissions from the home's gas and electricity supply".

### **Issue**

Scottish & Southern Energy challenged whether:

1. the claim "British Gas Zero Carbon is the greenest domestic energy tariff compared to those on the energywatch website" was misleading and could be substantiated, because they did not believe there was any independent audit to assess the green credentials of energy services, and because the energywatch website specifically stated that its guide did not assess greenness; and
2. the claim "offsetting all the carbon emissions from the home's gas and electricity supply" was misleading, because it did not make clear how the scheme worked.

**The CAP Code:** 3.1;7.1;49.1;49.2

### **Response**

1. British Gas Trading Ltd (British Gas) said their claim to have the greenest tariff was based on their comparison of all the current green supply offerings contained within the energywatch website. They said where they made such a claim they included a footnote that stated that the claim was true when compared with the other green tariffs listed on the energywatch website.

British Gas acknowledged that energywatch did not rank the green tariffs in order of greenness and that there was not an industry-wide methodology to undertake such a ranking. They said that, in the absence of a ranking scheme, they were not precluded from making such a comparison themselves. British Gas argued that the green tariff descriptions on the energywatch website contained very explicit product information against which an objective comparison of the tariff features could be made. They said energywatch asked suppliers to provide evidence of 'greenness' as well as details of any audit mechanisms they had used. British Gas explained that their claim to have the greenest domestic energy tariff was based on a comparison of the key attributes of the various green tariffs offered by supply. They said two recent consumer reports from energywatch and the National Consumer Council set out the key features of a green tariff, which were Levy Exemption Certificates (LEC) and Renewable Energy Guarantee of Origin (REGO) backing, Renewable Obligation Certificate (ROC) retirement, carbon offsets and green fund contribution. British Gas argued that existing tariffs from other suppliers contained some but not all of those features, but that their Zero Carbon tariff contained them all. They said no other green tariff on the market today offered all of those factors in combination, and that it was that combination that they were using to substantiate their claim.

British Gas submitted a table that summarised and compared the key attributes of the current green energy tariffs available. They said that each of the tariffs in the table were listed on the energywatch website. British Gas said they had also worked closely with the CAP Copy Advice team on the ad.

2. British Gas said they believed they were not obliged to provide substantiation for how their carbon offsetting scheme worked in the advertorial itself, so long as they were able to make it available on request. They said they did not believe the claim to offset "all the carbon emissions from the home's gas and electricity supply" was misleading because they did offset through Kyoto compliant offsetting schemes. They explained that they offset carbon emissions by purchasing and retiring credits from Certified Emission Reductions (CER) projects accredited under the Kyoto Protocol of the United Nation's Framework

Convention on Climate Change (UNFCCC), which would also meet the forthcoming DEFRA code of best practice for carbon offsetting.

British Gas explained that they assessed the carbon emissions for each customer on their Zero Carbon tariff by monitoring the actual gas and electricity consumption data of those customers, together with the associated volumes of carbon credits that are purchased and retired. British Gas said they did not verify or assess individual carbon offsetting schemes themselves, but relied instead on the governance structure implemented by the UNFCCC for this. They argued that that would give customers confidence that each unit of carbon offset was matched by real emission reductions under the rules of UNFCCC schemes, and not under their own 'standard' or that of another party.

## **Assessment**

### **1. Upheld**

The ASA noted British Gas' claim to have the "greenest domestic energy tariff" was based on a comparison of the key categories of the different energy tariffs listed on the energywatch website. We also noted British Gas' argument that, in the absence of a ranking scheme for green tariffs, they should not be precluded from making their own comparison. Nevertheless, we understood that the energywatch website specifically stated that their guide did "not evaluate a tariff's 'greenness' ... rather it categorises and gives background information about each tariff", and that "there are no independent accreditation or audit schemes for green energy tariffs to give consumers confidence that suppliers claims are true". We considered that the energywatch website made it clear that the information they provided was not a league table of different energy providers. We also considered that most customers would expect British Gas' claim to be ranked as "the greenest domestic energy tariff when compared to those on the energywatch website", would be based on independently authorised material or an accredited ranking system for green tariffs, and not just on British Gas' own interpretation of the available data.

We understood that British Gas had sought guidance on the ad from the CAP Copy Advice team, who had highlighted to British Gas the difficulty of using the 'greenest' claim, because they did not believe it was possible to draw comparisons across the different tariffs listed on the energywatch website. For example, we understood that the Copy Advice team had expressed particular concern about the difficulty of measuring the effect of the tariffs' green fund contributions in reducing carbon emissions and other environmental damage. We considered that it was not possible to establish which tariff had a greater

impact on the environment by comparing, for instance, the impact of one tariff's green fund contribution towards renewable technology projects with the impact of another tariff's retirement of additional ROCs. We acknowledged British Gas' argument that, without taking the green fund category into consideration, they were the only energy supplier to make green supply offerings in all of the other categories. However, we considered that customers would expect all of the information in the energywatch table to be taken into account when assessing an energy supplier's greenness. Because the data from across all of the categories in the table did not prove that British Gas' Zero Carbon tariff provided an overall improvement in environmental terms against the other tariffs in the table, and because that data was not audited by an independent authority, we concluded that on this point the ad was misleading.

On this point the ad breached CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.1 and 49.2 (Environmental claims).

## 2. Not upheld

We noted British Gas' argument that they were not obliged to provide substantiation regarding how their carbon offsetting schemes worked in the ad itself. We acknowledged that British Gas calculated the carbon emissions of their Zero Carbon tariff customers by monitoring their actual gas and electricity consumption, and that they offset those customers' carbon emissions through Kyoto compliant CER schemes, which were accredited and implemented by the UNFCCC. We recognised that the Kyoto Protocol was the internationally agreed standard for the regulation of carbon offsetting schemes. Because British Gas' carbon offsetting schemes had been properly accredited under the Kyoto Protocol, we considered that it was not necessary for them to provide further details in the ad itself. We therefore concluded that on this point the ad was not misleading.

On this point we investigated the ad under CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.1 (Environmental claims) but did not find it in breach.

## **Action**

We told British Gas not to repeat the ad in its current form.

Adjudication of the ASA Council (Non-broadcast)

**British Sky Broadcasting Ltd t/a Sky**

7 Centaurs Business Centre  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

**Date:** 9 July 2008**Media:** Television, National press**Sector:** Leisure**Agency:** WCRS**Number of complaints: 5****Ad**

A TV ad and two national press ads for Sky included the claim "CarbonNeutral".

a. The first national press ad, for Sky digital packages featured small text at the top of the page that stated "Sky is a CarbonNeutral® company".

b. The second national press ad stated "BELIEVE IN BETTER Because the world's a great place, we're trying to keep it that way. CarbonNeutral® since 2006." Text at the foot of the page stated "sky.com/environment".

c. The TV ad featured a cartoon of a tiger walking through a town and fields to an upbeat soundtrack. In one scene, a car drove past the tiger with smoke emanating from its engine. The tiger grabbed the car and 'hugged' it; the scene changed to show the car and tiger in a field, surrounded by flowers. The voice-over stated "Because the world's a great place, we'll carry on doing our bit to keep it that way. Sky. Believe in better". On-screen text included the Sky logo, the text "CarbonNeutral® since 2006" and "sky.com/environment".

**Issue**

The ASA received four complaints: one about press ad (a), one about press ad (b) and two about the TV ad. All four complainants challenged whether Sky could substantiate that they were carbon neutral. One complainant believed, because the installation of satellite dishes was carried out by engineers travelling in vans that emitted carbon, the company could not possibly be carbon neutral. The other complainants understood that Sky had not included the emissions produced by their set-top boxes in the calculation of their carbon emissions and therefore believed the claim was based on inaccurate figures.

**The CAP Code:** 3.1;7.1;49.2**BCAP TV Advertising Code:** 5.1;5.2.1;5.2.6



## **Response**

Sky explained that the claim related to their status as a company which had achieved carbon neutrality working with The CarbonNeutral Company (TCNC), a company specialised in carbon consulting and business carbon offsetting.

They said being "CarbonNeutral" meant that they had measured their carbon footprint, taken operational steps to reduce it and purchased offsets to counteract the remaining carbon emissions.

Sky said TCNC helped them to calculate their carbon emissions in accordance with the CarbonNeutral Protocol, which in turn accorded with the agreed international standards for assessing emissions set out in a framework published by the World Resource Institute and World Business Council for Sustainable Development (WRI/WBCSD), the Greenhouse Gas Protocol Initiative (the GHG Protocol). Scope 1 concerned direct emissions from sources a company owned or controlled; Scope 2 concerned emissions from the generation of purchased electricity that a company consumed in its equipment or operations it ran or controlled; Scope 3 concerned emissions that were relevant to the company but not within its direct control. Sky told the ASA that, under the GHG Protocol, companies had to account for all scope 1 and 2 emissions. Accounting for Scope 3 emissions was optional because they were often outside a company's control. Sky nevertheless opted to include emissions from employee business travel, a Scope 3 emission, within their carbon emissions calculation. With regard to the concerns raised by the complainants, Sky explained that carbon emissions generated from company-owned vehicles were included in the calculation of their carbon footprint as Scope 1 emissions, but the emissions from set-top boxes were not included because they were not within Sky's direct control. Sky nevertheless pointed out that they had produced an auto-standby set-top box which automatically switched to standby at certain times.

Sky said the measure of their carbon footprint was verified by two independent third parties, the Edinburgh Centre of Carbon Management (ECCM) and Environmental Resource Management (ERM) Ltd.

Having calculated Skys carbon emissions, TCNC then calculated the rate, in pounds per tonne, of Sky's carbon offset; that figure represented the sum Sky paid to TCNC which it in turn invested in accredited projects. Sky said those projects consisted of a portfolio of energy efficiency and renewable energy products worldwide that offset the amount of carbon the organisation would

produce over the life of their five-year "CarbonNeutral" plan. They said the offsets were either Certified Emissions Reductions (CERs) or Voluntary Emissions Reductions (VERs). CERs were verified to the standard set out in the Clean Development Mechanism (CDM) which was established by the Kyoto Protocol and was seen as the international quality benchmark for carbon offsetting projects. VERs conformed to the standards set out in the Voluntary Gold Standard (VGS) or the Voluntary Carbon Standard (VCS).

Sky explained that, when a company's carbon emissions were reduced to net zero in accordance with the CarbonNeutral Protocol, the organisation was deemed to be carbon neutral and use of the CarbonNeutral registered trademark was awarded. Sky said they used the trademark to show that their carbon neutral status had been conferred on them by an independent third party and to show that they were carbon neutral.

Sky submitted detailed dossiers of evidence including details of their agreement with TCNC and their key offsetting programmes, a copy of the CarbonNeutral Protocol and a copy of their CarbonNeutral certificate.

Clearcast said Sky provided comprehensive substantiation for the claim "CarbonNeutral". They were satisfied that it supported the claim and they endorsed Sky's response.

### **Assessment**

Not upheld

The ASA noted Sky's comments. We considered most viewers and readers were likely to interpret the claim "CarbonNeutral" to mean that Sky had taken steps to reduce to net zero the carbon emissions from its business activities that were within its reasonable control and offset any remaining emissions through robust and verifiable schemes. We noted the complainants were concerned because they believed Sky were unlikely to have taken particular types of emissions into account when setting the boundaries for calculating their carbon footprint.

We understood that there was no generally accepted definition of carbon neutral but that the claim could be evaluated against generally accepted best practice. We therefore took independent expert advice. The expert said the GHG Protocol was an internationally recognised standard which encompassed the variables which needed to be taken into account in assessing a company's carbon footprint. He said it was the most widely used accounting tool for

emissions and was therefore a core element of generally accepted best practice in terms of accounting and reporting GHG emissions as part of a carbon neutrality claim. The expert said Sky had fully employed the principles of the GHG Protocol in the assessment of its emissions and calculation methodologies: Sky had taken into account Scopes 1 and 2 and some Scope 3 emissions - emissions from its premises (gas, oil and fuel), company owned vehicle emissions, emissions from operational electricity consumption and emissions from employee business travel. He concluded that, by including some Scope 3 emissions in its carbon footprint calculations, Sky had in fact sought to go above and beyond generally accepted best practice.

Our expert advised that a number of key factors needed to be taken into account when considering whether an offset was robust. He explained that factors such as additionality, validation, verification, project type, timing of credits, leakage and double counting should be considered. We noted CERs were verified and regulated according to the CDM, established by the Kyoto Protocol and so were verifiable. In relation to the VCS and VGS offsets purchased by Sky to counteract its remaining carbon emissions, the expert advised that the VGS VER was comparable in quality to CERs and that the VCS was broadly comparable in quality, although there was further work to do in one or two areas.

We noted Sky, in calculating its carbon footprint, had taken into account emissions from its vehicles and, although they had not taken into account emissions from their set-top boxes because they were a Scope 3 emission outside of Sky's direct control, we noted they had offset other Scope 3 emissions. We considered that Sky had followed generally accepted best practice methodology in terms of boundary setting and calculation methodologies for emissions accounting and reporting. We noted offsets were to be either certified (CERs) or from projects that complied with one of the Standards (VCS or VGS) within the voluntary market that were evaluated and validated to a sufficiently high level. We therefore concluded Sky had substantiated the claim.

We investigated the national press ads under CAP Code clauses 3.1 (Substantiation), 7.1 (Truthfulness) and 49.2 (Environmental claims) and the TV ad under CAP (Broadcast) TV Advertising Standards Code rules 5.1 (Misleading advertising), 5.2.1 (Evidence) and 5.2.6 (Environmental claims) but did not find them in breach.

**Action**

No further action necessary.

Adjudication of the ASA Council (Broadcast)

Adjudication of the ASA Council (Non-broadcast)

**EDF Energy plc**  
EDF Energy Customers plc  
40 Grosvenor Place  
London  
SW1X 7EN

**Date:** 4 June 2008  
**Media:** Television, Internet (display)  
**Sector:** Utilities  
**Agency:** Euro RSCG London

**Number of complaints: 7****Ad**

A TV and internet ad for EDF Energy:

- a. a voice-over in the TV ad stated "By 2020 EDF Energy aim to reduce the carbon intensity of CO2 emissions from their electricity productions by 60%". On-screen text stated "Aims based on improvements to EDF Energy's 2006 performance and is subject to change in the event of matters beyond EDF Energy's reasonable control".
- b. the internet ad showed an image of an open book. Various images popped up from the book including trees, a green field with sheep grazing, a corn field and a countryside scene with wind turbines and a hot air balloon. The ad played a song and the words of the song were shown at the top of the ad: "It's not that easy being green. Having to spend each day the colour of the leaves ... But green's the colour of spring. And green can be cool and friendly like. I am green and it'll do fine, it's beautiful. And I think it's what I want to be". Text stated "If we don't save today, we can't save tomorrow ... Find out how EDF Energy is combating climate change".

## **Issue**

1. Five viewers challenged whether the claim "By 2020 EDF Energy aim to reduce the carbon intensity of CO2 emissions from their electricity production by 60%" in ad (a) was misleading, because the vast majority of viewers would not understand the term 'carbon intensity' and would believe EDF intended to reduce their CO2 emissions by 60%.

2. Two complainants, including People & Planet, challenged whether ad (b) misleadingly implied that EDF Energy was a 'green' energy supplier, because they believed they supported and invested in nuclear power and only a small proportion of their electricity was supplied by renewable energy.

**The CAP Code:** 7.1;49.1;49.2

**BCAP TV Advertising Code:** 5.1;5.2.2;5.2.6

## **Response**

1. EDF Energy plc (EDF) said the TV ad was part of an ongoing national campaign aimed at raising awareness of EDF's published Climate Commitments. They said a key part of their commitment was to reduce the CO2 intensity of their electricity generation, by which they meant the amount of CO2 they emitted whilst producing a given volume of electricity. They believed that was a more useful measure than 'absolute tonnes' of CO2 because it allowed their company to continue to monitor its performance in the area irrespective of increased generation capacity due to changes in demand. They said an absolute target would not reflect the need to increase their electricity generation if demand increased. EDF said they could not control changes in national demand for electricity, which could increase dramatically by 2020 if, for example, electric cars or some other emerging technology became more common. They said that adopting an 'absolute tonnes' methodology of monitoring CO2 emission reductions would therefore simply not be sustainable or allow for the activities of competing generators to be compared on a truly like for like basis. EDF said, in that respect, not only did all of their main competitors use "carbon intensity" as a measure of CO2 emission reductions from generation but that approach was consistent with how all suppliers were required to give customers information about the energy source fuel mix of the electricity they supplied under the Electricity (Fuel Mix Disclosure) Regulations 2005. They said their approach was also consistent with the way in which suppliers of other products and services were beginning to communicate with their customers about CO2 emissions associated with the delivery of those

products and services, e.g. supermarkets and food manufacturers. EDF said although terms such as 'carbon intensity' might not yet be fully understood by all, they believed that should not prevent them from using such terms to raise awareness of the issues. They said they had ensured that their website contained a full glossary of that and other terms that they realised might be less well understood by their customers.

EDF said the ad was not an attempt to artificially inflate their commitment claim.

They said their analysis actually showed that they could have reasonably justified a claimed carbon intensity reduction of over 67%. However, the key for them was to ensure that they had the most realistic and accurate measure for the target they wanted to achieve. They provided a breakdown of how they would achieve the 60% reduction and the business plan that the aim was based on. They said their commitments in this area were linked to their business plans to replace existing coal fired generation plants with gas fired and nuclear generation plants together with increased development of renewable generation (such as wind) by 2020. They stressed that the business plans were not based on assumptions but actual agreed strategy, elements of which were already in the course of being delivered (for example planning permission for the first gas fired plant had already been granted and the Government had now confirmed its approval to the development of new nuclear generation). EDF said, however, that even based on their conservative analysis, the figures still revealed that EDF would in fact achieve an absolute reduction of 61% of CO<sub>2</sub> emissions from its electricity production compared with 2006 levels. They said that indicated that even if viewers had misinterpreted their TV campaign to mean that they aimed for an absolute reduction in CO<sub>2</sub> emissions of 60% the ad was not misleading.

EDF also pointed out that following consultation with Clearcast the caveat "Aims based on improvements to EDF Energy's 2006 performance and is subject to change in the event of matters beyond EDF Energy's reasonable control" had been included in the ad to make clear to viewers that the claim was subject to matters outside of their control.

Clearcast said due to the complexity of the script and the various elements included within it they had been very cautious in approving the ad. They said they had considered the issue of whether viewers were likely to understand the difference between 'carbon intensity' and 'CO<sub>2</sub> emissions' but following their discussions with EDF they had considered that 'carbon intensity' was a term that was common within the industry and would be understood by the viewer.

They said they were careful to ensure that the ad did not refer to 'carbon intensity' on its own or was used instead of 'CO2 emissions'. They said they also considered that 'carbon intensity' was a more accurate and valid way of assessing EDF's CO2 emissions. They said the claim was based on commitments EDF were undertaking now to achieve in 12 years time and, as the accompanying caveat explained, the comparison was based on 2006 figures but 'matters outside EDF's reasonable control' might make a claim based on CO2 emissions alone irrelevant. For those reasons they said they believed the ad was not misleading.

2. EDF said the internet ad was intended to highlight the need to combat climate change and that that was something that both they and their customers needed to get involved in. They said the ad highlighted that although taking steps to combat climate change might not be easy for either a large company or an individual customer, if people were passionate about securing the future of the planet, everyone needed to demonstrate their intent to tackle climate change head on.

EDF said they were very proud of their record on 'green' issues and they provided details of some of their achievements in that area, for example they believed they were the first energy company to reward customers for reducing their energy consumption. They said, however, they had deliberately avoided making statements such as "greenest energy company" or "greenest supplier" not only because of the problems with substantiating such claims but also because they understood that the term "green supplier" could mean different things to different people. For that reason they had been careful to ensure that the focus throughout their ad was about lowering CO2 emissions and combating climate change. They pointed out that the ad did not state that EDF was a 'green' supplier and the only references to 'green' were to recognise that they appreciated that it was not easy being green. EDF said the ultimate role of the ad was to raise awareness of exactly what action EDF had taken to reduce carbon emissions and tackle climate change and what further action they were planning to take.

### **Assessment**

#### **1. Not upheld**

The ASA noted 'carbon intensity' referred to the relative amount of carbon emitted per unit of energy or fuels produced. We noted EDF had qualified the claim to make clear that the 60% reduction was based on a comparison with

their 2006 performance and that it was subject to change in the event of matters outside of EDF's control.

We noted the detailed breakdown of the 60% reduction claim which EDF provided showed that the reduction in their carbon intensity by 2020 would be 68% and that EDF had also modelled the predicted reduction levels that would take place if the amount of electricity increased beyond current expectations and even in that scenario the reduction in carbon intensity would be 67%. We noted their calculations also showed that the reduction in absolute carbon emissions was likely to be 61% or 56% at the extra production level. We noted those calculations were based on planned business strategies and EDF had factored in where some elements of those strategies might not be met.

We noted 'carbon intensity' was a measure that was used within the industry and that it was also used for reporting fuel mix as part of the Electricity (Fuel Mix Disclosure) Regulations 2005. We considered, however, that without qualification to explain its definition, most viewers were unlikely to understand its meaning and were likely to infer that it related to absolute carbon emissions. Nevertheless, we noted EDF had demonstrated that if they achieved their aim they would also reduce their absolute carbon emissions by 60% and we therefore considered that qualification of the term "carbon intensity" was not necessary in this instance because whichever way they interpreted the claim viewers were unlikely to be misled. We considered that because EDF had demonstrated that they had planned business strategies in place to achieve their aim of a 60% reduction in both the carbon intensity of their CO<sub>2</sub> emissions and their absolute CO<sub>2</sub> emissions, the ad was unlikely to mislead.

On this point, we investigated ad (a) under CAP (Broadcast) TV Advertising Standards Code rules 5.1 (Misleading advertising), 5.2.2 (Implications), 5.2.3 (Qualifications) and 5.2.6 (Environmental Claims) but did not find it in breach.

## 2. Not upheld

We noted ad (b) did not make any direct claims that EDF was a 'green supplier', although we considered several images could be interpreted as "green" references, for example the green fields and the wind turbine, and the references to being 'green' in the song. We considered, however, that consumers were likely to understand that the ad merely highlighted that EDF, although recognising the difficulties involved, wanted to take steps to tackle climate change and was asking consumers to get involved as well. We noted if consumers clicked on the ad they were directed straight to EDF's internet



microsite, which included detailed information about EDF's steps to reduce their carbon intensity, their investment in nuclear power and their intention to increase their investment in renewable energy.

We considered that consumers were unlikely to infer from the ad that EDF were a 'green' supplier and we therefore concluded that the ad was unlikely to mislead.

On this point, we investigated ad (b) under CAP Code clauses 7.1 (Truthfulness), 49.1 and 49.2 (Environmental Claims) but did not find it in breach.

**Action**

No further action required.

Adjudication of the ASA Council (Broadcast)

Adjudication of the ASA Council (Non-broadcast)

**Eurostar Group Ltd**  
Eurostar House  
Waterloo Station  
London  
SE1 8SE

**Date:** 4 June 2008  
**Media:** E-mail, National press  
**Sector:** Holidays and travel

**Number of complaints:** 4

**Ad**

An e-mail and a national press ad for Eurostar services from St Pancras.

a. The e-mail stated "113 sunrises before a dawn like no other. Book now for the new era of travel. 14.11.07. This significant day in Eurostar's history marks the arrival of high speed rail to the heart of London ... Our first carbon neutral journeys ... Less than 4 months to go ... until carbon neutral journeys ... Our first train out of St Pancras International on 14 November - then every subsequent Eurostar service - will be carbon neutral ...".

b. The national press ad showed an aerial view of St Pancras International

station. The text stated "3 months to go ... until carbon neutral journeys arrive...".

### **Issue**

Four complainants, one of whom represented the Commuter Action Group (CAG), challenged the claim that the service would be "carbon neutral". CAG complained in particular that the claim was misleading because Eurostar trains had to pass through the Channel Tunnel, which produced emissions as a result of its internal refrigeration system. Other complainants were concerned that the energy used in constructing the trains, the track, stations and the tunnels had not been taken into account when offsetting the journeys.

**The CAP Code:** 3.1;7.1;49.1;49.2

### **Response**

Eurostar said it was committed to reducing its environmental impact and explained that two years of due diligence had been undertaken to allow them to implement an environmental strategy across the whole business. They explained that they had a long term strategy to reduce CO2 emissions per passenger journey and that, where that was not possible, they would invest in a range of schemes in order to offset the remaining emissions. They explained that the Department for Environment, Food and Rural Affairs (Defra) did not have a definition of "carbon neutral" and, because of that, they had undertaken a lot of research to ensure that they complied with the highest possible standard of best practice available in the field. They said they had worked with independent third parties such as Environmental Resource Management Ltd (ERM) and Friends of the Earth. They supplied a copy of a report comparing CO2 emissions from high speed rail and short-haul air travel they had commissioned from an international consultant on energy use and the environment. They explained that the "journey" was the aspect of their customers trip that Eurostar had control over, on a point to point basis, and included: energy use by the train for traction: auxiliary energy used to power lights and heating; and global warming potential of on board refrigerants.

They pointed out that Eurotunnel was a completely separate legal entity and that they were one of the users of the Channel Tunnel only. They explained that it was a common misconception that they were the same company as Eurotunnel. They explained that the use of the tunnel was integral to their business, but they were unable to comment on the energy use of the actual tunnel, including its refrigeration units. They reiterated that they were offsetting

those carbon emissions over which they had control but that would not include auxiliary services provided by Eurotunnel. They explained that they would purchase credits up front, both voluntary emissions reductions (VER) and certified emissions reductions (CER), and that those credits were from offset providers that guaranteed emissions reductions that were quantifiable and third party audited. They believed in that way they could guarantee their customers that their passenger journeys would be neutral from 14 November 2007. They said their own calculations and processes used to offset carbon emissions would be independently audited by ERM on an ongoing basis to ensure they complied with their aim of reducing CO2 emissions overall and offering carbon neutral journeys.

### **Assessment**

Not upheld

The ASA understood that Defra had no accepted definition for "carbon neutral" and what it should account for, for example, whether it should include an organisation's energy use to build its premises or for its workers to get to and from work. We noted the claim in both ads stated "journeys" and considered that readers would be likely to understand that to mean London St Pancras to the corresponding station in France or Belgium. We acknowledged that Eurostar did not control the energy usage of the Channel Tunnel and considered that most people would expect a claim of "carbon neutral journeys" to refer to those aspects of the journey for which Eurostar was responsible. We noted Eurostar planned to offset the traction energy used by a train, the auxiliary energy used to power lights and heating and the global warming potential of the chemicals that leaked from the on-board refrigerants and air conditioning units, but not the energy used in the manufacture of the rolling stock or the track, stations and tunnels. We understood from expert advice that it was generally accepted that transport-related carbon neutrality involved energy consumption or fuel burn of the vehicle in question, with external emissions associated with infrastructure lying outside of the scope.

We took expert advice in relation to the calculation methodologies and data assurance strategies used by Eurostar. We understood that they were sound and used by reputable experts in the field. Our expert advised that Eurostar had demonstrated that they had followed the broadly accepted best practice methodology for carbon neutrality for their train journeys. We understood that Eurostar had purchased the requisite number of CERs to substantiate the offsetting claim at the time the ad appeared and that they planned to purchase both CERs and VERs to offset their energy usage in future.

We noted CERs were certified and regulated within the EU Emissions Trading Scheme or the Kyoto Protocol and so were verifiable. We sought expert advice in relation to the Voluntary Carbon Standard (VCS) and Voluntary Gold Standard (GS VER) offsets that Eurostar intended to purchase from the voluntary market.

Our expert advised that a number of key factors needed to be taken into account when considering whether an offset was robust. He explained that factors such as additionality, validation, verification, project type, timing of credits, leakage and double counting should be considered. He advised that the GS VER was comparable in quality to the Kyoto compliant CER, although coming from the voluntary market; he advised that the VCS was broadly comparable in quality, although there was further work to do in one or two areas.

We considered that consumers would be likely to expect companies wishing to claim carbon neutrality by offsetting their carbon emissions to do so in a robust and verifiable manner. We acknowledged that Eurostar had followed best practice methodology for carbon neutrality and that credits were to be either certified (CERs), or from projects that complied with one of the Standards within the voluntary market that were evaluated and validated to a sufficiently high level. Because Eurostar had demonstrated that the claim "carbon neutral journeys" was based on a robust and verifiable offsetting system, we concluded that they had justified the claim.

We investigated the ads under CAP Code clauses 3.1 and 3.2 (Substantiation), 7.1 (Truthfulness) and 49.1 (Environmental claims) but did not find them in breach.

**Action**

No further action necessary.

Adjudication of the ASA Council (Non-broadcast)

### **Annex 3: Advice Online article from the CAP Copy Advice team**

#### **AdviceOnline: Environmental Claims: Carbon Offsetting and Carbon Neutral**

Note: This advice is given by the CAP Executive about non-broadcast advertising. It does not constitute legal advice. It does not bind CAP, CAP advisory panels or the Advertising Standards Authority.

Carbon offsetting is the process of reducing the net carbon emissions of an individual or organisation, either by their actions or through arrangements with a carbon-offset provider. Carbon-offset providers are companies that either prevent the emission of gases that would otherwise find their way into the atmosphere or companies that absorb carbon dioxide (or other greenhouse gases) that have already been emitted into the atmosphere. They then “sell” that reduction in carbon dioxide (CO<sub>2</sub>) or other greenhouse gases to companies that produce greenhouse gases.

Although no universally accepted definition of the concept exists, all definitions follow the same general lines: carbon neutrality involves achieving zero net emissions associated with an organisational unit, product, service or process. The zero net emissions target is generally achieved through a combination of internal emission reduction and external carbon offsetting. The established process to achieve best-practice carbon neutrality is:

- Each stage requires the use of agreed standards and independent verification or oversight.
- Estimating The Amount Of CO<sub>2</sub> Produced
- Estimating the quantity of emissions associated with an activity is contentious.

CAP recommends that advertisers wanting to estimate the amount of CO<sub>2</sub> to claim carbon neutrality should use sound calculation methodologies produced such as the The Greenhouse Gas Protocol (GHG Protocol) developed by the World Resources Institute and the World Business Council for Sustainable Development. To ensure that their data assurance strategies are sound, they should have received advice from reputable experts.

We recommend marketers to make clear in their advertisements the elements

they have included in their calculations. For example, the ASA considered that most people would expect a claim of "carbon neutral journeys" to refer to those aspects of the journey for which the advertiser was responsible: the traction energy used by a train, the auxiliary energy used to power lights and heating and the global warming potential of the chemicals that leaked from the on-board refrigerants and air conditioning units but not the energy used in the manufacture of the rolling stock or the track, stations and tunnels (Eurostar Group Ltd, 4 June 2008).

If the ad had included an unqualified claim such as "Carbon Neutral" that had not made clear that the claim referred only to journeys, the ASA might have decided that the quantity of emissions that had to be offset was larger than for the claim "carbon neutral journeys".

### Offsetting The Emissions

The ASA expects companies that claim carbon neutrality to offset their carbon emissions in a robust and verifiable manner. Generally that can be achieved by buying offsets from companies that run emissions-reduction or emission-capture projects that comply with a generally recognised standard.

To date, the ASA has commissioned expert advice on the robustness of three international offsetting standards. The ASA understands that the key factors that need to be taken into account when considering whether an offsetting standard is robust are additionality, validation, verification, project type, timing of credits, leakage and prevention of double counting. It would use the same criteria to consider the robustness of other offsetting standards.

The ASA considered that projects that conformed to the standards of the three schemes listed below had been evaluated and validated to a high enough level to be compatible with a robust and verifiable offsetting system. Marketers who had accurately estimated the amount of carbon that had to be offset and who bought offsets that were certified by any of the three schemes could substantiate that their activities were carbon neutral.

Name of Scheme Carbon credit per tonne of CO<sub>2</sub> equivalent offset  
Clean Development Mechanism (CDM) Certified Emissions Reduction (CER)  
Voluntary Carbon Standard (VCS) Voluntary Carbon Unit (VCU)  
Voluntary Gold Standard  
(GS VER) Gold Standard Verified Emission Reduction (GS VER)

Advice on the acceptability of carbon neutral claims in marketing communications is available from the Copy Advice team by telephone on 020 7492 2100, by fax on 020 7404 3404 or by e-mail on [copyadvice@cap.org.uk](mailto:copyadvice@cap.org.uk). The CAP website, [www.cap.org.uk](http://www.cap.org.uk) contains a list of Help Notes as well as access to the AdviceOnline database, which has links to relevant Code clauses and ASA adjudications.

**ASSOCIATED BRITISH FOODS PLC**  
**DECC Carbon Neutral Consultation**

Consultation Questions:

1. Yes. It provides confidence that the claim of carbon neutrality is valid.
2. The definition of carbon neutral should be based on a mass balance of the total overall emissions of carbon dioxide (or carbon dioxide equivalent) to atmosphere from the operation, service or activity defined in the scoping statement or from a product across its life cycle and any abatement to those emissions. Therefore it should be permissible to use offsetting against emissions even if there were no direct emissions reductions at source (the government acknowledges that it does not matter where the CO<sub>2</sub> is removed) The proposed factors should include:
  - A. The total tonnage of carbon dioxide (or carbon dioxide equivalent) emitted by the product, service or operation across its lifetime;
  - B. The emissions from the burning of biogenic carbon sources (derived from biomass, but not fossilized or from fossil sources) shall be excluded;
  - C. Include, where appropriate, carbon removal from the atmosphere by directly associated plants, vegetation, other biomass and ecosystems (excluding the biomass in 'B' above), e.g. the removal of carbon emissions associated with the processing of sugar beet by the growing of more sugar beet in the subsequent year. Beware, there must not be double-counting of biomass effects. For example, the use of bagasse in sugar cane factory boilers should be counted under 'B' above and therefore the carbon removal from the atmosphere by growing sugar cane should not be included under this category. However, if maize stalks are used as a boiler fuel in a sugar cane factory then it is permissible to count under this category the removal of carbon from the atmosphere by growing more sugar cane;
  - D. Include, where used, emissions reductions using verified offsetting credits;
  - E. Include, where used, carbon removal from the atmosphere by means of physical carbon capture and storage techniques. Although these techniques are still in the development stage the definition should allow for their usage in due course; and
  - F. Be within an agreed measurement error range of, say,  $\pm 10\%$ .

Carbon neutrality would exist where  $A - C - D - E \leq 0 (\pm 10\%)$

If an operation, service or product achieves carbon neutrality then there should not a requirement for further emissions reductions.

It is very important that the guidance makes a very clear distinction between, on the one hand, carbon neutrality of an operation, part of an operations or an aggregate of operations and, on the other hand, the carbon neutrality of a product. This difference should be made early in the final document to aid understanding.

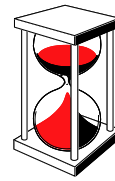
3. Yes, where appropriate. The GHG Protocol is the internationally recognised methodology for conventional situations in which fossil fuel is burnt in power stations, factories and transport. However the GHG Protocol does not address issues such as the carbon content of



various inputs, the carbon emissions from the disposal of waste, the carbon emissions from fermentation processes etc. Likewise the GHG Protocol does not address issues such as carbon absorption by biomass. But within these limitations, the GHG Protocol is very useful and is a global standard.

4. Yes, strongly. Organisations must be allowed to have the flexibility to set the scope of operations and activities to which the term carbon neutral applies. Therefore the scope could be (a) part of a factory's operations, (b) an aggregation across multiple factories and (c) a discrete product.
5. It is both appropriate and desirable that government provides examples of good practice so that those who wish to use the term carbon neutral can be confident that they are acting in line with good practice.
6. Yes. Users of the term should be allowed to specify whether it relates to straight carbon dioxide or whether they are considering a wider range of greenhouse gases. To some observers this might seem to be perverse, in that it would not allow comparison between products and activities. However the government in this consultation recognises in para 5.18 the need for flexibility.
7. Yes.
8. Agreed.
9. The emissions reductions must allow for carbon removal from the atmosphere by biomass and physical capture and storage techniques and by offsetting.
10. No. It should be the duty of the organisation making the claim of carbon neutrality to specify what abatement has been applied. If an organisation wishes to make a claim for carbon neutrality then it would be prudent for it to minimise its emissions first. The government has already provided, through its various agencies, ample guidance on energy efficiency and other emissions reductions techniques. But it would be helpful to simply point to those.
11. Yes.
12. If the proposed definition in bullet 2 above is adopted then the logical requirement would be absolute terms, i.e. tonnes. If the government stays with its preferred definition then it is important that organisations claiming carbon neutrality are able to use either absolute or relative terms. It should be for the organisation to select the most appropriate relative term.
13. Yes.
14. No. It is not a necessary fundamental element but is one of the options to be allowed.
15. To maintain credibility, all the emission reduction techniques must be of a high quality. Kyoto-compliant CERs are viewed as the best available. High-quality, independently verified VERs should also be allowed. As it does not matter where the carbon is offset therefore high-quality, independently verified domestic offsetting schemes should be allowed.
16. No. See 15.
17. No.

18. Transparency for offsetting must be applied rigorously. Therefore it is recommended that the offsetting claims are subject to independent third-party scrutiny and assurance.
19. No, as proposed in Part 6 of the consultation document. The government's current guidance on reducing emissions does not provide sufficient clarity or detail for it to be useful.
20. No. Providing a definition and associated guidance is helpful. Carbon neutral claims are usually made to enhance corporate reputation and improve sales of 'green' products. Therefore giving carbon neutrality claims a higher legal status is not required as there is already in place robust mechanisms for misleading claims and advertising.
21. No. Comparisons are not necessary. It isn't a league table. If an operation, service or product is genuinely carbon neutral under the formula in bullet 2 then it is an absolute neutral status. Therefore there would not be any value in having comparability of neutrals. Either something is carbon neutral or it isn't. Comparisons are not relevant.
22. To maintain credibility the claims should be subject to external independent expert scrutiny and assurance.
23. No. Leave that to the organisations involved.
24. Yes. The review should be annual or when there are changes which could have a material impact on the carbon neutrality of an operation, service or product.
25. Government should indicate what is good acceptable practice. Those organisations which wish to go further are free to do so but the gold-plated best practice should not be the minimum standard as this would stifle and inhibit innovation and deter companies from aiming towards low-carbon and carbon neutral operations, services and products.
26. No.
27. No. Carbon neutrality is a very good standard to achieve, whatever name is used to describe it. The term is starting to become used by the general public and should be retained for the foreseeable future so that the concept is embedded in the nation's thinking and aims.
28. Yes. It would be helpful to provide guidance on the term 'Low Carbon' when applied to the country's economy or an operation or a service or a product.
29. Yes, the government must follow its own good-practice guidance and set an example for other organisations, such as local authorities and other public agencies, to follow.



# Department of Energy and Climate Change consultation: *“Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice”*

## **ACE response – May 2009**

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### **Introduction to the views of ACE**

The Association for the Conservation of Energy is a lobbying, campaigning and policy research organisation, and has worked in the field of energy efficiency since 1981. Our lobbying and campaigning work represents the interests of our membership: major manufacturers and distributors of energy saving equipment in the United Kingdom. Our policy research is funded independently, and is focused on three key themes: policies and programmes to encourage increased energy efficiency; the environmental, social and economic benefits of increased energy efficiency; and organisational roles in the process of implementing energy efficiency policy.

We welcome this opportunity to respond to this consultation.

#### **For further information please contact:**

Pedro Guertler  
Head of Research  
Association for the Conservation of Energy  
Westgate House, 2a Prebend Street  
London N1 8PT  
(020) 7359 8000  
[pedro@ukace.org](mailto:pedro@ukace.org)  
[www.ukace.org](http://www.ukace.org)

## ACE response to the consultation

We outline below our brief response to the consultation proposals:

1. Even if the Government does not intend to promote use of the term it should begin communicating that 'carbon zero' is vastly superior to 'carbon neutral' in light of the fact that to the un-sceptical lay-person, the two appear to be mathematically equivalent.
2. Fundamentally, ACE strongly recommend that the definition and guidelines be as stringent as possible. Being unregulated and voluntary, compliance with the guidelines should skip straight to best – not 'good' or 'better' – practice. Setting a very challenging standard for carbon neutrality would:
  - Lend it much-needed prestige, incentivising businesses and the public sector to 'go the extra mile'
  - Give consumers the ability to make genuine low-carbon consumption choices
  - Lower the risk of a market flooded with questionable carbon neutral claims
  - Act as a trailblazer for regulation / enforced minimum standards in this area later on
3. Ultimately, the objective of the exercise should be that carbon neutrality does not come cheap, and does not end up being seen (as some stakeholders already do) as confusing or as 'green-wash'. It should come to be perceived and understood as a genuinely hard-earned achievement and a 'badge of honour' signifying a serious effort, already undertaken, to cut emissions in 'your own premises first'. We propose this should mean that only organisations which can demonstrate actual emissions reductions – across their *entire* organisation and in accordance with the *full* GHG Protocol – which are in excess of their sector-specific target for the carbon budget period in question can then be allowed to consider their remaining emissions 'residual' (in accordance with the definition put forward), hence giving them the choice to offset them and subsequently declare themselves 'carbon neutral' according to Government guidelines.



21 May 2009

Our ref: TECH-CDR-858

Dear Sir/Madam

**Re: ACCA's response to DECC's Consultation on the term 'carbon neutral: its definition and recommendations for good practice.**

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our 131,500 members and 362,000 students throughout their careers, providing services through a network of 80 offices and centres. Our global infrastructure means that exams and support are delivered - and reputation and influence developed - at a local level, directly benefiting stakeholders wherever they are based, or plan to move to, in pursuit of new career opportunities. Our focus is on professional values, ethics, and governance, and we deliver value-added services through 50 global accountancy partnerships, working closely with multinational and small entities to promote global standards and support.

In response to the launch of the 'carbon neutral' consultation document by DECC, please find the ACCA's response. We have not responded to each and every question, but have provided some general points for those sections deemed most relevant to the accounting profession. This response letter has been prepared in consultation with the ACCA Social and Environmental Committee (see [www.accaglobal.sustainability](http://www.accaglobal.sustainability) for the committee's Terms of Reference).

ACCA would like to stress that although we do not disagree with the term 'carbon neutral' or 'offsetting' per se, it needs to be stressed in the document that these are not a replacement for absolute reductions in emissions and should only be a last resort to counteract any residual, unavoidable emissions. All too often, organisations are making claims in their public materials, which can be misleading as absolute emissions are found to have actually increased. If the term carbon-neutral is to be used we think it should always be part of a fuller disclosure which includes information on absolute emissions.

Any final carbon neutral document that is published by the UK Government should be done in consultation with, and reference to, the already available emissions reduction standards – for example, the Carbon Trust Standard and Carbon Reduction Label (see [www.carbontrust.co.uk](http://www.carbontrust.co.uk)).

### **Measuring emissions**

ACCA agrees that in the absence of an international accounting standard for GHG emissions, the most suitable and widely used standard available is the WBCSD GHG Protocol. However, this does not mean that this is sufficient and ACCA is advocating the publication of an international accounting standard for greenhouse gas emissions (from the International Accounting Standards Board) which deals with issues such as emissions management and reporting in more detail.

In terms of which emissions the term 'carbon neutral' covers, ACCA believes that in an ideal world, all GHG emissions across the organisation should be covered when making assertions as to carbon neutrality. However, if an organisation uses the term and it does not cover all emissions, this needs to be made extremely clear in any claims and disclosures on the topic – in other words, the scope of the emissions reported must be disclosed.

The recommendations for emissions reporting are both clear and appropriate, but are not sufficient for certain sectors such as financial services and other service providers in terms of the boundaries of scope 3 emissions. Some banks are making carbon neutral claims, when in fact their emissions measurement and offsetting does not contemplate the impact of investment portfolios which is by far the largest impact of these organisations.

Transparency guidelines are clear, but as for emissions reporting they are insufficient and require more detail in terms of how an organisation can be transparent in practice – i.e. what format transparency will take (financial reporting, sustainability reporting etc) and where it will fit in with other disclosed information. ACCA feels that any reporting on emissions (and subsequent reductions) should be kept separate from any assertions on neutrality.

If the term 'carbon neutral' is not applied to all emissions then the carbon impact of these residual emissions that are not covered should be declared, to avoid giving the reader a false sense of security in terms of scope and coverage of assertions.

### **Decreasing emissions**

ACCA does not feel that the Government definition of carbon neutrality should include specific emissions reductions for the reasons outlined in the consultation document i.e. that different sectors and organisations will have different impacts so there is no one figure that would be appropriate. In addition to this, companies should be encouraged to use national and international targets as a guide to increase consistency, and one would hope that the CRC trading scheme and subsequent carbon market will also help set targets.

The carbon neutral document could strengthen the good practice for reducing emissions by referring directly to the relevant regulation and national/international targets set. The section could also start with an upfront description of the business case of reducing emissions and carbon neutrality – why should organisations do it in the first place?

ACCA feels that absolute emissions reduction is the only appropriate way of measuring emissions and making subsequent carbon neutrality claims. Relative data may also be included, if required, but only in addition to absolute data.

Transparency elements of the reducing emissions section are sufficient, but more information should be included on disclosure and monitoring of data and claims. Claims of future aspirations for emissions reductions or carbon neutrality should not be acceptable on their own.

#### **Offsetting residual emissions**

Carbon offsetting should only be considered a short term, transitional solution to reducing emissions – not a long term solution or avoidance of actual, absolute emissions reductions. Carbon offsetting also needs to be followed and monitored carefully to ensure it is credible.

The recommendations for offsetting are a good start, but ACCA does not believe that they are detailed enough to provide sufficient guidance to organisations. Feedback on the transparency elements for offsetting are similar to that of the other transparency elements – more needed on how organisations can report on offsetting activities, as well as measuring and carrying it out.

#### **Other issues**

The proposed definition and recommendations could work in practice because they are sufficiently flexible for a range of organisations of different sectors and sizes to adopt. However, this does not necessarily guarantee that their use will be effective and result in an actual reduction in emissions or credible use of the term 'carbon neutral' for precisely the reason that they are so flexible.

ACCA does not believe that the term 'carbon neutral' should be regulated. However, when disclosing information on an organisation's perceived neutrality, this reporting (in the financial or annual report) should be appropriately audited and the disclosures made sufficiently transparent (as suggested earlier in this letter).

Uses of the definition should be as comparable as possible so that interested parties, especially investors, can easily compare across companies and sectors. However, again, transparency is key here so that it is very clear what scopes of emissions are measured and reported and what corresponding level of neutrality has been achieved (so that it is clear if company 'a' has only become neutral against scope 1, but company 'b' across scopes 1-3).

ACCA is supportive of the development of an international accounting standard for the assurance of carbon emission reporting. We therefore feel that assurance of carbon reporting in general should be regulated, not specifically carbon neutrality (the latter of which would be included in the former). This assurance of carbon neutrality in particular should include issues such as the credible inclusion of VERs in calculations. ACCA is involved in the IFAC/IAASB project on the assurance of carbon reporting and feels that having an overall accounting standard for this area is the best solution.

ACCA looks forward to any subsequent drafts of the carbon neutral consultation document and to continuing this dialogue.

Yours sincerely



Rachel Jackson  
Head of Sustainability



## **AMDEA Consultation Response Form**

# DECC consultation on the term 'carbon neutral': its definition and recommendations for good practice

Closing date for consultation: 21 May 2009.

Any questions on this response should be directed to:

**Name:** Alex Martin  
**Organisation:** AMDEA  
**Address:** Rapier House  
40 – 46 Lambs Conduit Street  
LONDON  
WC1N 3NW

## Consultation Response Form

Please tick one box from the list below that best describes you:

<input type="checkbox"/>	Small to Medium Enterprise (up to 50 employees)
<input checked="" type="checkbox"/>	Representative Organisation
<input type="checkbox"/>	Trade Union
<input type="checkbox"/>	Interest Group
<input type="checkbox"/>	Large Company
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Central Government
<input type="checkbox"/>	Other (please describe):

### Confidentiality and Data Protection Preferences

<input checked="" type="checkbox"/>	Publish response and respondent's details
<input type="checkbox"/>	Preference to publish response only*
<input type="checkbox"/>	Preference to treat all information as confidential* *why you regard this information as confidential

AMDEA is the trade association for large and small domestic appliances in the UK. Our membership consists of 29 companies who place domestic appliances on the UK market as manufacturers, distributors or importers. We represent over 80% of the domestic appliance industry in the UK.

Below you will find AMDEA's answers to the questions raised in your consultation on the term 'carbon neutral'.

**Q1. Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

A1. It is considered appropriate, and Government is no doubt also aware of international efforts (particularly within the standardization community) to define the term. Government should seek to ensure consistency with these efforts to produce a commonly agreed definition.

**Q2. Do you agree with the Government's broad approach? If not, what alternative would you propose?**

A2. In general, AMDEA is in agreement with the broad approach taken. However, AMDEA shares the concern of BSI Technical Committee SES/1 (Environmental Management) over details. This Technical Committee are proposing an alternative definition, and AMDEA supports this. The alternative definition is considered clearer and better aligned with how terms are defined within ISO standards. The alternative definition is found at the end of this document.

**Q3. Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

A3. We believe it would be better to base the measurement on ISO standards, specifically ISO 14064.1-3 and 14065-66. These standards would provide greater rigour than the GHG Protocol (which is only guidance) and, we believe, greater international appeal/support.

**Q4. Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

A4. No. Measurements should be common and, in general, claims should relate to organisations in their entirety or complete products.

**Q5. Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

A5. In general, the recommendations are considered clear and appropriate. However, it is also thought that additional guidance will be needed as few organisations have experience of identifying and quantifying emissions.

**Q6. Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

A6. Users should not be given a choice. The definition should specify the six Kyoto greenhouse gases in CO<sub>2</sub>e.

**Q7. Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

A7. They appear correct, but it is not clear whether or not they will be sufficient.

**Q8. Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

A8. We agree that PAS 2050 should be used as a basis. Please note that ISO 14044 is not an alternative, however, as this is a source document for methodology only.

**Q9. Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

A9. Agree

**Q10. Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

A10. The recommendations should specify a reduction requirement but not a timeframe (for reasons of competitiveness among commercial organisations).

**Q11. Are the recommendations on good practice for reducing emissions clear?**

A11. Yes

**Q12. Do you agree that emissions reductions can be measured in either absolute or relative terms? If 'no', what would you prefer? If 'yes', do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

A12. Yes. And we support the use of the relative measures recommended.

**Q13. Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

A13. Yes. However, they could be made more robust with a requirement for independent verification.

**Q14. Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

A14. Offsetting is important to the achievement of carbon neutral status, but to say a 'fundamental element' could exaggerate its significance. Reduction is of prime importance.

**Q15. Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

A15. Yes, the definition should only include the use of the Kyoto-compliant credits.

**Q16. Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

A16. Agree

**Q17. Are the draft recommendations on good practice for offsetting clear?**

A17. Yes

**Q18. Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

A18. Yes

**Q19. Do you believe that the proposed definition and recommendations can work in practice?**

A19. Yes

**Q20. Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

A20. AMDEA does not believe Government should regulate the use of the term. The proposal to include the claim of 'carbon neutral' within the Green Claims Code, however, is a good one. This would provide a means for the Advertising Standards Agency to then tackle unacceptable claims in advertisements.

**Q21. Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term?**

A21. No. Ideally, the term should relate to a single definition.

**Q22. Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

A22. Not entirely. Guidance is required on the verification that is applied. For example, the draft amendment to ISO 14021 on the term carbon neutral gives two options, but neither allows for unqualified claims to be made.

Government recommendations should be simple and straightforward to allow for efficient verification.

**Q23.** In addition to guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

A23. The recommendations are sufficient. In addition, standards on environmental communication could be applied.

**Q24.** Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

A24. The Government could commit to undertaking continuing reviews, on cycles of, say, every 3 or 5 years. Such time periods are in keeping with reviews of ISO standards (in the case of 3 years) and legislation (in the case of 5 years with respect to reviews of EU environmental legislation such as the RoHS and WEEE Directives).

**Q25.** If you agree that Government should make recommendations on carbon neutrality, should they tend towards good practice or best practice? How often should recommendations be reviewed?

A25. Recommendations should tend towards good practice. This is because best practice in many areas has yet to be established – a point recognised in the Government consultation document. The consultation document also recognises that best practice will constantly evolve, which we feel is further reason for focusing the recommendations on good practice.

**Q26.** Should Government make recommendations on when and how it would be appropriate for individuals, communities, or organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

A26. Yes, Government should make recommendations and encourage the pursuit of carbon neutrality.

**Q27.** Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

A27. No

**Q28. Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take?**

A28. No

**Q29. Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

A29. Yes, Government should apply any definition it proposes to its own targets. It is important that Government – centrally and locally – demonstrates leadership on environmental issues.

Alternative definition as proposed by BSI Technical Committee SES/1 (discussed in A2. above):

**Carbon neutral**

transparent process consisting of:

- quantifying** emissions,
- reducing** those emissions, and
- offsetting** residual emissions,

which results in net calculated carbon dioxide equivalent emissions for an individual, organisation or product being equal to zero.

Note 1: carbon dioxide equivalent emissions are emissions of the greenhouse gases specified in Annex A of PAS 2050

Note 2: **offsetting** is defined as:

mechanism for claiming a reduction in GHG emissions associated with a process or product through the removal of, or preventing the release of, GHG emissions in a process unrelated to the life cycle of the product being assessed (PAS 2050, 3.34)



-----Original Message-----

From: Jeremy Birch [mailto:jeremy.birch@intuity-design.co.uk]  
Sent: 23 April 2009 16:35  
To: Carbon neutrality (DECC)  
Subject: definition of carbon neutrality

Sir,

I would suggest that the proposed definition of "carbon neutrality" is missing a few rather key elements:

1) when applied to an industrial operation, it should look at the totality of its operation. So an airport cannot be carbon neutral if its raison d'etre is to fly people around in a non-carbon neutral way. It does not matter how little emissions are caused by the lighting in the terminal if the operation is predicated on massive emissions

2) "carbon neutral" should take into account other gases that have a similar effect in terms of climate impact when emitted by the operation. So for instance nitrous oxide, ozone and water vapour are all greenhouse gases that contain no carbon. As the climate impact of these gases as emitted from terrestrial operations is low but an important element of the impact of aviation emissions, the definition needs to take these into account

3) the use of the term "offset" largely destroys the intent. Unless the offsetting operation can be seen to:

- a) remove the same level of impact at a similar rate to the rate that emissions occur
- b) have a low / zero carbon payback period after setting up
- c) do not have other undesirable impacts that compromise sustainability
- d) are proven to have longevity of carbon capture / reduction then it is actually effective.

Biofuels generally violate all 4 of these (having payback in centuries for palm oil), planting temperate forests typically violates most of them as well (most offsetting takes 50 years or more to absorb 1 year's emissions!).

4) joining the ETS does not make an operation of itself carbon neutral and this should be specifically excluded

How to put this into one sentence is tough though! However I think the following is close:

"An industrial operation can only be termed carbon neutral if the net result over short and long time frames of its entire operation has no more impact on the climate and wider sustainability than if the operation did not exist, and this must be achieved without use of offsetting unless the offsetting operation meets the same criteria. For clarity, an operation's impacts include the relevant portion of the impacts of its supply chains."

Yours faithfully

Jeremy Birch

Bristol Friends of the Earth  
8 Dugar Walk  
Redland  
Bristol  
BS6 7DH

21 May 2009

Ms A Bearn  
Carbon Offsetting and Neutrality Team  
Department of Energy and Climate Change  
3 Whitehall Place  
LONDON  
SW1A 2HH

Dear Ms Bearn

**Consultation on the term "carbon neutral" – Response from the Life Cycle Assessment Carbon Footprinting Sub-group of the Industrial Biotechnology Innovation and Growth Team (IB-IGT)**

Please find attached a response to the consultation on the term "carbon neutral" which I am sending on behalf of the IB-IGT LCA Sub-group. The response addresses some of the questions in the consultation and includes additional comments.

Yours sincerely



John Reid  
Company Secretary  
British Association for Chemical Specialities

Attached: Consultation response

Emailed to: [carbonneutrality@decc.gsi.gov.uk](mailto:carbonneutrality@decc.gsi.gov.uk)

**Consultation on the term 'carbon neutral' - Response from the Life Cycle Assessment Carbon Footprinting Sub-group of the Industrial Biotechnology Innovation and Growth Team (IB-IGT)**

**Q1** *Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?*

**A1** Yes, to promote consistency and confidence in carbon claims.

**Q2** *Do you agree with the Government's broad approach? If not, what alternative would you propose?*

**A2** No. We do not support the proposed definition of carbon neutral. We support a transparent process for measuring emissions and reporting on reductions. However, we believe that offsetting residual emissions to allow an organisation to claim 'zero' emissions will not provide information on the performance of the organisation itself in managing and achieving real reductions in carbon emissions. It could also be argued that including offsetting will reduce the likelihood of changes to achieve real reductions being implemented.

Rather, we favour an approach that encourages moving towards carbon neutrality, recognises that this is a process which for many organisations will not result in zero emissions without technological developments and recognises that where companies have the technology for and are achieving carbon neutrality the requirement for reduction in emissions is superfluous.

The definition of carbon neutral would thus become: 'Carbon neutral means that, through a transparent process of measuring and eliminating emissions, net calculated carbon emissions equal zero.' The promotion of this definition would require recognition that the move by organisations towards carbon neutral status for their goods, services and activities should be seen as a process.

A consistent approach is important. PAS 2050 provides for the transparent measuring and reporting on reductions in emissions on a life cycle basis. PAS 2050 excludes offsetting. Consistency with other initiatives, such as the revision of Defra's Green Claims Code, is also important.

**Q3** *Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?*

**A3** Yes.

**Q4** *Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?*

**A4** For consistency and credibility, there should be a standard methodology for deciding which emissions should be included in the measurement of

emissions from activities and the provision of goods and services. Organisations should be able to pursue carbon neutrality for parts of their organisations, subject to claims being clear as to what activities, goods and services are covered.

**Q6** *Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?*

**A6** All Kyoto gases.

**Q8** *Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?*

**A8** Yes. PAS2050 and ISO are good approaches as they stress lifecycle methods. Guidance on allocation methods may be useful, however, as part of best practice advice.

**Q9** *Do you agree that emissions reductions form a necessary part of the definition? If not, why not?*

**A9** Yes, subject to a recognition that where emissions have been eliminated the requirement for reductions is superfluous, as in A2 above.

**Q10** *Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?*

**A10** No. Although all should contribute to the Government's stated headline aims of at least 80% below 1990 levels by 2050, the market will drive this to some degree with the more innovative companies leading the charge and those not focusing on the reductions likely to fail. Allowing the smart companies to be flexible in their approach is preferable.

**Q11** *Are the recommendations on good practice for reducing emissions clear?*

**A11** Yes.

**Q12** *Do you agree that emissions reductions can be measured in either absolute or relative terms? If 'no', what would you prefer? If 'yes', do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?*

**A12** Yes. The most appropriate basis for measuring and reporting emissions reductions should be used and the basis made clear.

**Q13** *Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?*

**A13** Yes, however, the whole concept is likely to be quickly discredited if it cannot provide a robust standard for communicating where an organisation, product or activity is in relation to climate change impacts.

**Q14** *Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?*

**A14** No – see A2 and additional comments below.

#### **Additional Comments**

As a group we feel strongly that *carbon neutrality* is certainly something to be aiming for and a valid ideal but shouldn't be achieved by 'offsetting'. The ideal of carbon neutral can be compared to the idea of sustainability - a target or destination that one should be heading towards and certainly not away from.

Offsetting requires some evaluation of a limit on carbon that the ecosystem can handle and mechanisms to allow working within that total. This is a difficult and subjective approach, with the possibility that available offsets will change with time. It is far better to aim to reduce carbon emissions and to manage carbon as close to natural cycles as possible - i.e. the idea of living off the sun in real time (rather than burning fossilized sunshine). This presents its own difficulties if trying to encapsulate in guidelines but would drive far better behaviour. It is also important to encourage use of carbon intensive 'waste'.



## **DECC- Consultation on the term “carbon neutral”. Its definition and recommendations for good practice.**

### **Submission from BSkyB**

**May 2009**

#### **Introduction**

1. Sky welcomes the opportunity to contribute to DECC's consultation on the term “carbon neutral” and its definition and recommendations for good practice.

2. As a company we have been pro-active in managing our carbon footprint. In May 2006, Sky – the leading multi-channel broadcaster in the UK – became the world's first carbon neutral media company. This was achieved by measuring our carbon footprint, introducing measures such as purchasing our energy from renewable sources and energy efficiency measures to lower our site-related CO<sub>2</sub> emissions by 47%, and offsetting those emissions that were unavoidable at the time. We did so on a voluntary basis, but we were driven both by an awareness that we had a responsibility to play our part, and by the knowledge that this was an increasingly important issue for our customers.

25. Sky believes the voluntary take-up of carbon emission reductions remains an emergent but growing market, rapidly attracting new entrants, which brings imaginative and innovative measures to help combat climate change.

26. Sky has invested in accredited and high quality carbon offsets for direct and indirect carbon emissions which are unavoidable. The market provides a plethora of incumbent carbon offsetting companies and schemes which, if used in conjunction with carbon emission reducing measures, will allow companies efficiently to manage their carbon footprints. Measures such as the Clean Development Mechanism (CDM), for example, should encourage further progress.

Nor should the government underestimate the willingness of the business community in the current political climate voluntarily to adopt measures to offset and reduce its carbon emissions. Much of the commercial sector has indicated its willingness to conduct its operations in an environmentally conscious way (e.g. Marks and Spencer, HSBC and B&Q in addition to Sky) which is not currently being matched by the guidance and information offered by government. This is particularly important within the SME sector, which has little experience of traded market or auctioning.

3. Our progress in reducing carbon emissions throughout our supply chain and the investment in our 5-year commitment to be a carbon neutral company means we believe that we are able to respond to DECC's consultation and advice on current best practices. Sky would be happy to meet with DECC officials to explore issues raised by its response in more detail.



**Question 1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Government action to help define this term is welcomed and guidance is required on both the definition of a valid carbon neutral claim and the supporting process to be able to substantiate such a claim.

Sky believes that a good practice approach needs to be adopted for companies claiming carbon neutrality. This approach needs to include independent verification of a company's carbon footprint, measures to reduce the company's carbon footprint (both through energy efficiency and the purchase of renewable energy) and finally offsetting the "unavoidable" emissions with high quality offsets.

It is important that the government embrace these guidelines themselves.

**Question 2 Do you agree with the Government's broad approach? If not, what alternative would you propose?**

Whilst we agree with the broad approach, we have a few concerns relating to:-

- Emissions reduction should be specifically addressed as a priority. It is accepted that the consultation paper sets a general requirement for reduction but it is highlighted by Sky as needing further work and development.

8. Purchase of Renewable Energy: Sky purchases its electricity from renewable sources. This measure has been taken voluntarily, in line with our commitment to being a carbon neutral company. Sky believes the purchase of, and investment in, renewable sources of energy – often called 'green electricity' – should be acknowledged by DECC's Carbon Neutral Definition as a measure to reduce carbon emission.

9. By excluding the purchase of renewable sources of energy as a measure to reduce carbon emissions DECC is wrongly reducing the incentive for companies to increase the proportion of 'green electricity' as a part of total energy purchased. Similarly, the exclusion reduces the incentive for companies to develop their own, on-site renewable energy supplies, for example, the building of wind-turbines. Sky believes that companies would commit their financial and administrative resources to complying with the mandatory emission reductions demanded by the Carbon Reduction Commitment and in doing so neglect investment in other measures – such as the purchase of 'green electricity' or carbon neutrality.

The overall effect could be a reduction in demand for renewable energy sources which could damage the growth of this sector. By regulation, energy companies are mandated to produce at least 12% of





their energy from renewable sources. Taking away the incentive for companies to purchase a greater proportion of energy from renewable sources would decrease the demand, which would perversely remove the incentive for energy companies to produce a share of their energy above 12% from renewable sources.

- Clarification of Scope: Carbon Neutral claims need to be clear with statements on the scope of the company's carbon footprint, the amount of carbon reduced through energy efficiency measures, the proportion reduced through the purchase of renewable energy and the amount offset.
- Quality of Offsets: The quality of voluntary offsets needs to be high with offsets needing to meet the best practice standards including the Gold Standard and the Voluntary Carbon Standards. Ideally offsets should be of the same vintage as the carbon being offset.
- Other Standards: It is strongly suggested that appropriate liaison is undertaken with other (standards) bodies both in the UK and internationally. This is to ensure a robust approach is developed and is consistent with relevant standards developments (BSI and ISO), such as current work to revise ISO14021 which will include a definition of the term 'carbon neutral'. The Advertising Standards Authority (ASA) will take appropriate account of the detailed guidance in ISO14021 when investigating complaints about environmental claims.

**Question 3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

The GHG Protocol provides useful guidance and a good basis / starting point. It will not on its own always provide the full rigour required to demonstrate emissions quantified and in this context, the scope and the data should ideally be verified / assured by an independent party.

However, we would have expected that any assessment of GHG emissions in the context of the term Carbon Neutral would be based on the Government's forthcoming GHG emissions measurement and calculation guidelines which will be published by Defra as a requirement under the 2008 Climate Change Act. We believe that this is essential if robust and consistent methods are to be used and to provide clarity to users.

However, with respect to detailing carbon reductions made we would believe as detailed above that both energy efficiency measures and the purchase of renewable energy should be considered as appropriate activities to reduce a company's carbon footprint.

We believe that it is more appropriate for the term "quantification" to be used in the guidance, rather than measurement. Experience suggests that a



combination of measurement, calculation and estimation techniques are used to quantify GHG emissions and this should be used in the guidance.

**Question 4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Although it is accepted that some flexibility is needed, minimum standards are required and claims must be clear and transparent (i.e. the scope of the claim should be specified). A level of consistency is needed to help ensure rigour and avoid public cynicism or criticism and provide credibility.

Sky recognises the difficulty in measuring some Scope 3 emissions, but considers that this should be addressed within best practice. For example, Sky includes business travel, air travel and waste disposal within their carbon footprint.

Greater transparency is required. In general the expectation should be for claims to relate to entire organisations or complete product units rather than carbon neutral travel.

**Question 5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Sky recognises that the majority of organisations will not have experience of identifying and quantifying GHG emissions. As such, clear guidance will be necessary to support appropriate use of the term carbon neutral. Businesses should use Defra's forthcoming guidance for organisations on GHG emissions measurement and calculation. Companies should be transparent in the scope of their carbon footprint, measures used to reduce their emissions (i.e. energy efficiency measures and the purchase of renewable energy) and the standard of offsets purchased to make its unavoidable carbon emissions net zero.

**Question 6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

Sky believes that the definition should include the basket of the six Kyoto greenhouse gases in CO<sub>2</sub>e. A common approach in this area is essential if claims are to be credible and as such, the guidance in Defra's forthcoming GHG emissions measurement and calculation should set the basis for carbon neutral claims.

**Question 7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

The transparency elements on measuring emissions are clear .



**Question 8** Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

PAS 2050 should be used as the basis, but with recognition and care to ensure transparency over the scoped footprint (i.e. which emissions if any are excluded from scope). We make our products carbon neutral and would expect this to be voluntary.

**Question 9** Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

⊗. Yes, emissions reductions must be in the definition and be the primary focus. Currently omitted from the definition is the purchase of energy from renewable sources. Sky believes the purchase of, and investment in, renewable sources of energy – often called ‘green electricity’ – should be acknowledged by DECC’s Carbon Neutral Definition as a measure to reduce carbon emission.

The wording of current descriptions, and terms across the document, do not give reductions sufficient priority. An indication of carbon reductions could be with the achievement of the Carbon Trust Standard which is currently the standard required for proving carbon reduction as part of the Carbon Reduction Commitment.

A terminology issue here is the occasional use of the word ‘reduction’ in relation to offsets. Although it is accepted that VERs are now an established element of processes such as the CDM, the use of the term ‘reduction’ for offsets will cause transparency issues. Within the definition and context of ‘carbon neutrality’ there needs to be clarity. In these descriptions the word reductions should be reserved and used only for reductions at source (i.e. energy efficiency reductions within the organisation or through the purchase of renewable energy). The purchase of offsets should be referred to as voluntary offsets purchased.

**Question 10** Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

Any carbon neutral programme should be voluntary and therefore we would not agree with mandatory timeframes. Sky recognises that this is a challenging area in that individuals, organisations and products will all be at different positions on their ‘carbon reduction’ journeys and that the ease of reduction will differ across sectors and society. However, in a policy context of UK carbon budgets and targets for 2050 (80%) and also the Government’s drive for a transformation to a low carbon economy, it is clear that reductions across the board will be required. In this context, Sky believes that reductions at source should be essential within the concept of carbon neutrality. The use of the Carbon Trust Standard would be an appropriate mechanism to set required



reduction targets.

**Question 11 Are the recommendations on good practice for reducing emissions clear?**

The recommendations are useful but are not yet clear and do require further development. Case studies and examples will be useful. Sky would be willing to assist in sourcing such case studies and helping to develop guidance in this important (fundamental) element of the carbon neutral equation. DECC's approach to make reductions a clear requirement is supported.

**Question 12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If "no", what would you prefer? If "yes", do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

For proving emissions reductions both terms can be used similar to those required by the Carbon Trust Standard. The relative measure will be highly dependent on the sector. For the media sector both FTE and number of Set Top Boxes are used. This will therefore need to be reviewed by an independent organisation to ensure the relative measure is appropriate.

**Question 13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

They appear correct in relation to principles but further work is required on reductions.

**Question 14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

To achieve true carbon neutral status i.e. net zero carbon emissions then voluntary offsetting has to be included as part of the process.

**Question 15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

Voluntary offsets should be robust and credible, especially in relation to additionality. There are other standards that can be used to vouch for the quality of the offsets including the Gold Standard and Voluntary Carbon Standard and companies should be able to use these as long as they are transparent in the types of offsets purchased.



**Question 16** Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

Although domestic offsetting might amount to double counting from the perspective of the UK Government (if they purchased and used UK VERs/ high quality offsets) it would not be double counting for either individuals or for businesses (on the assumption that their carbon neutral claim is completely voluntary in status). On this basis there is interest in exploring the possibility of good quality UK voluntary offsets.

**Question 17** Are the draft recommendations on good practice for offsetting clear?

Yes, although there is a need for clarity in that offsets should not be described as equivalent to reductions at source. Offsets need to be recognised as being savings against a growth or baseline predicted scenario and are dependant upon assumptions.

**Question 18** Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

Some further development is needed in line with points 17 and 21.

**Question 19** Do you believe that the proposed definition and recommendations can work in practice?

Possibly with further development. A significant concern exists in relation to offsets over-shadowing emission reductions. In addition it is important to allow company's to purchase renewable energy as part of their carbon reduction strategy.

**Question 20** Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

Provided that best practice methods are used and that companies are encouraged to be transparent in how they measure, reduce and finally offset their carbon emissions, then existing and developing processes for environmental claims should be sufficient.

**Question 21** Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

Yes. One means of enabling comparison would be transparent reporting in the company's CSR report on the carbon neutral claim. This is required for clarity both directly and indirectly and would have to be related to a specific time period.



For example: 1,000 tonnes through energy efficiency; 3,000 tonnes through the purchase of renewable energy and 10,000 tonnes through the purchase of voluntary Gold standard voluntary offsets.

**Question 22** Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

Yes to flexibility although guidance is helpful in setting out and enabling more consistent approaches. Companies and individuals however should in the first instance take responsibility for their own claims.

**Question 23** In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

Further guidance on communication would be helpful, perhaps through revisions / developments to the Green Claims Code.

**Question 24** Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

Yes. It is considered that reviews of carbon neutral status should take place on an annual basis.

**Question 25** If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

Consideration may be given to progression from good to best practice over a set timescale. A minimum level of standard however should be set out. This should be based upon hierarchy principles and reduction at source priorities as outlined in 1 above. Recommendations should be reviewed on an annual basis.

**Question 26** Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

If carbon neutrality can be defined and principles agreed then it would be a sensible progression to encourage its voluntary adoption across society (but only if the term is re-balanced to stress reduction at source as a priority). This

*British Sky Broadcasting Ltd, Grant Way, Isleworth, Middlesex TW7 5QD  
Call 0870 240 3000 Fax 0870 240 3060 VisitSky.com*

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could potentially lead to a mainstreaming and scale up in activity that would make a meaningful contribution both to recent UK 'carbon budget' targets and to low carbon development internationally. Such a scale up however is unlikely to be possible under current proposals due to issues over the need for drivers on reduction and the lack of supply of suitable carbon offsets.

A more likely path is to see 'carbon neutrality' making a contribution along with claims such as 'low carbon' or 'carbon reduced'. In this context it will be essential to ensure transparency between claims (see wider comments throughout on the need to define % reduced and % offset). Supply of suitable high quality offsets e.g. Gold Standard and VCS may still be a limitation.

**Question 27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

Possibly. As above, it may be a concept tool that can help to build wider action across society and aid with transition to a low carbon economy. (80% reductions by 2050).

**Question 28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

All carbon related terms would benefit from clarity.

Zero carbon is separately defined by UK Government (CLG). The term would merit further definition and guidance in terms of its potential use for wider developments beyond housing and should be compatible with the guidance on Carbon Neutral.

Low carbon does not require definition but the concept requires clarity and needs to be the lead focus moving forward. The development of both related guidance and capacity (skills) will be essential.

Carbon Positive is a term which is now being adopted by a number of organisations and should be defined.

**Question 29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes – Government should actively use its own guidance.







**DEPARTMENT OF ENERGY & CLIMATE CHANGE  
CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION AND  
RECOMMENDATIONS FOR GOOD PRACTICE**

As the UK's National Standards Body, BSI welcomes the opportunity to comment on this consultation. The purpose of the BSI response is to provide the Department of Energy & Climate Change with information on where BSI is leading in a number of areas relating to defining carbon terminology and carbon impacts.

**BSI RESPONSE TO DIGITAL CARBON NEUTRAL CONSULTATION**

It has long been recognised that standards are a robust means of codifying agreed good practice. Such agreement comes where multiple stakeholders with differing interests or concerns are able to work together.

As the UK's National Standards Body, the British Standards Institution is skilled in building consensus via engagement with government, industry, academia and consumer interest groups. This method of developing 'light-touch regulation' means BSI can offer to Government standards-based tools to meet its objectives. Moreover, its British Standards Solutions service offers a fast-track, sponsored route to standardization (the Publicly Available Specification or PAS) which is particularly suited to the 'carbon market' where environmental, business and government pressures are moving so swiftly.

In this response BSI wish to draw attention to the proposed standard on Carbon Neutrality, PAS 2060 (see below). The response will also highlight what has already been achieved by BSI in the subject area and provide relevant examples such as PAS 2050:2008, *Specification for the assessment of the life cycle greenhouse gas (GHG) emissions of goods and services*. The latter is sponsored by DEFRA and the Carbon Trust and is a consistent way of assessing the life cycle GHG emissions of products (i.e. goods and services) – from sourcing raw materials, through to manufacture, distribution, use and disposal. In addition, this response will summarize the views of BSI Technical Committee "Environmental Management" (SES/1) whose members were invited to review the consultation document and comment on it in the context of the committee (SES/1) work, in particular its engagement in related international standardization activities.

**1. Publicly Available Specification (PAS) 2060 – Carbon Neutrality**

BSI is committed to the development of a new standard for carbon neutrality, provisionally identified as PAS 2060. It is intended that such a standard should:

- Develop uniformity of understanding on the concept of 'carbon neutrality';
- Encourage and assist any entity (*business, community, individual*) to work towards carbon neutrality on the basis of a reliably measured carbon footprint;
- Facilitate efforts to reduce carbon emissions from all activities;
- Establish criteria for quality of offset projects (where engaged entities choose to offset residual emissions);
- Negate perceptions that carbon neutrality is a concept without value;
- Determine a framework that will facilitate self-assessment, unambiguous declaration and independent validation (where appropriate) for credible claims of carbon neutrality with the objective of providing transparency and accountability around carbon neutral claims to the end that society as a whole can have confidence in the concept of carbon neutrality.

The PAS will be a specification setting out the requirements for a 'good practice' approach that will assist an organization working to go beyond carbon footprint measurement and reduction to achieve carbon neutrality and to enable it to achieve legitimate recognition for that invested effort. In doing so, it is expected that the PAS will promote existing standardised practice (e.g. ISO 14064 – 1 & 2, PAS

2050, and standards in development, such as ISO 14067), with the intention of ensuring coordination of effort to provide credibility and effective application.

BSI is engaging with DECC and other key organizations active in this field (e.g. ICROA, the Climate Group, the zero carbon hub) to ensure that the new standard takes account of the outcomes of the recently launched consultation and complements work already in progress. Confirmation of close liaison in this respect has already been forthcoming.

The process used to develop the new standard will be that employed for the development of PAS 2050 which provides a form of standard that is particularly valuable in areas such as this, where concepts are relatively new and where general understanding and consensus may not yet have been achieved. Although still a standard founded on consensus, the PAS has a closely managed process that can be guaranteed to publish in a finite time with an expected life of not more than two years. In the case of PAS 2060 it is intended that publication should be achieved by the end of the year 2009 and as a result it can be viewed as a stepping stone that can be put in place quickly to enable experience in practice without the risk of long term commitment to something that might not be perfect.

At the end of the two years, review will be undertaken, revision made as deemed necessary and the standard reissued as a PAS for a further period or perhaps migrated to the full national or international standard portfolio, dependent upon the degree of confidence and understanding that has developed around the subject.

An integral element of this policy development is to ensure the highest achievable cooperation and coordination between organizations active in carbon related standards, BSI hosted a Scoping Workshop on 7th May 2009. The primary objective for this event was to define the scope of the new project and therefore of its resulting PAS and to identify experts willing to participate in its development.

BSI recognizes the need to avoid duplication and proliferation of multiple standards for carbon neutrality therefore the process will seek to engage internationally with as many stakeholders as possible to gain their input, expert opinion and buy-in. For reference, a similar process was successfully adopted in the development of PAS 2050, which saw participation from over 25 countries and more than 1000 individuals/organizations, and which has been widely downloaded outside of the UK since its publication.

By participating through a nominated representative to the PAS 2060 steering group (the body overseeing the development of the PAS and sourcing technical knowledge) or by comment as part of a wider review panel, interested organizations will have an opportunity to influence the nature and content of a new standard that we hope will build on the sound foundation of PAS 2050 to provide a credible, achievable route to carbon neutrality.

## **2. Other BSI achievements in the subject area and examples**

### **Description of current activities**

#### Sustainability and environmental management

Standards and related work in this area provide key principles and a framework for the development of integrated low carbon solutions at the organizational level. Sustainability and environmental management standards also provide the foundations for the development of specific products under the sub-categories of GHG/carbon management, energy management and efficiency, and renewable/alternative energy sources. Key examples of current standardization activities in the area of sustainability and environmental management include:

*ISO 14001, ISO 14004 and BS 8555* - key standards on environmental management systems with raft of supporting standards on auditing, labelling, environmental performance evaluation, LCA, environmental communications, and greenhouse gas management (see GHG/carbon management below). The 14000 series remains central to UK government policy.

*BS 8900: 2006 – Guidance on managing sustainable development.* A successful approach to managing sustainable development helps ensure that an organization makes high quality decisions that promote continuing and lasting success. The long-term success of any organization will

increasingly depend on the integration of economic, environmental and social performance into all aspects of operation.

#### Greenhouse gas (GHG) and carbon management

Climate change has been identified as one of the greatest challenges ahead, affecting nations, governments, business and citizens over future decades. In response to this challenge initiatives are being developed and implemented to limit GHG concentrations in the Earth's atmospheres. GHG initiatives rely on the quantification, monitoring, reporting and verification of GHG emissions and/or removals. BSI and ISO have produced a range of standards to enable these functions. Examples include:

*ISO 14064:2006 in three parts.* ISO 14064 enables the quantification, monitoring and reporting of GHG emissions and removals at the organizational and project levels, as well as the validation and verification of GHG assertions.

*PAS 2050 – Carbon footprint of products and services and Guide to PAS 2050*

([www.bsigroup.com/PAS2050](http://www.bsigroup.com/PAS2050)): Organizations from a wide range of industry sectors are under increasing pressure to reduce GHG emissions associated with their activities, products and services. While the assessment of GHG emissions associated with a specific site, office complex or activity (e.g. warehousing) is relatively straightforward, the assessment of GHG emissions associated with a specific product or service is not. For an individual product or service, the full supply chain, from raw materials through to end of life should be considered, and GHG emissions associated with each stage assessed. The requirements for such assessments are specified in PAS 2050, building on the life cycle assessment (LCA) approach embodied in ISO 14040 and ISO 14044.

#### Energy management and efficiency (reduction opportunities)

Improving energy efficiency has never been higher up the business agenda. Rising fuel prices mean that reducing energy use makes economic sense, while increasingly compelling research about climate change means that it makes social and environmental sense. In response to these trends, a new set of Energy Management Standards is being developed to provide organizations with a roadmap for ensuring that their energy use is as efficient as possible and that their greenhouse gas emissions are reduced. To this end, *BS EN 16001 Energy Management Systems* will be published in mid-2009. The overall aim of this standard is to help organizations establish the systems and processes necessary to improve energy efficiency. This should lead to reductions in cost and greenhouse gas emissions through systematic management of energy. This standard specifies requirements for an energy management system to enable an organization to develop and implement a policy and objectives which take into account legal requirements and information about significant energy aspects. It is intended to apply to all types and sizes of organizations and to accommodate diverse geographical, cultural and social conditions.

#### Renewables/alternative and low carbon energy sources

BSI has many renewable energy technical committees working on developing standards in areas such as wave and tidal energy converters, wind turbines, solar power, solid and liquid biofuels, and criteria for sustainable biomass.

### **3. Response from BSI Technical Committee “Environmental Management” (SES/1)**

BSI Technical Committee SES/1 has overall responsibility for developing national and international standards on topics relating to the environment, including environmental management systems, environmental auditing, environmental labels and declarations, environmental performance evaluation, life-cycle assessment, and greenhouse gas emissions management. It provides the UK delegations to the International Organization for Standardization (ISO) committee and sub-committees working on these topics. SES/1 develops its positions through a process of consensus.

It is the view of the respondents that it is essential that appropriate regard is given to the development of International Standards. With regard to this particular topic, companies that make carbon neutrality claims in the UK will often have operations, suppliers and possibly business customers/ consumers outside the UK. A national position is a good start but, in a global marketplace, the importance of free trade and related aspects means that we need to use commonly defined terms and apply them consistently.

<b>Q1</b>	Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?	Government taking the lead to define this commonly used (and misused) term is welcomed. There is activity internationally in this field and it is hoped appropriate liaison will yield a common approach.
<b>Q2</b>	Do you agree with the Government's broad approach? If not, what alternative would you propose?	In broad outline the approach seems to be a good one but concern over the detail leads us to propose an alternative definition – see below. The advantages of this proposed alternative are that it provides additional clarity and would be in line with the ISO format for definitions. Note that we prefer the term “quantifying” (covering measurement, calculation and estimation) rather than “measuring”.
<b>Q3</b>	Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?	The GHG Protocol is guidance only and does not provide the rigour required to demonstrate in a more absolute manner the emissions quantified. Adoption of the ISO 14064, parts 1-3, ISO 14065 and ISO 14066 standards would provide the rigour and broader international appeal/support
<b>Q4</b>	Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?	There are two aspects here: first a clearer definition of what “carbon emissions” means is required (see our proposal below) and, secondly given that the claim could relate to an organization or a product, clarity is essential. There needs to be commonality over the emissions quantified and in general claims should relate to entire organizations or complete products.
<b>Q5</b>	Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?	With the exception of organizations involved in EU ETS, the Climate Change Levy Scheme and the Carbon Reduction Commitment, there will be few who have any experience of attempting to identify and quantify emissions. Clear guidance and recommendations will be necessary to obtain broad understanding and consistency in application. There is particular concern on the disparity of emission factors permitted.
<b>Q6</b>	Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO <sub>2</sub> e) or only emissions of CO <sub>2</sub> ? Or should the definition specify measurement of all Kyoto gases?	The definition should specify the basket of the six Kyoto greenhouse gases in CO <sub>2</sub> e. A common approach in this area is essential if claims are to be credible.
<b>Q7</b>	Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?	These are correct but it is not clear whether or not they will be sufficient
<b>Q8</b>	Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?	We would disagree that ISO 14040 is an alternative to PAS 2050 for determining the carbon footprint of a product – it is a source document for the methodology only. We would however completely support the use of PAS 2050.
<b>Q9</b>	Do you agree that emissions reductions form a necessary part of the definition? If	Yes

	not, why not?	
<b>Q10</b>	Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?	Yes to the requirement for a reduction. No for a timeframe. This is a competitive issue for commercial organizations and many solutions will be dictated by the uncertainty of the availability of the necessary capital with which to invest, or revenue with which to recruit the necessary expertise.
<b>Q11</b>	Are the recommendations on good practice for reducing emissions clear?	Yes
<b>Q12</b>	Do you agree that emissions reductions can be measured in either absolute or relative terms? If 'no', what would you prefer? If 'yes', do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose or other specific measures?	Yes and the relative measures recommended would meet the requirement. We would stress that, as covered in Box 3 (p.25), reductions for products should be based on the appropriate functional unit.
<b>Q13</b>	Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?	They are correct but insufficient, lacking the need for independent verification. This is desirable but it is questionable as to whether or not the market place has the resources to deliver suitably qualified and independent third party verifiers for the task, and required for business to consumer communication. Business to business communication could be covered by internal independent verification in line with the principles of ISO 14025.
<b>Q14</b>	Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?	It is an important part – to say it is fundamental may be placing too strong an emphasis on the opportunity.
<b>Q15</b>	Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?	In principle the use of Kyoto-compliant credits is seen the only properly reliable method of offsetting. However the question is that if the market becomes truly engaged, can Government provide sufficient volumes through its scheme?
<b>Q16</b>	Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?	<p>The pursuit of domestic off-setting may not be prudent. However, despite many Government initiatives, the market at the lower levels of activity can be masterfully indifferent to extra help. This may become necessary only if the scheme becomes an overwhelming success.</p> <p>An attempt to develop a methodology that would permit the recognition of domestic offsetting in the UK would be beneficial to the overall objective of achieving 'carbon neutrality'. For many organizations, gaining recognition from clients and customers for their footprint reduction effort is at least as big a driver as the pure motive of reducing impact on the environment. Those clients and customers often do not see the value of offsetting elsewhere in the world, e.g. they would like to see the forests planted</p>

		in UK. Therefore, the fact that the organization is denied access to domestic offsetting is likely to reduce the incentive for them to move towards carbon neutrality via offsetting. Government should therefore address this issue.
<b>Q17</b>	Are the draft recommendations on good practice for offsetting clear?	Yes
<b>Q18</b>	Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?	Yes
<b>Q19</b>	Do you believe that the proposed definition and recommendations can work in practice?	Yes
<b>Q20</b>	Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?	No, direct regulation is unlikely to be effective. However including, the claim of “carbon neutral” in the Green Claims Code, as proposed, would provide a route for the ASA to address unacceptable claims in advertisements. It should be noted that the current amendment to ISO 14021, which provides the basis for the Green Claims Code, includes the term “carbon neutral”.
<b>Q21</b>	Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?	There is an issue of understanding in the market place. Complexity of processes and their costs of verification provoke little interest in the SME sector. Comparison would be beneficial but the identification of a protocol elusive.
<b>Q22</b>	Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?	There needs to be guidance on the verification which is applied. The draft amendment to ISO 14021 on the term “carbon neutral” gives two options but neither allows for “unqualified” claims to be made. Government recommendations should however be as simple as possible to allow for efficient verification.
<b>Q23</b>	In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?	It has provided good guidance and there are commercially available standards on environmental communication which could be equally applicable.
<b>Q24</b>	Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?	Accepted practice – ISO standards, EMAS – suggest that a three year cycle of validation/verification is acceptable in the market. We suggest that carbon neutrality could be delivered on a similar basis for consistency.
<b>Q25</b>	If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?	Review every three years. Opt for ‘good practice’. Best practice is too aspirational for mainstream business.
<b>Q26</b>	Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government	Such a policy would be complementary to its existing initiatives.

	encourage or discourage the pursuit of carbon neutrality?	
<b>Q27</b>	Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?	No. It should be a benchmark of performance for mainstream industry.
<b>Q28</b>	Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?	UK Government has taken a number of initiatives in the area of energy saving and carbon reduction. No other initiatives are thought necessary.
<b>Q29</b>	Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?	Leadership in environmental matters is something that national and local government needs to demonstrate consistently and transparently. It should ensure that all national and local government offices adhere to the drive for carbon neutrality.

With reference to the responses to Questions 2 and 4, we propose the following alternative definition:

**“Carbon neutral”**

transparent process consisting of:

- quantifying** emissions,
- reducing** those emissions, and
- offsetting** residual emissions,

which results in net calculated carbon dioxide equivalent emissions for an individual, organization or product being equal to zero

Note 1: carbon dioxide equivalent emissions are emissions of the greenhouse gases specified in Annex A of PAS 2050

Note 2: **offsetting** is defined as mechanism for claiming a reduction in GHG emissions associated with a process or product through the removal of, or preventing the release of, GHG emissions in a process unrelated to the life cycle of the product being assessed (PAS 2050, 3.34)

**BSI BACKGROUND**

BSI British Standards is the UK’s National Standards Body, incorporated by Royal Charter and responsible independently for preparing British Standards and related publications. BSI has 107 years of experience in serving the interest of a wide range of stakeholders including government, business and society.

BSI presents the UK view on standards in Europe (to CEN and CENELEC) and internationally (to ISO and IEC). BSI has a globally recognized reputation for independence, integrity and innovation ensuring standards are useful, relevant and authoritative. A standard is a document defining best practice, established by consensus and approved by a recognized body (such as BSI). Each standard is kept current through a process of maintenance and reviewed whereby it is updated, revised or withdrawn as necessary.

Standards are designed to set out clear and unambiguous provisions and objectives. Although standards are voluntary and separate from legal and regulatory systems, they can be used to support or compliment legislation.

Standards are developed when there is a defined market need through consultation with stakeholders and a rigorous development process. National committee members represent their communities in order to develop standards and related documents by consensus. They include representatives from

government, business, consumers, academic institutions, social interests, manufactures, regulators and trade unions.

**BRITISH STANDARDS INSTITUTION**  
**15 MAY 2009**



## Annex I

### Description of work in development - examples

#### Sustainability and environmental management

The following key standards are under development and planned for publication:

BS 8902 Responsible sourcing of construction products (due 2009)  
ISO 26000 Guidance for social responsibility (due 2011)  
BS EN ISO 14005 Phased Implementation of environmental management systems (due 2011)  
ISO 14006 Eco-design (due 2011)  
ISO 14045 Eco-efficiency (due 2011)  
ISO 14051 Material cost flow accounting (due 2011)

#### Greenhouse gas (GHG) and carbon management

The following key standards are under development and planned for publication:

PAS 2060 Carbon neutral (due 2009) – as above  
EN ISO 11771 Mass emissions (due 2010)  
BS ISO 14066 GHG competency (due 2010)  
ISO 14067 Carbon footprint (products) (due 2011): *ISO 14067* is the new international standard on carbon foot-printing of products developed in two parts - Part 1: Quantification and Part 2: Communication. The future standard will specify requirements for the quantification and communication of GHG emissions associated with the whole life-cycle or specific stages of the life cycle of goods and services.

#### Energy management and efficiency

The following standards are under development and planned for publication:

Product	Due date
BS EN 16001 Energy Management Systems	2009
ISO 50001 Energy Management Systems	2011

#### Renewables/alternative and low carbon energy sources

The following products are under development and planned for publication:

Product	Due date
6 European standards - Sustainably produced biomass for energy applications	2011
5 International standards on Wave and Tidal Energy	2011
1 International standard - Small Wind Turbines	2011

## **Annex II**

### **List of current standards referenced**

- PAS 2050:2008, Specification for the assessment of the life cycle greenhouse gas (GHG) emissions of goods and services
- BS 8555:2003, Environmental management systems. Guide to the phased implementation of an environmental management system including the use of environmental performance evaluation
- BS 8900: 2006, Guidance on managing sustainable development
- BS EN ISO 14021:2001, Environmental labels and declarations. Self-declared environmental claims (Type II environmental labelling)
- BS ISO 14025: 2006, Environmental labels and declarations. Type III environmental declarations. Principles and procedures
- BS EN ISO 14001:2004, Environmental management systems. Requirements with guidance for use
- BS ISO 14004:2004, Environmental management systems. General guidelines on principles, systems and supporting techniques
- BS EN ISO 14040:2006, Environmental management. Life cycle assessment. Principles and framework
- BS EN ISO 14044:2006, Environmental management. Life cycle assessment. Requirements and guidelines
- BS ISO 14064-1:2006 parts 1-3, Greenhouse gases. Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- BS ISO 14065:2007, Greenhouse gases. Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition

**From:** Hen Cooke [mailto:Henrietta.Cooke@BuroHappold.com]  
**Sent:** 21 May 2009 16:12  
**To:** Carbon neutrality (DECC)  
**Subject:** Response from Buro Happold  
**Importance:** High

Dear DECC

Please find below a response from Buro Happold to your consultation document on the definition of the term Carbon Neutral.

Buro Happold is a multi-disciplinary engineering consultancy with some 25 offices in the UK and overseas. Sustainability is at the core of all our design work which ranges from individual buildings through master planning to the wider urban infrastructure. The effective management of energy and carbon are therefore critical to us and to our clients.

Buro Happold welcomes the government's attempts to bring some consistency and transparency to use of the term 'carbon neutrality' both as a business seeking to manage and reduce its own emissions and as an engineering consultancy that seeks to assist its clients to do the same.

We acknowledge the complexity surrounding the whole issue of 'carbon' and therefore agree that at this stage a broad brush approach is appropriate. In this regard we would also emphasise the need to ensure that national and international definitions and practices are harmonised as far as possible. Any simplification around the plethora of criteria and standards that organisations use is valuable.

We also recognise that there is already much legislation – both in place and pending - regarding carbon management and reduction. Consequently we agree that introducing new legislation on the term carbon neutrality could be counter productive, adding unnecessary cost both to government and business. Having said that, it is important that companies do not gain undue advantage by using the term inappropriately so we welcome the inclusion of it in Defra's Green Claims Code.

One issue that is not specifically covered here is in regard to claims to carbon neutrality for services. Although this could be interpreted from the definition – ie set the boundary of the service, measure, reduce, offset – there does remain some scope for confusion. Some guidance as to how to treat services should be included to avoid misunderstanding.

Our responses to the consultation are summarised as follows:

**Part 4: definition and transparency requirements**

We agree with both Q1 and Q2

**Part 5: measuring emissions**

We agree with Qs 3 – 8 except on Q6 we think that to reduce confusion, the definition should specify measurement of all Kyoto gases. This is in line with the Climate Change Act and will help to move beyond simply carbon.

**Part 6: reducing emissions**

As a general point, we agree that the role of reduction should be emphasised as part of the definition of carbon neutral.

We agree with Q9, Q11 and Q13

We agree with Q10 but some reduction must be demonstrated in at least 12 months.

With regard to Q12, ideally both relative and absolute reductions should be included. Where relative measures are used, these should also include per full time equivalent

**Part 7: offsetting**

On the whole we agree, although this is a complex area requiring more thought and debate. Any use of carbon offsetting should be minimised and restricted to projects that are clearly additional. The use of Kyoto only credits helps to address this. One issue not explicitly covered in the consultation is that

of self-generation – ie where an entity generates sufficient renewable electricity to be able to export some to the grid. The consultation is mute on whether these exports can be used to off set, say, transport emissions by the same organisation.

**Part 8: other Issues**

Answers to these questions require more thought and debate although probably we agree with Q19, Q21, Q23, and Q27.

With regard to Q29, we encourage the Government to include their own carbon neutral targets for its own purpose within the new classification coming out of this consultation. This would show some leadership and also a high degree of connectivity and appreciation of the efforts individuals, communities and business take in this process.

We look forward to the outcome of the consultation and to participating in any further debate on the issue.

Yours sincerely

Sent on behalf of:

**Andrew Cripps**  
Associate Director

Sustainability and Alternative Technology  
Specialist Consulting Services

Buro Happold Ltd  
17 Newman Street  
London  
W1T 1PD  
UK

Tel: +44 (0) 20 7927 9700  
Fax: +44 (0) 870 787 4145

[www.burohappold.com](http://www.burohappold.com)



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**Response to DECC Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice** (Submitted 21 May 2009)

**Introduction**

Carbon Clear Limited is a UK-headquartered company with commercial offices in mainland Europe and North America. Carbon Clear works with hundreds of companies and institutions to manage and reduce greenhouse gas emissions through a comprehensive “measure-reduce-offset” approach.

Carbon Clear is committed to best practice in carbon management, and works actively with companies, government, and civil society to support measures that result in ambitious, credible and rapid action to fight human-induced climate change. We are a corporate member (Assessor Grade) of the Institute for Environmental Management and Assessment (IEMA) and are a Centurion Member of the United Nations Environment Program’s Climate Neutral Network. Carbon Clear is also a founding member of the International Carbon Reduction and Offset Alliance (ICROA), an organisation dedicated to global best practice in carbon footprinting, emission reductions and carbon offsetting.

We possess significant knowledge of the ways in which the term carbon neutral and its variants are used. We are therefore very interested in contributing to discussions with Government on ways to increase transparency and confidence in the use of this term, so that more organisations and individuals will take action beyond that required for compliance purposes and accelerate the transition to a lower-carbon economy.

Our view is that DECC is not best placed to produce a definition of the term ‘carbon neutral’ or its related variants. We note that the British Standards Institute (BSI) is currently working on a Publicly Available Specification (PAS 2060) governing carbon neutrality, using a proven and transparent process that includes the views of a diverse range of users and other stakeholders – including DECC. We are actively involved in this process. BSI has a track record of developing specifications and standards that ultimately become adopted as best-practice standards under the International Organisation for Standards (ISO). We are therefore confident that the BSI process will result in a credible and workable definition that can be used to develop and evaluate carbon neutral claims. There is a real danger that a conflicting definition from DECC would generate confusion and hinder rather than accelerate adoption of the term ‘carbon neutral’. We encourage DECC to support and endorse the BSI PAS process and its results rather than drafting a competing definition.

Among other things, we are particularly concerned about the repeated statements throughout the consultation document that imply – wrongly – that external emission reductions (offsets) are inferior to or less “effective” than internal reductions, and that offsets should be applied only after internal reduction measures have been undertaken. This advice flies in the face of established scientific knowledge and, by discouraging or deferring what are often more cost effective measures, threatens to slow overall action to reduce net global greenhouse gas emissions. From a climate perspective, DECC’s statements in this regard are not only erroneous but potentially dangerous. The risk that DECC will present misleading advice reinforces our conviction that the Department should support and endorse the BSI process rather than drafting a competing definition.

**Carbon Clear Limited**  
180-186 King’s Cross Road, London WC1X 9DE United Kingdom  
Tel: +44 (0)845 838 7564 Fax: +44 (0)208 181 7872

[www.carbon-clear.com](http://www.carbon-clear.com)

Company registered in England. No 557 5619. Registered office: West 32 Dragon Street, Petersfield, Hampshire, GU31 4JJ

**Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

No. As described in the Introduction above, the BSI is already working on a specification for carbon neutrality; pre-empting this effort would generate confusion and hinder rather than accelerate efforts to go beyond compliance and achieve ambitious emission reduction targets. In addition, a national-level definition crafted by government may provide a poor fit for complex international organisations that are capable of achieving significant emission reductions from their global operations. Our preference is for a specification developed outside of government, which can be used across national boundaries.

**Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

No. While the approach as described in the consultation document essentially codifies existing practice that members of ICROA [the carbon offset retailer industry association], it provides very little added value. What is more, the current approach does not appear to solve the problems identified in the introduction:

- Scope 3 emissions remain optional, making it difficult to compare like for like
- Levels of emissions reductions remain optional
- The means of offsetting residual emissions ignores evolving international best practice

In essence, the only change over current practice is a requirement for increased transparency from users of the term. This improvement does not justify the many defects introduced along the way. We therefore recommend that DECC supports and endorses the BSI process rather than attempting to draft a definition of its own.

**Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

No. While the GHG Protocol is the most commonly used footprinting standard, ISO 14064-1:2006 should also be supported. ISO 14064 was developed using the formal ISO processes, of which the British Standards Institute is a part. What is more 14064 includes guidance on verification and 14065 includes guidance on accreditation of verifiers, thus providing a more comprehensive approach overall. Because these two standards are already in near-universal use for measuring emissions, DECC provides very little added value here.

**Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

No. 14064 and the GHG Protocol provide guidance that states which emissions are mandatory and which are optional. DECC advice that contradicts these standards will increase confusion in the market.

Yes, organisations in a voluntary system should be able to define boundaries within which to pursue carbon neutrality based on their own requirements. Restricting this flexibility will reduce the number of organisations that will go beyond compliance to achieve significant emission reductions.

**Q5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Yes, recommendations on good practice for measuring emissions are necessary, but we believe that these recommendations should form part of the specification being developed by the BSI, and should not be made by DECC except as an endorsement of the BSI specification.

**Q6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

Users should be able to choose which gases they measure based on principles of materiality. Even households may generate relatively large amounts of non-CO<sub>2</sub> gases, for example, from gardening and burning wood. This principle is well-established in the ISO standards and the BSI specifications. Users concerned about inadvertently excluding a material greenhouse gas type should be encouraged to take expert advice in order to avoid reputational risk.

**Q7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

In general, yes. In fact, the consultation provides so little firm guidance in other areas that transparency is its greatest contribution to this process. However, some organisations may wish to publish only a summary due fears of disclosing sensitive data to competitors. We recommend that DECC consults more closely with industry to determine how to address this concern, or even better, that DECC defers to the BSI specification process and asks the BSI to address it.

**Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

No. While PAS 2050 provides a good starting point, it has three major shortcomings that limit its usefulness for all but the largest companies. First, its materiality definition is very strict, making it unworkable and expensive except for very simple consumer products (crisps, juice, soda). Performing a PAS 2050 on a piece of consumer electronics or a house build would prove extremely time consuming. Second, most producers have very limited visibility beyond the factory gate for most products, so measuring, reducing and offsetting “use and disposal phase” emissions would result in significant guesswork and double-counting. Third, PAS 2050 cannot be applied very readily to brands, or to a product produced by different manufacturers in different countries under the same label. These shortcomings would discourage adoption and hinder voluntary action.

**Q9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Not where internal reductions are automatically considered “better” than external. Companies should be free to determine the ratio of internal reductions versus purchased credits that they use, just as they are free to do under the Emissions Trading Scheme and Carbon Reduction Commitment.

The phrase in 6.2 that reads “while carbon offsetting is correctly placed within the hierarchy of possible actions to address climate change it does not reduce the overall emissions contributing to climate change” is incorrect. Perhaps the phrase should read instead “it does not reduce the overall internal emissions...” This reworked phrase is more accurate, but is not helpful from the perspective of fighting climate change. The consultation document states that “Climate change is the greatest challenge facing the world today.” Therefore, companies should make a commitment to emissions reductions that are as ambitious as possible, as quickly as possible, wherever they occur. If greater reductions can be achieved overseas, that should be encouraged, not discouraged. If an external reduction (offset) is independently verified as additional – meaning it would not have happened otherwise – then it has helped reduce emissions beyond business as usual.

Misstatements similar to the one in 6.2 reinforce our conviction that DECC should not be responsible for defining the term carbon neutral.

**Q10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

No. Any fixed requirement will impose differing burdens on companies in different types or industries, or penalise those that have already taken significant action to reduce emissions before embarking on the process of carbon neutrality. It is not DECC’s place to impose a binding target on voluntary actions.

**Q11: Are the recommendations on good practice for reducing emissions clear?**

No. The recommendations appear to *require* some level of reduction but don’t specify size, source or time frame. As explained in the response to Q10, it is difficult to specify one number that is fair to every organisation. Companies that make carbon neutral claims usually commit to ambitious internal emission reductions, but must be allowed discretion in this regard. It is not DECC’s place to impose a target on voluntary actions.

**Q12: Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Both absolute and relative measures are helpful to companies, but the specific ratios may differ. Comparing a manufacturer, an airport and a service company based on CO<sub>2</sub> per unit turnover may



be misleading. There may not be a direct link between emissions and turnover, or the ratio may be manipulated simply by changing prices [emission ratios may rise in a recession due to falling output and revenue, even though absolute emissions fall]. Instead, organisations should have discretion to determine what ratios will best allow them to track performance. Airports often measure CO<sub>2</sub> emissions per passenger, while a shopping mall may measure CO<sub>2</sub> per sq meter.

**Q13: Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes. However, these elements are also included in the draft specification being developed by BSI and thus cannot on their own justify a duplication of effort by DECC.

**Q14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes. Nearly every economic activity requires the release of greenhouse gas emissions. As a result, few if any companies can bring their net emissions to zero without external emission reductions (offsets).

**Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

No. Government has not clearly stated why it feels unable to vouch for the quality of non-Kyoto credits. Rather than locking voluntary actors into a Phase 1 scheme that uses a limited sub-set of quality carbon credit types, DECC would be better served by defining the criteria for a quality carbon credit: specifically that they be measurable, additional, unique, permanent, and without leakage. Because the use of these criteria is already considered good practice within ICROA and elsewhere, and they are likely to be included in the BSI specification, we recommend that Government avoids duplication of effort and instead supports the BSI approach.

**Q16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Domestic offsetting is difficult mainly because DECC and DEFRA refuse to follow the practice in France, Germany and other countries, which avoid double counting by retiring AAUs for domestically financed carbon projects. Domestic offsetting credits should only cover emissions sources that could pass the same tests as international credits. For example, projects that reduced emissions below the anticipated baseline over the crediting period and that would not have done so without the expectation of carbon finance could be considered additional. Validation by accredited DOEs against an established standard would be required, as with international offsetting. Passing this test would be challenging, but should not a priori be ruled out.

**Q17: Are the draft recommendations on good practice for offsetting clear?**

No. The recommendations appear biased in favour of UK Quality Assurance Scheme credits, but fail to explain why those credit types should be preferable to others for voluntary users.

**Q18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

No. Individuals and small companies may often purchase from a project portfolio. Even the QAS doesn't require sellers to specify the projects at time of sale, so many small users will be unable to comply with this requirement.

**Q19: Do you believe that the proposed definition and recommendations can work in practice?**

Presumably, "work in practice" means "solve the problems highlighted in the justification section" of the consultation document. The proposed recommendations have few hard requirements, and as such they don't "solve" many of the problems relating to different emissions boundaries, etc.

However, the guidelines and transparency requirements together make it easier to understand the nature of an organisation's carbon neutrality claim. However, this transparency is also to be part of the BSI specification, and is not in itself enough to justify the duplication of effort envisaged by DECC.

**Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

No, Govt should not regulate the use of the term. Doing so would simply discourage companies from using it in favour of unregulated variants that imply a similar status.

**Q21: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

No. Different CO<sub>2</sub> emitting companies may not be directly comparable. Government should defer to the BSI in development of a definition or specification of the term carbon neutral.

**Q22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Some flexibility is helpful, especially for smaller firms. ISO 14064-3 already specifies the verification procedure for 14064-1 emission measurements, so that standard can be used for larger companies/footprints and for tracking emission reductions. Quality carbon offset credits are already subject to verification. As such, Government provides little added value here.

**Q23: In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

The transparency recommendations are sufficient. However, these transparency elements are also part of the specification under development by the BSI, and therefore cannot in themselves justify the duplication of effort seen here.

**Q24: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Companies usually review their overall performance and financial status no less than once a year. We would recommend the same for organisational footprints and carbon neutrality. Product neutrality should be reviewed each time there is a materially significant change to the product or its production process. These recommendations should form part of the BSI specification, not Government's.

**Q25: If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

The consultation states that best practice has not been identified or defined for many concepts, so this is clearly impossible. We encourage companies to strive for continuous improvement, rather than a static "best practice". Government's role should be to address the confusion and lack of transparency that hinders consumer protection and leads to ASA complaints. This is best done by supporting the BSI specification process, which we encourage Government to support.

**Q26: Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

No recommendations should be made beyond the guidance being developed in this consultation, which will ideally be streamlined into the BSI specification.

Yes, carbon neutrality should be encouraged. There is no consensus that scientists and policy makers have accurately defined a safe level of global greenhouse emissions, or that we will realistically be able to approach that level in the time remaining before harmful impacts occur. Therefore, we should encourage *any and all* individuals and organisations willing to exceed official reduction targets to make the most ambitious emissions reductions they can, as quickly as possible, and *wherever they occur*. Many local reductions are cost effective now, but some are not. Similarly, many international reductions (offsets) are cost effective now, but some are not.

**Q27: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

See the previous response. Carbon neutral does not mean limiting internal emissions to any maximum figure, but it does mean limiting net emissions. If we are truly concerned about climate change, *we have to reduce emissions wherever they occur as swiftly as possible*. Even if an organisation's internal emissions were reduced 95%, there would still be a case for financing rapid emission reductions in other countries where cost-effective measures could be pursued rapidly.

**Q28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

No. Attempting to define the specific terms is akin to aiming at a moving target. Government would be better served using a principles-based approach to the term "carbon neutral" and its variants that maximises transparency.

**Q29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes. What is more, the materiality tests should be applied to ensure that the Government includes relevant Scope 3 emissions, and that Government is transparent in its actions. Life-cycle neutrality for IT should be subsumed within the overall carbon neutrality claim.



Protecting our climate

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
By email: [carbonneutrality@decc.gsi.gov.uk](mailto:carbonneutrality@decc.gsi.gov.uk)

21<sup>st</sup> May 2009.

Dear Sir or Madam,

**The CarbonNeutral Company's Response to DECC's Consultation on the term 'carbon neutral': its definition and recommendations for good practice**

I write with reference to the above consultation to confirm that The CarbonNeutral Company supports the submission by The International Carbon Reduction and Offset Alliance (ICROA), of which we are a founding member.

We wish to expand on one specific point related to the use of the term 'carbon neutral'.

Specific use of the term "carbon neutral" will breach, in certain specific applications, the CARBON NEUTRAL trade mark registrations in favour of The CarbonNeutral Company Ltd which have effect in the United Kingdom. These are UK registration 2184028 and Community trade mark registration 1672310 for the same services in classes 35, 41 and 42. The CarbonNeutral Company advises DECC that its protection is for the use of the term carbon neutral in a trade mark sense in relation to the services for which it has been granted protection, but it does not deny others the ability to use the term in its purely descriptive sense in relation to environmental issues.

We trust that DECC, as a UK government agency, will not wish to undermine through any of its activities the trade mark assets of a UK company, or act in a way which may encourage any other individual or entity to do so. For that reason, we advise that the term "carbon neutral" is not specifically applied to these guidelines.

Yours sincerely,

Jonathan Shopley  
Managing Director.



## Response to Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice.

Mr. A.G.Lewis. – Energy Compliance Manager - CEMEX UK Operations Ltd

**Q1.**Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?

**Answer: Yes.** Without a clear definition and recommendations on when the term “carbon neutral” can be legitimately used, those who claim or advertise their products or services as carbon neutral may use different definitions. Indeed these products and services may not actually be carbon neutral in real terms i.e. there may not be a clear boundary around what has or has not been measured or what has or has not been reduced in absolute or relative terms. Furthermore the residual (unreduced emissions) may or may not have been covered by genuine carbon offsets.

**Q2.**Do you agree with the Government’s broad approach? If not, what alternative would you propose?

**Answer: Yes**

**Q3.**Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?

**Answer: Yes.** The GHG Protocol is a recognised basis and sets a clear definition between Scope 1 to Scope 3 emissions. The recommendations should initially be based on good practice and should not be based on best practice until it is clear what best practice is for various organisations, services and products.

**Q4.**Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?

**Answer: Yes.** Organisations must have the flexibility to choose exactly which of the basket of greenhouse gases to measure, providing the results are calculated in terms of CO<sub>2</sub> (e). Furthermore it is important that the specific gases included (for claims of carbon neutrality) are clearly identified. Organisations must also have the flexibility to pursue carbon neutrality for only parts of their organisation and also only certain defined products.

**Q5.** Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

**Answer: Yes.** The recommendations are clear and appropriate. Recommendations are definitely necessary to provide clarity and guidance to individuals, communities and organisations on how to go about achieving the desired state of carbon neutrality. Recommendations on good practice will allow claimants to demonstrate to those interested in the basis for the status that they have followed good practice, could be compared on a like for like basis with others if necessary and along with third party verification (if deemed appropriate by the claimant) will be able to demonstrate the robustness of the carbon neutral statement.

**Q6.** Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

**Answer:** Yes, users must be allowed to choose what to measure providing the scope is clear and transparent alongside their statement of carbon neutrality. Measurement of all Kyoto gases may prove difficult and expensive for individuals, communities and organisations, particularly if the sources of these gases are minor or undetectable. Indeed flexibility is essential to allow organisations to concentrate their efforts in the most appropriate areas and on the most appropriate gas types if these are deemed to be “lowest hanging fruit” and the quickest wins.

**Q7.** Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?

**Answer: Yes** they are both correct and sufficiently fit for purpose

**Q8.** Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

**Answer: Yes,** either PAS 2050 or ISO 14044 should be used providing it is clear which standard the carbon neutrality claim is based on. For products it would appear the PAS 2050 is the most appropriate method as it can be applied to any product and can identify reduction opportunities in supply chains for the product above and beyond the reduction of direct operational greenhouse gases only.

**Q9.** Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

**Answer: Yes. NOTE:** it is very important that the guidance on “carbon neutral” emphasises that carbon credits bought for mandatory compliance purposes or the meeting of specific mandatory requirements to reduce emissions, such as under CCA, CRC or the EU ETS Schemes also have the effect of reducing the entities carbon footprint. It should be made clear that these mandatory schemes, which are subject to continuously reducing mandatory emission targets targeting specific products, can therefore be deemed to be carbon neutral on

the basis that, in the context of carbon neutrality, the need to reduce emissions encompasses both mandatory and voluntary action.

**Q10.** Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

**Answer: NO.** The good practice recommendations should not set specific reduction amounts or a timeframe for delivery of any reductions. It is unlikely that the reduction amounts or timeframes would fit all business sectors or product types. Emphasis on the need to reduce emissions rather than setting a specific amount will allow for particular circumstances surrounding individual products or organisations.

**Q11.** Are the recommendations on good practice for reducing emissions clear?

**Answer: Yes.**

**Q12.** Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no“, what would you prefer? If „yes“, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

**Answer:** Yes, however it is important that the emissions reductions claimed as carbon neutral must actually be reduced to zero i.e. 0 t CO<sub>2</sub> (e)/ t product (absolute) or 0 t CO<sub>2</sub> (e)/ unit turnover or per revenue expended. Any residual emissions not actually reduced but offset through carbon offset mechanisms should be clearly visible as X t CO<sub>2</sub>(e) / unit etc OFFSET so it is clear what emissions have actually been reduced compared to those offset ( which do not actually reduce the residual emissions contribution to climate change). Could this possibly this could be shown as a % neutrality (actual reduction) compared to the quantity offset?

**Q13.** Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

**Answer: Yes.**

**Q14.** Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

**Answer:** Generally yes, it allows organisations to account for those emissions that it may not be able to immediately control/reduce directly or through management of its supply chain (residual emissions). Once residual emissions are accounted for, to achieve a status of “carbon neutral” it can purchase offsets. However the purchase of offsets to account for residual emissions is not carbon neutral in real terms as offset residual emissions only replace emission reductions generated elsewhere and therefore do not reduce the overall emissions contributing to climate change. However offsetting appears to be the only suitable system available at present and purchasing of offset “credits” does at least encourage the reductions of emissions elsewhere. Would it be more immediately transparent if carbon neutral claimants actually stated the % emissions (relative) or quantity of absolute emissions that had been offset? This would make it clear to customers which organisations is “actually fully carbon neutral” and which is partially carbon neutral and have yet some way to go in reducing emissions rather than just offsetting alone.



**Q15.** Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

**Answer: NO comment**

**Q16.** Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

**Answer: NO Comment**

**Q17.** Are the draft recommendations on good practice for offsetting clear?

**Answer: Yes**

**Q18.** Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

**Answer: Yes.** It is important that the carbon offsets used are either recognised under the Kyoto mechanisms or are approved under Government quality marks to ensure that the carbon reductions that generated the credits are genuine reductions ( additional and not double counted).

**Q19.** Do you believe that the proposed definition and recommendations can work in practice?

**Answer: Yes,** although there are no fixed emission reduction targets, only suggested minimum emission sources and no restriction on the quantity of offsets that can be used the definition and recommendation do bring common principles into play. It will be up to the organisations using the term "carbon neutral" to demonstrate transparency to outside parties and can utilise verification bodies as a further indicator of the robustness of the claim.

**Q20.** Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

**Answer: NO**

**Q21.** Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

**Answer: NO,** this is not necessary as providing the recommendations are adhered to, and alongside this third party verification takes place interested parties can pursue their own

comparisons. Indeed the ASA could also verify the validity of claims if required on a similar basis.

**Q22.** Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

**Answer: Yes**, the decision will be very dependent on the value placed on the claim and its importance to the organisation that it is accepted by consumers. Verification is important to gain consumer confidence but should not be mandatory. If consumer confidence in a particular claim is eroded it will soon be apparent to the provider that verification would be beneficial.

**Q23.** In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

**Answer: NO**, it should be up to the individuals, organisations and communities to communicate in a fashion that suits them and minimises cost.

**Q24.** Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

**Answer: Yes**, it would be beneficial for Government to make recommendations for a timescale when "carbon neutrality" should be reviewed. There needs to be some consistency between products that under PAS 2050 (where review is every 2 years) and others not using PAS 2050, however the timescale could be say between 2 and 4 years.

**Q25.** If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

**Answer:** Government should tend toward good practice. Recommendations should be reviewed every 4 years.

**Q26.** Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

**Answer:** Government should not make recommendations on when or how it would be appropriate to pursue carbon neutrality. Government should however encourage the pursuit of achieving carbon neutrality as it can encourage action to reduce emissions through organisations wanting to raise the profile of their products etc.

**Q27.**Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

**Answer: NO**, it should remain an option for individuals, communities and organisations to use the term to “fly the flag” of their efforts. *However there is the option over time (at reviews) to change recommendations in such areas as requiring increased percentage of reduced emissions compared to offsets. There may also be benefits in future reviews to define other terms such as “carbon reduced” or “carbon healthy” to allow parties that are finding difficulty in achieving “carbon neutral” status the opportunity to be in an other tier of carbon best practice.*

**Q28.**Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

**Answer: See answer to Q 27. They should be good practice not regulation.**

**Q29.**Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

**Answer:** Yes, to show leadership they should. Ultimately; providing they follow the recommendations of good practice, the targets can be seen to have been met in a transparent way. This will be no different to other organisation claiming carbon neutrality.



21 May 2009

Carbon Neutrality and Offsetting team  
Department of Energy and Climate Change  
3-8 Whitehall Place  
London SW1A 2HH



To Whom It May Concern:

**Consultation on the term 'Carbon Neutral': its definitions and recommendations for good practice**

CABE is grateful for the opportunity to comment on the Department of Energy and Climate Change's consultation on the term 'Carbon Neutral'. CABE is the government's statutory advisor on architecture, urban design and public space, sponsored by the Department for Communities and Local Government and the Department for Culture Media and Sport.

CABE is pleased that DECC is taking this step to provide clarification for both organisations and consumers. As set out in our Sustainable Cities website ([www.sustainablecities.org.uk](http://www.sustainablecities.org.uk)) the first priority for energy must be to reduce demand. Reducing the amount of energy used delivers benefits not only in carbon reductions but also to businesses through reduced energy bills and to the UK through increased energy security. We would therefore like to see the definition encourage and promote action to reduce energy consumption.

As a non-departmental government body we have made a commitment to reduce our own carbon footprint. To this end we undertook a sustainability audit in 2006-2007 to establish a baseline for our carbon emissions and develop a dynamic action plan for improving our performance. We have subsequently re-examined our environmental impact to gauge improvement. We are pleased to report that we have reduced our carbon footprint by 34% per capita since our initial survey was undertaken.

Answers to specific consultation questions are provided below:

Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term.

CABE believes that it is appropriate for Government to provide this information as it enables organisations and individuals to make informed decisions and alter their behaviour. A common definition would also provide much needed consistency and clarity in a fast changing market and help to promote the benefits of carbon reduction.

Q9: Do you agree that emissions reductions form a necessary part of the definition?



Yes. Reducing energy demand is directly linked to reducing overall emissions. In our own operations CABE has undertaken the following measures to reduce emissions:

- Commissioned Best Foot Forward to carry out a survey of CABE's Carbon and Environmental Footprint, detailing progress made since their previous study in 06/07.
- Installed Smart Energy Monitoring Equipment, to ascertain where, how much, and by what, electricity is being used. This will enable us to better target our Carbon Reduction Strategies.
- Replaced existing 50w lamps with 11w alternatives, providing an instant reduction in electricity use.
- Installing a Lighting Control System, to ensure that the office is only illuminated when occupied, and only in the areas where staff are working.
- Using only 100% recycled office paper, and printing all publications on 100% paper using vegetable ink.
- Replacing existing PC screens for low energy alternatives.

Q10: Should the Government definition and/ or good practice recommendations specify a reduction requirement and/ or timeframe for delivery of emissions reductions? If so, what would you propose?

There should be a mechanism in place to encourage businesses to continually improve the level of emission reductions if they are to claim carbon neutrality. An improvement of 3% per year would be required to meet the 2050 carbon reduction targets and is used by many local authorities in their Carbon Management plans, and we would therefore recommend the use of this figure.

Q12: Are the recommendations on good practice for reducing emissions clear?

CABE recommends that emissions reductions are measured in absolute terms, because we are seeking to achieve a reduction in the total level of carbon emissions, rather than a decrease in carbon intensity. So, for example, if

organisations are going to expand then they need to consider how this can be achieved in an energy efficient way.

Q29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

As stated above CAGE is already taking significant action to meet Government targets, and while we would welcome a consistent definition of carbon neutrality we would like to see the Government set tougher requirements within this definition for its own bodies.



CAGE believes that both central and local government are responsible for leading the way in resource efficiency and asset management. Central government should demonstrate leadership by making a public commitment to improving the energy efficiency of their properties in Whitehall by a minimum of one DEC rating in the next year. An overwhelming majority of DEC for the public estate have scored extremely poorly, with even relatively new buildings underperforming. CAGE recommends that Government should manage both the supply and demand of energy, using a variety of measures such as staff incentives and smart metering.

Local government too has a strong role to play in meeting the carbon reduction commitment. The Audit Commission has reassessed and streamlined the many measures of local government performance. There are three national indicators that deal explicitly with climate change: NI185 (percentage of carbon emissions reduction from local authority operations), 186 (per capita reduction in carbon emissions in the local authority area) and 188 (planning to adapt to climate change). CAGE recommends that 185 and 186, those that deal with carbon emissions reductions, be made mandatory for all local authorities.

Should you have any further questions please do not hesitate to contact us.

With kind regards

A handwritten signature in black ink, appearing to read 'Richard Simmons', with a long horizontal line extending to the right.

Richard Simmons  
Chief Executive



21 May 2009

### **CPI Response to DECC Consultation on the term “Carbon Neutral”**

Contact name: David Morgan  
 Telephone number: 01793 889629  
 Email address: [dmorgan@paper.org.uk](mailto:dmorgan@paper.org.uk)

Organisation: Confederation of Paper Industries  
 Address: 1 Rivenhall Road, Swindon SN5 7BD

1. This document is in response to your invitation to comment on the consultation paper on the term “Carbon Neutrality” published on 26 February 2009.
2. The Confederation of Paper Industries Ltd (CPI) works on behalf of the UK’s paper industries. It was launched in January 2000 and brought together four long-established industry trade associations:
  - Association of Makers of Soft Tissue Papers (AMSTP)
  - British Recovered Paper Association (BRPA)
  - The Corrugated Packaging Association (CPA)
  - The Paper Federation of Great Britain.
3. CPI represents the whole of the paper chain including the sourcing of pulp, recovery of used paper, papermaking, conversion into products, marketing and distribution. We regard the manufacture and use of paper products as being in general sustainable and of relatively low carbon impact compared with other manufactured goods and as such we are very interested in widespread agreement of definitions of concepts such as carbon neutrality.

### **Responses to Specific Consultation Questions**

- Q1. Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?
- A1. Yes. There is a widespread lack of clarity and differing understandings and interpretations of the term. Undoubtedly some organisations are taking advantage of this confusion in making spurious environmental claims and rigorous definitions and recommendations for use will be very welcome. It would be helpful if the final definitions are consistent with international positions as they are currently understood.

paper performs, *naturally*

**Confederation of Paper Industries Ltd** 1 Rivenhall Road, Swindon, Wiltshire SN5 7BD  
 Tel: +44 (0)1793 889600, Fax: +44 (0)1793 878700, Email: [cpi@paper.org.uk](mailto:cpi@paper.org.uk), Web: [www.paper.org.uk](http://www.paper.org.uk)

A company limited by guarantee. Registration Number 3886916. Registered in England and Wales  
 Registered Office, 1 Rivenhall Road, Swindon, Wiltshire SN5 7BD



Q2. Do you agree with the Governments broad approach? If not, what alternative would you propose?

A2. Yes.

Q3. Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?

A3. Yes, although since the GHG Protocol offers guidance only it might be better to base emissions measurement on the appropriate ISO standards.

Q4. Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?

A4. If a claim of carbon neutrality is being made then all relevant emissions associated with that organisation, part-organisation or product should be measured otherwise the results would be meaningless. Provided it is clear to which areas the carbon neutral claim applies it should be possible for organisations to pursue carbon neutrality only for certain parts of their organisation if that is what they desire.

Q5. Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

A5. We believe recommendations are necessary as this will limit the scope for misleading claims.

Q6. Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

A6. Claimants should be able to decide whether it is all GHGs or only CO<sub>2</sub> that are to be measured.

Q7. Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?

A7. Yes.

Q8. Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

A8. The use of PAS 2050 is appropriate and should be encouraged.

Q9. Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

A9. Yes.

Q10. Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

A10. The reduction requirement should be specified. The appropriate timeframe should be left for users to decide upon.

Q11. Are the recommendations on good practice for reducing emissions clear?

A11. Yes.

Q12. Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

A12. Yes.

Q13. Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

Q13. The elements are correct but it might be the case that some form of verification of claims is required to assure transparency.

Q14. Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

A14. Offsetting – provided it is appropriately defined so that only genuine offsets are allowed to be counted – has an important role to play.

Q15. Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

A15. If a rigorous application of the term “carbon neutral” is desired then only Kyoto-compliant credits should be allowed.

Q16. Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

A16. If domestic offsetting can be shown to be truly additional then it should be allowed.

Q17. Are the draft recommendations on good practice for offsetting clear?

A17. Yes.

Q18. Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

A18. Yes.

Q19. Do you believe that the proposed definition and recommendations can work in practice?

A19. Yes.

Q20. Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

A20. Regulation might be too draconian a method to enforce the correct use of the term. Spurious claims that use of the term conforms to Government guidance and/or PAS 2050 when it is subsequently shown not to be the case could be dealt with by an appropriate review body – perhaps by an arm of the Carbon Trust, or the Advertising Standards Authority?

Q21. Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

A21. Yes – but we recognise the practical difficulties inherent in such a course of work.

Q22. Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

A22. The Government should make recommendations on external verification consistent with the principles of taking a “light touch”.

Q23. In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

A23. This should be a topic for future review once it is known how the market will actually make use of the proposed definitions.

Q24. Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

A24. Timely review of status is important – perhaps on a three-yearly basis?

Q25. If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

A25. Good practice would be sufficient for now – Government can review progress at an appropriate future time. Balancing the importance of carbon awareness with the desire not to make systems too onerous for users, a three-yearly review cycle seems appropriate.

Q26. Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

A26. Making recommendations on appropriateness seems a sensible approach. In our view, Government should continue to encourage emissions reductions but should neither encourage or discourage pursuit of carbon neutrality.

Q27. Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

A27. No.

Q28. Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

A28. No.

Q29. Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

A29. Yes to the first part and No Comment to the second.

If you require any further information please contact me and I will be happy to discuss any of the issues and provide further detail as appropriate.



David Morgan  
Head of Regulatory Affairs  
Confederation of Paper Industries

**Consultation on the term 'carbon neutral': its definition and recommendations for good practice**

**Response by E.ON**

E.ON UK is one of the UK's largest retailers of electricity and gas. We are also one of the UK's largest electricity generators by output and operate Central Networks, the distribution business covering the East and West Midlands. In addition, our E.ON Climate and Renewables business is a leading developer of renewable plant in the UK.

In dealing with climate change it is important for businesses to adapt their processes, products and services to minimise the anthropogenic release of greenhouse gases. Similarly it is essential that citizens change their consumption patterns in order to reduce both their direct and indirect greenhouse gas emissions. Over recent years the issue of climate change has clearly driven behavioural change both in the ways in which products are produced and consumed. The concept of carbon neutrality has enabled companies to enhance their brand and deliver corporate responsibility strategies by developing the products demanded by an increasingly environmentally aware consumer. However, at the same time it is likely that confusion over the term carbon neutrality has resulted in lower environmental benefits than may have been expected by some consumers.

For businesses and government to gain the full credit for carbon neutral products and services, it is vital that citizens have confidence in the claims that are being made. To achieve this, a balance needs to be struck between detailed disclosure of methodologies, direct emission reductions and offsets (including offset type) and the provision of simple, coherent and useful information to the consumer.

It is important that any guidance on the use of the term carbon neutral is not overly prescriptive as this could stifle customer choice, place undue administrative effort on companies trying to develop climate friendly products and services and unnecessarily restrict access to otherwise environmentally beneficial greenhouse gas offsets. The onus must be on organisations to substantiate their claims through reasonable disclosure requirements. This voluntary approach will help to remove customer uncertainty without being overly prescriptive. We believe that the proposals within the consultation achieve the necessary balance.

On this basis we believe that the government consultation on carbon neutrality is both timely and important. We welcome the opportunity to comment on the proposal. Our detailed comments on the specific questions can be found below.

**Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Yes.

**Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

Yes.

**Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Yes.

**Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Organisations should be unambiguous over which emissions are covered by the claim of carbon neutrality. Whilst there are challenges inherent in establishing a 'one size fits all' approach to calculating emissions due to the fact that different users will be responsible for different emissions, we are concerned that currently there is a degree of inconsistency being applied by decision makers when selecting energy projects based on carbon reductions. An example of this is the assessment of CHP installations by planning authorities.

We believe there to be in excess of sixty different approaches to calculating carbon emissions from CHP. The current lack of guidance around a preferred approach means that any entity putting forward plans for the deployment of a CHP plant has a choice in terms of how they are calculating the carbon abated. Given that the Code for Sustainable Homes is requiring the progressive reduction of carbon emissions associated with new homes, there is potential for misrepresentation of the true carbon abated. This could be the case where competing bidders for delivery of an energy system to support the low carbon energy needs of a new housing development are proposing respective solutions using different emission calculators.

Therefore, while E.ON accepts that it is inappropriate to establish a 'one size fits all' approach to calculating emissions, we would strongly urge DECC to establish the principle that planning authorities should state their preferred methods for calculating emissions for specific user groups, such as CHP. This will help avoid inconsistency in the calculation of the true abatement potential of a planned asset and ensure a level playing field between

technology providers.

**Q5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

The recommendations are useful and clear.

**Q6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

Yes, provided that organisations explicitly state which emissions have been reduced/offset. Apart from being technically correct there may be educational benefits in referring to ‘GHG neutral’, although this is likely to be outweighed by the perceived complexity that this may create for consumers.

**Q7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

By requiring organisations to communicate openly the means chosen for measuring emissions, the transparency element of the proposals seems to be sufficiently robust.

**Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

Yes. However there should be no reason why other methodologies should not be used provided that they are demonstrated to be equally robust and the chosen calculation has been made available for scrutiny.

**Q9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

In common with the UK’s Climate Change Act and the recommendations of the Committee on Climate Change, we agree that it is important for the UK to deliver domestic emission reductions. The achievement of domestic abatement will play an important part in the transition to a low carbon economy. However we also note the important role that project credits play in enabling technology transfer and financial support for emerging economies elsewhere in the world.

**Q10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

No. For greenhouse gas emissions outside of regulatory control it should be for individual organisations to determine the level of emissions to be reduced and the level to be offset. The important factor is that such information should be made clear to consumers so that they can make informed decisions.

**Q11: Are the recommendations on good practice for reducing emissions clear?**

Yes.

**Q12: Do you agree that emissions reductions can be measured in either absolute or relative terms? If no, what would you prefer? If yes, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Yes and we also support the use of the relative measures recommended.

**Q13: Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes.

**Q14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes.

**Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

Organisations should be clear which type of offset credit they are using. There also needs to be a demonstration of additionality without which the concept of offsetting does not work.

**Q16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**



The most important aspect is that where offsets are used the emission reductions achieved from the offset are genuine, verifiable and additional. Whilst recognising that some offsets are better able to demonstrate environmental integrity, and will therefore demand a premium, if the above criteria can be met, there is no reason to be overly prescriptive about which offsets should be used.

**Q17: Are the draft recommendations on good practice for offsetting clear?**

Yes.

**Q18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

Yes.

**Q19: Do you believe that the proposed definition and recommendations can work in practice?**

Yes.

**Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

It is important that the term carbon neutral is not knowingly misused in order to mislead potential customers. We believe that the transparency recommendations outlined within the consultation document will ensure that deliberate misuse of the term will become self-evident.

**Q21: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

No. We do not believe that an overly prescriptive approach is necessary at this stage. It is however important for all claims of carbon neutrality to be fully explained. Organisations with products aimed at environmentally conscious consumers will naturally tend towards the strictest definitions of carbon neutrality in order to differentiate themselves from competing products and services.

**Q22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Yes, flexibility should be retained.

**Q23: In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

We believe that the transparency guidelines are sufficient.

**Q24: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

As the number of products and services claiming to be carbon neutral increase it may become obvious that further guidance or the introduction of some prescriptive recommendations are necessary. As currently proposed we believe that the definition and recommendations are sufficiently detailed.

**Q25: If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

They should tend towards good practice. Any attempt to define best practice at this stage could constrain the development of legitimate carbon neutral strategies. Market forces will ensure that organisations seek to differentiate their carbon neutral claims by striving for best practice and demonstrating this to consumers.

**Q26: Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

If the UK is to achieve the emission cuts necessary to deliver the targets set by the Climate Change Act it is important that Government seeks to encourage the concept of carbon neutrality; this is especially so for those sectors who do not already have a regulatory driver to abate greenhouse gas emissions.

**Q27: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

As long as products and services retain a level of residual emissions after all possible abatement options have been exhausted, carbon neutrality will remain a valid concept.

**Q28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

If government wish organisations to take account of all greenhouse gas emissions it could be worthwhile defining the term climate neutral which would in effect reflect ‘greenhouse gas neutral’ products and services. Such a definition could be measured in CO<sub>2</sub> equivalent and would be consistent with the UK’s greenhouse gas emission reduction target.

**Q29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes.



Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3-8 Whitehall Place  
London  
SW1A 2HH



21 May 2009

Dear Sir/Madam

**Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice**

EDF Energy is one of the UK’s largest energy companies with activities throughout the energy chain. We have over 5 million electricity and gas customer accounts in the UK, including both residential and business users. Our business includes nuclear, coal and gas-fired electricity generation, combined heat and power plants, electricity networks and energy supply to end users.

We welcome this consultation and think that it is useful to have a definition of the term carbon neutral that is supported by Government. We also agree that transparency is imperative and those organisations making ‘carbon neutral’ claims should be expected to substantiate them. However, at this stage, we do not believe that there is a need to go beyond publishing Government’s definition of carbon neutral and its recommended approach to achieving carbon neutral status.

Carbon neutrality and other emissions reductions could be achieved through a number of initiatives, including sourcing low carbon energy. The recommendations should be such that they allow space for innovation in this area, while ensuring that all efforts made are transparent and verifiable. We believe that organisations should be able to use source and/or supplier specific emission factors for the electricity purchased as part of the calculation of their carbon footprint in their corporate reporting and that this should be reflected in Defra’s guidelines on GHG conversion factors.

Our response to the specific questions raised in the consultation is attached to this letter. Should you wish to discuss the matter further or have any queries please contact my colleague Mari Toda on 07875 116520 or myself.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Linford'.

Denis Linford

Corporate Policy and Regulation Director

## Attachment Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice

EDF Energy response:

### 1. Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?

In principle, we welcome this consultation and think that it is useful to have a definition of the term carbon neutral that is supported by Government. We also agree that transparency is key and those organisations making ‘carbon neutral’ claims must be able to substantiate those claims.

The Government should, however, note that there is a commercial organisation called *The CarbonNeutral Company* whose core business is to help organisations reduce their CO<sub>2</sub> impact through a mix of internal change as well as carbon offsetting. From its website <http://www.carbonneutral.com/>, you will find that this organisation has its own standard called *The CarbonNeutral Protocol* and a full Carbon Neutral programme that includes many of the key principles outlined in the consultation. The detail of achieving carbon neutral status is, however, somewhat different to the one proposed in the consultation. (For example, the *CarbonNeutral Company* advocates a diversity of approaches to maximise the potential for “learning by doing” and innovation. Organisations are also encouraged to consider the type of offset method that best suits their situation.) This raises the question as to whether the Government’s recommendations on good practice could potentially raise conflicts with the commercial and operational practices of an existing organisation that specialises in this field.

The Government could publish its definition, broad approach and recommendations on good practice for voluntary application. It should avoid hard-wiring existing Government initiatives (such as the UK Government’s Quality Assurance Scheme for Carbon Offsetting) to the voluntary guidance notes. The aim of the voluntary guidance notes should be to promote transparency, innovation and flexibility; hard-wiring existing initiatives will increase rigidity and could be seen to discriminate against other options. Existing initiatives should therefore be considered as one of the many options. We favour an approach similar to *The CarbonNeutral Company’s* and believe that a broad, flexible approach will be more beneficial to consumers, businesses and also to the environment in the short to medium term.

### 2. Do you agree with the Government’s broad approach? If not, what alternative would you propose?

We agree with the Government’s broad approach but also believe that emissions reductions can be demonstrated using low-carbon energy sources rather than by reduction in consumption alone.

We believe that in line with the principles articulated in the GHG Protocol formulated by the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), where energy derives from other low carbon sources, the recommendations should allow that they can be used to lower reported emissions reductions. This should not be an issue as long as the organisation making the carbon neutral claim is clear that it is achieving carbon

neutral status through using low carbon energy sources, and that this is clearly communicated. The Advertising Standards Authority (ASA) has supported this approach.

**3. Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Yes. We agree with DECC that the GHG Protocol formulated by the WRI and the WBCSD is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions and that it should be used as a basis for measuring emissions.

The GHG Protocol Corporate Standard <sup>1</sup>“recommends that companies obtain source/supplier specific emission factors for the electricity purchased. If these are not available, regional or grid emission factors should be used.” Supplier specific emission factors are readily available in the form of a Fuel Mix Disclosure (NB suppliers are obliged to update and disclose this annually under their supply licence) and where suppliers can provide verified product specific emission factors these could be provided to their customers. To help organisations understand and become aware of different types of energy sources and their CO<sub>2</sub> content, the use of source/supplier specific emission factors should also be endorsed in Defra’s guidelines on GHG conversion factors for company reporting; currently, all electricity is reported as grid average. This should also encourage the development and take-up of low carbon technologies.

**4. Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

For reasons of practicality and to facilitate take up of the carbon neutral definition, it is imperative that users of the term carbon neutral retain flexibility over which emissions to measure. We also believe that organisations should be able to pursue carbon neutrality only for certain parts of the organisation. If the definition is too rigid or seeks to mandate covering all emissions and all parts of an organisation it may serve to dissuade organisations from applying it. A more flexible approach should be used to encourage organisations to act.

However, flexibility must go hand in hand with an obligation to clearly define publicly what parts of the organisation (or products and services for that matter) are covered. A flexible approach will allow organisations to develop their own climate commitments and targets within their financial constraints. This approach is aligned with the GHG Protocol and provided that organisations are transparent about their claims, there should be no issue.

We need to ensure that the recommended framework encourages organisations to buy into the concept and gradually broaden its coverage.

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<sup>1</sup> <http://www.ghgprotocol.org/>

**5. Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

As stated above, organisations should be able to use source/supplier specific emission factors for the electricity purchased and this should be reflected in Defra's guidelines on GHG conversion factors for company reporting.

Recommendations on good practice will be useful as long as they provide flexibility and remain voluntary.

**6. Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

Users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>. The benefits of being flexible will outweigh the benefits of including all Kyoto gases at this stage.

Measuring the basket of greenhouse gases is technically and practically very difficult to do. Maximum flexibility is therefore required, along with 'how to guides' to enable organisations to measure Kyoto greenhouse gases.

**7. Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

We agree that to ensure transparency the use of the term carbon neutral should be accompanied by clear and open communication about the means chosen for measuring emissions and the types of emissions measured and how these have been offset. Where appropriate, organisations should be able to provide the measurement unit, the size of the resultant footprint and the time period in question but this could be provided as supplementary information. Organisations should be given the discretion to manage the amount of information they provide; information that enhances clarity and transparency must be balanced with the risk of information overload that could lead to confusion.

**8. Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

A common standard will promote consistency. However, the application of a life cycle approach must recognise the very real challenges that exist in measuring and allocating carbon emissions for every step of the supply chain. For this reason, life cycle analysis should be voluntary for now. We strongly recommend that further work is carried out to determine a "fit for purpose" approach for life cycle analysis applied for carbon neutrality purposes.

**9. Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Yes, in the short term. As explained above, we do, however, believe that emissions reductions can be achieved through sourcing low carbon energy. Guidance should clearly allow all of the following to count as emissions reductions:-

- emissions reductions from reductions in consumption;



- reductions in direct on site emissions (by substitution or new technology) and;
- reductions in off site emissions from energy supply, by placing contracts with low carbon energy suppliers.

We also believe that an agreement on the long term international targets for greenhouse gas reductions and an agreement on the design and use of flexibility mechanisms over the next 25 years are critical to mitigating climate change.

Therefore, in the longer term, if good progress is made towards achieving the objectives outlined above, we are not convinced that mandating on-site emissions reductions is a necessary or efficient means of establishing carbon neutrality. It should suffice that the carbon neutral provider is able to provide evidence that the emission reductions originate from projects subject to an absolute cap under an international agreement.

**10. Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

No. We agree with Government that national and international reduction targets already exist so there is no real reason to include further reduction requirements in the good practice recommendations.

**11. Are the recommendations on good practice for reducing emissions clear?**

In general, the recommendations on good practice for reducing emissions are clear but, as stated above, the recommendations should also explicitly allow organisations to reduce their emissions via sourcing low carbon energy. Defra's guidelines on GHG conversion factors for company reporting should also clarify that, where available, source/supplier specific emission factors for the electricity purchased should be used.

Government should note that there is an increasing demand from businesses to allow them to report using source/supplier specific emission factors.

**12. Do you agree that emissions reductions can be measured in either absolute or relative terms? If "no", what would you prefer? If "yes", do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

We believe that emissions reductions achieved through a reduction in energy consumption should be measured in absolute terms. This will be more transparent than measuring in relative terms.

Some organisations use a relative metric that adjusts carbon emissions for GDP which is split by sector or company. A similar approach may also help put information into context and allow for growth.

**13. Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

We agree with Government that emphasising the need to reduce emissions without setting out specific ambitions will give a degree of flexibility to those using the term carbon neutral to allow for certain particular circumstances.

**14. Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Where organisations set tight boundaries, for example, through specifying that a specific building such as the head office is carbon neutral, it may be possible to achieve the status through sourcing low carbon energy. However, carbon offsetting is likely to play an important role in achieving carbon neutral status in many cases.

We would emphasise that carbon offsetting should be subject to verification (but not necessarily to CER standards) and that the CO<sub>2</sub> savings from the offset schemes are credible. There are schemes available that have no net carbon reduction value, or can contribute to GHG emissions; these must be excluded.

**15. Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

We recognise the importance of ensuring legitimate and robust carbon offset projects that produce genuine greenhouse gas emissions reductions. We welcome Government's desire to ensure the integrity of off-set products.

Kyoto credits are predominantly derived from projects that adhere to strict methodological, monitoring, reporting and verification (MRV) guidelines consistently applied by international institutions. However, there are certain aspects of the Kyoto credits that need to be considered more carefully. For example:

1. Value for money – The use of a Kyoto credit will increase the cost of offsets. Certified Emissions Reductions (CERs) are usually sold at a premium to reflect their fungibility within the international carbon market; however, this is not the case with Verified Emissions Reductions (VERs).
2. Small scale projects – Administration costs sometimes prohibit the registration of small scale projects (it is estimated that projects would have to supply a volume of reductions >5000tCO<sub>2</sub>(e) to justify registration through the CDM Executive). Possible ways of providing support for small scale projects and maintaining the integrity of such projects include:
  - Developing a regulated market for VERs;<sup>2</sup>
  - Ensure more small-scale project methodologies are registered with the CDM methodology panel;
  - Project bundling/Programme of activities.

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<sup>2</sup> As per Option 2b of Annex A – Partial Regulatory Impact Assessment

3. Project origin – Offset providers within the voluntary market have more direct involvement in projects and generally provide more site-specific information on the projects supported. A product with an origin that can be authenticated and communicated will be more appealing to customers.

Some CERs and Emission Reduction Units (ERUs) (purchased via a fund or broker) are more difficult to trace back to the project origin. In addition, it is almost impossible to trace the origin of EU Allowances (EUAs).

4. ERUs – Ruling out the use of ERUs would limit the diversity of projects available to offset providers. It could be the only viable option post 2012 if larger non-annex 1 countries (China and India) sign up to international reduction targets. The remaining non-annex 1 countries could have much less potential for CDM project development. This could result in increased CER and EUA prices. This effect might be mitigated by expanding into ERUs.

In addition, ERUs are reductions against an absolute baseline as opposed to CERs that are reductions against a project baseline.

Taking the above into consideration, we do not believe the credits used under the definition should be limited to Kyoto-compliant credits. As recognised in the consultation, the voluntary off-setting industry has been working hard to ensure sufficiently high standards for voluntary projects. Both the Gold Standard and Voluntary Carbon Standard (VCS) for VERs seek to provide a high level of assurance for consumers. Again, the key is transparency and provided that the organisation making the carbon neutral claim makes it clear that it is using VERs, the usage of VERs should be permitted under the recommendations.

- 16. Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

The value of domestic offsets should not be double counted. Therefore, if the UK Government is able to guarantee that, for instance, the carbon reduction value of a carbon neutral forestry product does not contribute towards meeting the Kyoto target, domestic offsets are acceptable.

We believe that it is important to capture the value of domestic actions outside the EU ETS. It is possible to do this either by expanding the scope of the EU ETS or through the evolution of a more liquid AAU market. To date there have been a number of bi-lateral AAU trades between Japan and the Ukraine which indicate that it is possible to realise value from non-EU ETS reduction projects.

- 17. Are the draft recommendations on good practice for offsetting clear?**

We agree with Government that the purchasers of the offsets in question should be able to choose what type of offsets they wish to buy. However, the wording on the draft recommendations on good practice appears to be biased towards Kyoto-compliant credits. Although we are aware that the Government is willing to consider the inclusion of certain high-quality VERs within the Quality Assurance Scheme, given that VERs are not currently included in the Scheme, we believe the wording should remain neutral and refrain from favouring Kyoto-compliant credits.

**18. Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

See response to Q17 above.

**19. Do you believe that the proposed definition and recommendations can work in practice?**

Provided that the recommendations offer a range of options to deliver emissions reductions, including via sourcing low carbon energy, and allow high quality non-Kyoto compliant credits for offsetting the remaining emissions, the proposed definition and recommendations are likely to work in practice. Prescriptive recommendations coupled with high cost offsetting credits are likely push organisations to continue with the status quo. Moreover, Government may find that it would have to commit itself to purchasing CERs to meet its targets; this may not present good value to tax payers.

**20. Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

No. The value of regulating the use of the term is unlikely to outweigh the cost of doing so (including the cost of enforcement).

**21. Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

No. Provided the claims are transparent, differences in the uses of the term should be apparent.

**22. Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Users of the term carbon neutral must be able to retain the flexibility to substantiate their claims and decide what type of verification is applied.

**23. In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

In terms of further recommendation on how to communicate carbon neutrality statements, the transparency recommendations should be sufficient. However, we would like to review this in association with the further guidance offered by Government later this year.

**24. Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

No. As suggested in the consultation, we believe that the review should simply occur at a time appropriate for individual needs. (We note that products that are foot-printed in line with PAS 2050 are subject to specific review requirements every two years.)

- 25. If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

Should the Government decide to make recommendations of carbon neutrality, they should tend towards good practice. It should be sufficient to review the recommendations every five years.

- 26. Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

We believe that a broad and flexible approach is required and that Government need not encourage or discourage the pursuit of carbon neutrality; it should be up to individual organisations.

- 27. Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

Yes. As energy is decarbonised and we move towards a low carbon economy, we suspect that the claim to be carbon neutral will be used less frequently. This is likely to happen naturally; it is not entirely clear from the consultation why it is necessary to consider how this might be achieved.

- 28. Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

No.

- 29. Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes, for consistency, the finalised definition of carbon neutral should be used by Government when considering its own targets such as those relating to Sustainable Operations on the Government Estate (SOGES).

May 2009

# **EEF response to the consultation on the definition of carbon neutrality**

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## About EEF

With over 6,000 business members from the manufacturing community (employing approximately 1 million employees) and more than 20,000 associate companies, EEF is dedicated to fostering enterprise and evolution across manufacturing to keep industry competitive, dynamic and future focused.

As the only membership organisation dedicated entirely to manufacturing, we are an established UK leader in the delivery of business services, government representation and industry intelligence.

Commercially driven and re-investing profits for the benefit of industry and members, EEF's trusted influence means that manufacturing companies are particularly receptive to the advice and service offerings of carefully-selected partners with whom we choose to work.

Our network of offices in England and Wales keeps us close to our members, allowing us to focus on local issues and thereby to function as a unique community. Our London office provides a focal point for development of our broad portfolio of business services designed to deliver maximum value. From London, EEF provides first-class representation with government and regulatory bodies and supports our local offices in their programmes to influence regional policy. Our structure places us at the heart of the UK business community.

EEF's broad service portfolio is delivered by an unparalleled team of experts including 30 economists and policy specialists, 90 HR and legal advisers, 150 health, safety and environment advisers, 20 occupational health specialists and around 200 trainers, based in our regional offices and in centres of excellence nationwide.

**UK Steel**, a division of EEF, is the sectoral trade association for the steel industry. All the country's steelmakers are in membership, as well as many downstream steel processors.

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# EEF submission to DECC's consultation on a draft definition of carbon neutrality

## **Question 1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term?**

EEF strongly supports the government's attempts to produce a definition on carbon neutrality. We believe it is vitally important that clear recommendations and boundaries are set in order to avoid future public cynicism. If done correctly, we believe that the goal of attaining or aspiring to carbon neutrality can drive positive change within an organisation which is consistent with the government's goal of a low carbon economy.

## **Question 2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

EEF believes the government's broad approach – that of a transparent process of calculating emissions, reducing those emissions and offsetting residual emissions – to claim carbon neutrality is sound.

## **Question 3: Do you agree that basing the measurement of emissions, including the recommendation on good practice, on the GHG Protocol, is appropriate? If not, what alternative(s) would you propose?**

Yes. The accurate calculation of carbon emissions is essential both for effective carbon management and for any supporting claims of carbon neutrality. We believe that it is vital that carbon accounting is clearly defined and that comparable measures are used by businesses. A common accounting standard, driven by government, is therefore needed.

But at present EEF does have concerns that by stipulating the use GHG Protocol, small and medium sized enterprises (SMEs) could become isolated. The GHG Protocol, while fine for larger companies, is not as accessible for SMEs. We believe, therefore, that until Defra's forthcoming reporting guidelines have been finalised, and supporting tools have been developed (when the situation can be reviewed), SMEs should be allowed to use the Carbon Trust's carbon footprint calculator in order to calculate their organisational carbon equivalent footprint. This should reduce the complexity and burden on smaller businesses while ensuring a consistent approach.

## **Question 4: Do you agree that users of the term carbon neutral should retain flexibility over exactly what emissions to measure? Should organisation be able to pursue carbon neutrality only for certain parts of the organisation?**

No. While EEF agrees that there are good reasons to recommend differences in scope between products and services, organisations and communities, we believe that there is a significant risk of public cynicism if clearer boundaries are not set.

Given that competitive advantage can be obtained through use of the term, there needs to be a level playing field. Consumers need to be confident they are comparing like with like when making purchasing decisions. In addition, in the past, the decision to exclude certain emissions while including others has given rise to significant and damaging criticism. To avoid this situation in future clear boundary conditions should be recommended.

We believe that the starting assumption should be to include all scope 1, 2 and 3 emissions initially, rejecting those sources that do not materially affect overall emissions or those outside of its direct control. While this is likely to be the area which will be most difficult to ensure its



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consistent application, we believe it should be a condition that companies give due consideration to scope 3 emissions in order to avoid public cynicism.

**Question 5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

EEF believes that recommendations are necessary to ensure transparency. The division of “good practice” and “better practice” however leaves scope for confusion and an unequal playing field. Instead there should be one set of guidelines for firms to adhere to when measuring emissions. Once published, recommendations for calculating scope 1 and 2 emissions should be aligned with company reporting requirements under the Climate Change Act.

We would like to stress that there needs to be a difference in terminology between *measuring* emissions and *calculating* emissions. Requiring companies to measure emissions would be expensive and technically difficult, not least because it is less accurate. Measurements in gases, for example are less accurate than measurements in solids or liquids.

**Question 6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>. Or should the definition specify measurement of all Kyoto gases?**

EEF believes that all Kyoto greenhouse gases should be calculated, in line with UK targets in the Climate Change Act. It is unclear from the consultation paper why government is considering keeping the option open. We believe that if a user’s emissions of other greenhouse gases are insignificant then this would be best addressed through a *de minimis* threshold – say 95%. This would avoid unnecessary burdens on businesses to calculate insignificant levels of greenhouse gases which do not materially impact on total emissions. Equally it would strengthen the credibility of using the term.

**Question 7: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

While EEF accepts that it would appear logical to use PAS 2050 or ISO 14044 as the basis for calculating the carbon footprint of products, particularly as the infiltration of PAS 2050 is continuing in the market place and is expected to reach a significant amount this autumn. However we are concerned that the costs and complexity make it unpractical for many small and medium sized enterprises.

We understand that the Carbon Trust is developing sector-specific guidelines to address concerns that the expense and technical complexity of applying PAS 2050 would mean only large firms would be able to meet it. This is a sensible approach.

Ultimately we would like to see more work being undertaken to make PAS 2050 simpler and cheaper for SMEs to apply. We need to move to a position in which the same standard is used for calculating the carbon footprint of products or services, regardless if that is for carbon labelling, measuring a carbon footprint or for claims of carbon neutrality. In this respect we call on the Carbon Trust to redouble their efforts in this area.

**Question 8: Do you agree that emissions reductions form a necessary part in the definition? If not, why not?**

Yes. EEF believes that emission reductions are a vital part of the definition, particularly if the term is to have any credibility amongst consumers and in turn be of any use to manufacturers.

In our experience, businesses naturally look to reducing their carbon footprint further once monitoring and reporting systems have been established. Emissions reductions should not be

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mandatory, but organisations should have the flexibility to offset or reduce emissions where it is most appropriate to do so.

**Question 9: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

EEF believes that alongside claims of carbon neutrality there should be strong commitment to reduce emissions. Nevertheless, it would be problematic for government to specify a specific level of emissions reduction requirement to aspire to as the ability and scope to reduce emissions will vary considerable between entities. Therefore, we believe it should be left to individual organisations to articulate the level of their ambition in relation to this commitment.

We do, however, support a timeframe being in place to deliver emission reductions, where possible. In line with the Carbon Trust's product carbon label, which allows companies to retain the label if it achieves emission reductions within two years, it seems appropriate to expect similar when making claims of carbon neutrality.

**Question 10: Are the recommendations on good practice for reducing emissions clear?**

Yes, EEF believes the recommendations are clear.

**Question 11: Do you agree that emissions reductions can be measured in either absolute or relative terms? If no, what would you prefer? If yes, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

EEF believes that organisations should be given the flexibility to calculate emission reductions in either absolute or relative terms or the unit of measurement – provided this is clear in any claim being made.

**Question 12: Do you believe the transparency elements on reducing emission to be correct and/or sufficient?**

Yes. EEF believes this to be sufficient.

**Question 13: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes. EEF believes that carbon offsetting is a vital component in achieving carbon neutral status.

**Question 14: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

While certified reduction credits would be preferable, it would be prohibitively restrictive to stipulate only credits assured by government under its quality scheme. This is particularly the case as few offsetting schemes have been assured - at the time of writing, just five offset providers were listed. In addition, CERs are significant more expensive than VERs and, in the current financial climate, are likely to be less attractive to manufacturing organisations.

Therefore, EEF believes that voluntary emission reduction credits should be allowed – providing they are fully additional and rigorous. VERs can be innovative and of a high quality. And they can test models which can be brought into regulated carbon markets at a later date.

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But some restrictions *should* be in place to avoid the issue of “carbon cowboys.” EEF supports the government’s view to restrict the purchasing of UK-based VERs, at least for the time being. EEF also recommends that no schemes involving tree planting in temperate regions should be supported, because of the scientific concerns about the carbon benefits of such schemes.

If the government does in future include VERs under its quality scheme, then and only then might it be appropriate for this to restrict offsetting credits to these.

**Question 15: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Yes, see above.

**Question 16: Are the draft recommendations on good practice for offsetting clear?**

No. We would like to see a checklist of key questions that smaller businesses should refer to when assessing whether offsets are genuine and additional.

**Question 17: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

It wasn’t clear from the consultation paper what transparency elements had been proposed in relation to carbon offsetting.

It would be appropriate for those using the term carbon neutral to have information available outlining the degree to which offsetting has been used, the projects that have been supported and the offset provider they have been procured from.

**Question 18: Do you believe that the proposed definition and recommendations can work in practice?**

EEF supports government’s ambitions to develop a common definition for the term carbon neutrality. But if the objective is to give consumers certainty that the term is being applied appropriately then as it stands the definition and associated recommendations will not deliver this.

There needs to be a stronger emphasis on comparability of claims and a mechanism to ensure consumers are reassured that the claims have been expertly verified. Without it, there is a significant risk of the term losing credibility – which could undermine the considerable organisational benefits that can be brought to bear if a firm chooses to aspire to carbon neutrality.

**Question 19: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

EEF supports proposals put forward by the Institute for Environmental Management and Assessment to help firms develop their own internal capability to audit and verify GHG emissions. Given the plethora of reporting obligations which are now placed on growing numbers of business, from the Carbon Reduction Commitment to forthcoming reporting obligations under the Climate Change Act, it seems logical to look to develop an appropriate skills programme in this area. Investing some effort in developing firms’ capabilities in collecting and reporting on greenhouse gas data would, in our view, be effort well spent and would ultimately save substantial amounts of money in the longer term through avoided third-party verification fees. We are keen to work with government and IEMA in developing such a programme.

In the short term, it might be appropriate to consider a carbon neutrality assurance scheme. This could work in a similar way to the process of carbon labelling. For a small fee, firms would

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provide data to a third party for independent verification. We would prefer for a list of external verifiers to be assigned the role, rather than one body – such as The Carbon Trust – to be given the role as this should help reduce the financial burden on businesses. However, we would be concerned if the fees were set too high. If pursued this should be subject to careful thought to ensure costs and effort are proportional and were not restrictive to smaller organisations. We would also welcome involvement in any of the detailed thinking around this.

As mentioned above, we support a timeframe being in place to deliver emission reductions. Given that under the Carbon Trust's product carbon label companies are able to retain the label if emission reductions are achieved within two years, it seems appropriate to expect similar when making claims of carbon neutrality. A review of emissions should be conducted at this point as it is likely that emissions will have changed and hence reduction efforts and offsetting will need to be recalibrated.

**Question 20: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

Yes, as argued in previous questions, boundary conditions should be more clearly set and the greenhouse gases calculated under the definition should be comparable, preferably set to all Kyoto regulated gases. In addition, if a third party was assigned the role of verifying emissions then this would also give a stronger assurance to buyers of goods and services that direct comparisons could be made.

**Question 21: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

As above, EEF believes there should be a recommendation to have claims externally verified. We would like to see the government recommend bodies equipped to provide this service.

**Question 22: In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements?**

No, providing the other recommendations are met businesses should be free to decide how to communicate statements on carbon neutrality.

**Question 23: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Yes. As discussed earlier.

**Question 24: If you agree that Government should make recommendations on carbon neutrality, should they tend towards good practice or best practice? How often should recommendations be reviewed?**

EEF believes that recommendations from government should be geared towards best practice in order to prevent public cynicism. Recommendations should be reviewed every three years or in light of developments i.e. inclusion of VERs in the government's Quality Assurance Scheme and the publication of Defra's reporting guidelines.

**Question 25: Should Government make recommendations on when and how it would be appropriate for individuals, communities and organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

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No. It should be up to individuals, communities and organisations to determine when it is appropriate to pursue carbon neutrality. Nevertheless, because of the change culture it can promote when organisations pursue carbon neutrality, EEF believes government should encourage its pursuit.

**Question 26: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

No, EEF does not believe the term should be phased out.

**Question 27: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendation on good practice or regulation?**

Recently there has been growing use of the neutrality claims in various guises – waste neutrality and water neutrality are increasingly being used. More recently a firm claimed to be plastics neutral. In order to prevent public cynicism and increase accessibility to these terms, EEF believes it would be beneficial for government to establish some good practice on the use of these terms and that these should share common principles with the definition of carbon neutrality and the final recommendations on its use.

**Question 28: Although the carbon neutral targets set by Government for its purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes. EEF believes that government should apply this definition and apply best practice in its application.

**For further information contact:**

Susanne Baker  
Senior climate & environment policy adviser  
EEF, the manufacturers' organisation  
Broadway House  
Tothill Street  
London, SW1H 9NQ  
E: [sibaker@eef.org.uk](mailto:sibaker@eef.org.uk)  
T: 020 7654 1690

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3 Whitehall Place  
London, SW1A 2HH

21 May 2009

**ERA response to DECC's Consultation on the term 'carbon neutral': its definition and recommendations for good practice.**

The Energy Retail Association (ERA), formed in 2003, represents electricity and gas suppliers in the domestic market in Great Britain. All the main energy suppliers operating in the residential market in Great Britain are members of the association - British Gas, EDF Energy, E.ON, RWE npower, ScottishPower, and Scottish and Southern Energy.

We welcome the opportunity to offer comments on DECC's Consultation on the term 'carbon neutral' and would be happy to discuss any of the points made below in further detail with DECC if this is considered to be beneficial. This is a high level industry response and the ERA's members will also be providing individual responses.

The ERA's members recognize that steps towards a broad stroke definition of the term 'carbon neutral' can only help with the promotion of such products and services and hopefully remove any confusion that might be affecting a certain section of consumers. Therefore we welcome the government's intention to explore this area and we are confident that such steps will increase consumer confidence in carbon neutral market offerings.

The ERA's members support the government's proposal to refrain from making definitions that might be too prescriptive as we believe this could stand in the way of innovation and limit customer choice. It is important that consumers can make a conscious choice about carbon neutral products and offerings. Therefore transparency should also be an important point when considering carbon neutral definitions and use.

In the interests of avoiding customer confusion and promoting trust when it comes to green and carbon neutral claims, we feel that measuring in Carbon Dioxide (CO<sub>2</sub>) for domestic properties instead of carbon dioxide equivalent (CO<sub>2</sub>e) will stand in the way of consistency and accuracy. Energy suppliers are already working with CO<sub>2</sub>e in domestic premises under OFGEM's Final Green Supply Guidelines. These Guidelines will form the basis for an independent certification scheme for 'green tariffs', and counting in CO<sub>2</sub>e for all green and carbon neutral domestic products can help with customer trust and accuracy of reporting.

On the issue of continuity and consistency of approach, energy suppliers are also mindful of the CAP Code Reviews and proposed changes to DEFRA's Green Claims Code. We would like to ensure that any updates to those codes will also be in line with DECC and OFGEM approaches. In a market where new technology is moving rapidly,

new legislation and regulation is being contemplated and changes are happening every day it is important that all stakeholders work together to ensure continuity and uniformity, avoiding duplication of work which might impact on quality and innovation.

Should you require any more information please do not hesitate to contact me.

Kind regards,

**Sofia Gkiousou**  
Policy & External Relations Advisor

# **DECC Consultation - Consultation on the term 'carbon neutral': its definition and recommendations for good practice**

## **A combined response by the English National Park Authorities Association and the Welsh Association of National Park Authorities**

**May 2009**

### **1. Introduction**

1.1 The English National Park Authorities Association (ENPAA) exists to provide a collective voice for the nine English National Park Authorities<sup>1</sup>. It is governed by the Chairs of the nine Authorities. Our response represents the collective view of officers who are working within the policies established by the National Park Authorities (NPAs). We work closely with the Welsh Association for National Park Authorities which provides a similar function for the three Welsh NPAs<sup>2</sup> and this is a combined response. Individual National Park Authorities may submit separate comments, which will draw on the specific issues for their particular area. We are happy for our response to be made publicly available and to discuss its contents with officials if that would be helpful.

1.2 NPAs are independent local authorities funded through Defra and, in Wales, the Welsh Assembly Government. They have statutory purposes as set out in the *Environment Act* 1995 to: conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park; and to promote opportunities for the enjoyment and understanding of its special qualities by the public. In carrying out these duties, NPAs also have a duty to seek to foster the economic and social well being of local communities. National Parks cover approximately 10% of the land area of England and Wales (7% of England and 20% of Wales).

1.3 ENPAA and WANPA welcome the government's consultation on carbon neutrality. NPAs have already shown significant commitment to the idea of carbon neutrality:

- ENPAA produced a position statement on climate change in 2006, part of which included a commitment that all of the English NPAs will achieve carbon neutrality in their operations by 2012;

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<sup>1</sup> The nine English National Park Authorities are: Broads Authority, Dartmoor NPA, Exmoor NPA, Lake District NPA, New Forest NPA, Northumberland NPA, North York Moors NPA, Peak District NPA, Yorkshire Dales NPA.

<sup>2</sup> The three Welsh National Park Authorities are: Brecon Beacons NPA, Pembrokeshire Coast NPA, Snowdonia NPA.



- the three Welsh NPAs have signed the Welsh Local Government Association’s Welsh Declaration on Climate Change and Energy Efficiency;
- five of the nine English NPAs have signed the Nottingham Declaration; and
- significant work on emission reductions has already taken place as the following examples, taken from across the family of National Park Authorities demonstrates:
  - purchase of low-emission fleet vehicles, including vehicles which use bio-diesel sourced from waste cooking oil;
  - reductions in staff business mileage through target setting;
  - energy efficient building construction and retro-fitting;
  - installation of alternative energy sources, including ground-source heat pumps, solar panels and biomass boilers; and
  - purchase of video-conferencing facilities at each NPA (through Defra funding) to facilitate joint NPA meetings without the need for travel.

1.4 We are in broad agreement with the proposed measurement and reduction of emissions. We have concerns, however, about the current recommendations in the consultation paper around offsetting and suggest an alternative view below. In particular, we would urge the Government to develop a clear, simple and transparent tool for domestic offsetting.

## **2. Definition and Transparency**

2.1 We agree with the basic definition of carbon neutrality as set out in the consultation paper, i.e.

“Carbon neutral means that – through a transparent process of measuring emissions, reducing those emissions and offsetting residual emissions – net calculated carbon emissions equal zero.”

2.2 We are very supportive of the proposed transparency of the process and see this as crucial in any process that is to gain credibility. NPAs intend to ensure that the process of measuring, reducing and offsetting their emissions is transparently documented

## **3. Measuring Emissions**

3.1 NPAs are committed to auditing their own emissions and support this attempt to ensure all organisations aiming to become carbon neutral are clear about what emissions they have measured. We would also be likely to support more stringent requirements than currently set out, should the government propose these – for example, the use of a common reporting

tool that allows clear comparisons to be made between different organisations which claim to be carbon neutral.

#### **4. Reducing Emissions**

- 4.1 NPAs recognise that emission reduction is paramount in working towards a low carbon economy. This is the main area on which we are concentrating our efforts, through improving the efficiency of our operations, seeking new energy sources for our properties (ground source heat pump, biomass etc.) and changing our working practices. We feel that the guidance on good practice is very useful, but could be strengthened to further emphasise the need for transparent, on-going reductions.

#### **5. Offsetting Emissions**

- 5.1 As noted in paragraph 1.2, NPAs have statutory purposes as set out in the *Environment Act 1995* to: conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park; and to promote opportunities for the enjoyment and understanding of its special qualities by the public. In carrying out these duties, NPAs also have a duty to seek to foster the economic and social well being of local communities.
- 5.2 The current proposal for offsetting those emissions that remain after emission reduction is to buy carbon credits from government-approved schemes. In the guidance set out as best practice in the consultation document this essentially means investing in overseas offsetting projects.
- 5.3 Given the above statutory National Park purposes, it is difficult to see how NPAs can justify using their public funding to purchase carbon offsets that fund overseas carbon reduction projects. Indeed we may not be able to do so without acting *ultra vires*.
- 5.4 NPAs already use their funding to support domestic projects that are located within the National Park for which they are responsible. Many of these projects could have significant potential for carbon offsetting, while also providing benefits to local communities, biodiversity, etc.
- 5.5 Examples of projects which offer carbon savings include community micro hydro-electric schemes; installation of biomass heating systems in rural business centres; small scale solar and wind energy installations; and woodland planting schemes. These projects are often initiated and run by National Park Authorities, with funding coming from a combination of NPA budget and external funding sources.
- 5.6 ENPAA and WANPA are not suggesting that the entire emission reductions attributable to these projects should be used as offsets by the NPA involved.

Rather than the financial investment by the NPA (from its own budget, not externally sourced funding) is recognised in terms of the contribution towards the carbon savings of the project, by being eligible for a proportionate amount of domestic carbon credits. These carbon credits could then be used to offset some of the remaining emissions from the NPA's own operations.

- 5.7 We would argue that domestic offsetting does have a place and should be included within the best practice guidance. As shown in the above examples, NPAs take the lead on innovative projects within National Parks. It is not the case that these projects simply “realise emissions savings that would have happened anyway, rather than delivering additional savings that lead to a genuinely lower concentration of greenhouse gases in the global atmosphere” (paragraph 7.7 of consultation document). Rather, they are projects which would not otherwise take place, are often in hard to reach deep rural areas, and do lead to real emission reductions.
- 5.8 It is our view that there is an urgent need for the government to develop a clear, simple and transparent tool for domestic offsetting that allows projects such as that described to be part of the government-approved offsetting scheme.
- 5.9 With this system in place, NPAs would be likely to meet their targets to become carbon neutral themselves and would then be well-placed to act as high profile advocates to publicise carbon-neutrality to the millions of visitors who come to National Parks every year. This publicity would help to increase understanding and acceptance of the term nationally. It should be noted, however, that NPAs would be likely to move away from the use of the term ‘carbon neutral’ if the current proposals stand, rather than purchase overseas offsets.

## **6 Long-term prospects for carbon neutrality**

- 6.1 We would support a much greater emphasis on increasing the emission reduction component and reducing the offsetting component over time, as a way to move forward with the term carbon neutral. We believe that anyone using the term carbon neutral should clearly state the proportion of emissions savings that are achieved through reduction compared to offsetting.



Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3-8 Whitehall Place  
London  
SW1A 2HH

25 May 2009

Dear Sir or Madam,

**EIC Response to the Department of Energy and Climate Change Consultation on the Term 'Carbon Neutral': Its Definition and Recommendations for Good Practice**

Thank you for the opportunity to input into this inquiry.

**Environmental Industries Commission (EIC)**

EIC was launched in 1995 to give the UK's environmental technology and services industry a strong and effective voice with Government. With over 300 member companies, EIC has grown to be the largest trade association in Europe for the environmental technology and services (ETS) industry. It enjoys the support of leading politicians from all three major parties, as well as industrialists, trade union leaders, environmentalists and academics.

EIC's Carbon and Environmental Management Working Group represents over 80 companies providing technologies and services for the reduction of carbon emissions across the economy.

**Introduction**

Before responding to the individual questions, EIC would like to take the opportunity to highlight the following overarching points:

- Clarity – there are several points in the consultation that undermine the Government's stated objective of providing greater clarity around the use of the term 'carbon neutral':
  - Emissions covered – this must be consistent throughout. It is not appropriate for some organisations to achieve 'carbon neutrality' by measuring, reducing and/or offsetting carbon dioxide emissions and others by measuring, reducing and/or offsetting greenhouse gas emissions. The statement of being 'carbon neutral' would not distinguish between what emissions have been measured, reduced and/or offset. To overcome this, 'carbon neutrality' should apply consistently to carbon dioxide equivalent.
  - Emissions reduced – the same applies to whether or not scope 1, 2 or 3 emissions are covered by an organisation's 'carbon neutrality'.

***The Environmental Industries Commission Ltd***

*Registered Number 2974304*

*45 Weymouth Street London W1G 8ND*

*Tel: 020 7935 1675 (Public Affairs) Tel: 020 74869566 (Membership)*

*Fax: 020 7486 3455 Email: [info@eic-uk.co.uk](mailto:info@eic-uk.co.uk)*

*Web Site: <http://www.eic-uk.co.uk>*

The definition needs to facilitate far greater clarity over what is being measured, reduced and/or offset. One solution may be a 3 star statement of carbon neutrality. A 1 star carbon neutral organisation would have measured, reduced and/or offset scope 1 emissions, 2 star would cover scope 1 and 2 etc. In all cases it should cover carbon dioxide equivalent emissions, in order to facilitate consistency between carbon neutral claims.

- Good practice – all references to good practice should be replaced with ‘best practice’. In all cases the Government should be encouraging best practice in achieving ‘carbon neutrality.’
- Achieving carbon neutrality should be voluntary. It should not become a way of meeting emission reduction policies such as the Carbon Reduction Commitment. In all cases the first priority must be the reduction of emissions through, inter alia, regulatory measures.

On a general point, at no time does the consultation ask stakeholders for comments on the actual definition of ‘carbon neutral.’

### **Consultation Response**

#### **1. Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Yes.

EIC support the principle of providing greater clarity on the meaning of ‘carbon neutral.’ EIC also support the principle of providing transparency about what carbon neutral means in any given circumstance.

#### **2. Do you agree with the Government’s broad approach? If not, what alternative would you propose?**

Yes.

#### **3. Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Broadly, yes.

#### **4. Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

EIC is concerned that allowing flexibility over exactly what emissions to measure could undermine the stated objective of defining the term ‘carbon neutral.’ If an organisation is able to claim ‘carbon neutrality’ regardless of whether they have measured, reduced and/or offset scope 1, 2, or 3 emissions, the definition would serve to undermine clarity, confidence and comparability over what is claimed. Please see EIC’s comments in the introduction to this response.

Yes, organisations should be able to pursue carbon neutrality only for certain parts of the organisation, subject to those organisations clearly stating the boundary of what is being claimed.

**5. Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Broadly, yes – subject to the comments made in the introduction regarding clarity.

**6. Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

In order to adhere to the stated objective of the consultation to provide greater clarity to the definition of ‘carbon neutral,’ the definition must be absolutely clear about what emissions it covers.

EIC believe that all six Kyoto greenhouse gas should be covered and, therefore, that the definition of ‘carbon neutral’ refers to carbon dioxide equivalent.

The definition should be amended to reflect this:

*“Carbon neutral means that – through a transparent process of measuring greenhouse gas emissions, reducing those emissions and offsetting residual emissions – net calculated carbon emissions equal zero.”*

**7. Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Yes.

**8. Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

Yes.

**9. Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Yes.

However, ‘emission reduction’ is a generic term and applies to both external reductions through project based credits and internal reductions through renewable energy and energy efficiency. It is important to be specific where the reference is to internal or external reductions.

**10. Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

EIC would support a minimum reduction requirement for achieving 'carbon neutrality.' This should be consistent with existing policies for reducing carbon emissions.

Where offsetting is used as a way of achieving 'carbon neutral' status, there should be a very clear timeframe within which the emission reductions through offsetting take place. For example, if an organisation chooses to offset its 2009 emissions then the offset should take place in the same period.

**11. Are the recommendations on good practice for reducing emissions clear?**

Broadly, yes.

**12. Do you agree that emissions reductions can be measured in either absolute or relative terms? If 'no', what would you prefer? If 'yes', do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

No.

The Government needs to facilitate consistency and comparability of emissions reductions. The definition should, therefore, cover emission reductions that are measured in one way or the other.

**13. Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes.

**14. Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes, but carbon offsetting should only be undertaken after all other measures to reduce emissions have been considered. An organisation should only be offsetting its unavoidable emissions.

**15. Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

Yes, the definition should only include credits under the Quality Assurance Scheme. If it extended, it must be for credits that are additional, are verified, leakage is taken into account, double accounting is prevented and it is a permanent offset.

The Government has committed to work with industry to include high-quality Verified Emission Reductions into the Quality Assurance Scheme. This work should continue and, if successfully completed, the definition of 'carbon neutral' should be amended to reflect the introduction of Verified Emission Reductions into the Scheme.

**16. Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

EIC would support domestic offsetting only if it could be guaranteed to avoid double counting and that the emission reductions were additional.

**17. Are the draft recommendations on good practice for offsetting clear?**

In principle, achieving carbon neutrality should follow the stated procedure that: "once an individual, consumer or organisation has measured its carbon footprint and then reduced emissions, the residual emissions must be voluntarily offset on a tonne-per-tonne basis."

However, the definition should be flexible enough to allow a degree of internal and external reductions to take place in parallel. For example, many organisations will start by offsetting the emissions that have already occurred, which is better than not taking any action, and then go on to look at reductions. In all cases, however, internal reductions must be encouraged before any offsetting takes place.

Please note an error in paragraph 7.3 where VERs are described as "Voluntary Emissions Reductions". The correct term is 'Verified Emissions Reductions'.

**18. Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

Yes.

**19. Do you believe that the proposed definition and recommendations can work in practice?**

Yes, subject to the comments made above.

**20. Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

Yes. Regulation should be enforced through a registry of carbon neutral organisations.



**21. Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

Yes. Please refer to the aforementioned comments on clarity and comparability. Primarily the definition needs to be clear over what emissions are covered. First it should be measured in terms of carbon dioxide equivalent (and not allow the flexibility over what's measured) and second provide greater clarity of exactly what is carbon neutral – i.e scope 1, 2 or 3 emissions – and what parts of the organisation are carbon neutral.

**22. Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

The Government should provide recommendations on external recommendations. This could be done to still allow organisations the flexibility to decide what type of verification is applied – as long as it adheres to principles of best practice.

**23. In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

Yes.

**24. Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Yes.

The Government should establish best practice regularly reviewing carbon neutrality status. The review process should follow the stated procedure for achieving carbon neutrality: measure current emissions; look at any new options for reducing emissions;; and offset residual emissions.

**25. If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

Best practice in all cases.

**26. Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

No.

The

**27. Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

Yes.

**28. Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

Yes, but these should be/are dealt with in separate consultations. For example, “zero carbon” for the purposes of new homes.

**29. Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes.

EIC support a robust definition of ‘carbon neutral’ that, first and foremost, encourages internal emission reductions. If the Government failed to apply this definition to its own carbon neutral targets it would undermine the purpose of defining ‘carbon neutral’ – facilitating confidence and clarity in the system.

I trust you will find these comments useful.

Yours sincerely,

Danny Stevens  
Policy Director

EUROSTAR

## Response to the Department of Energy and Climate Change consultation on the term 'carbon neutral': its definition and recommendations for good practice

**Q1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Yes

**Q2 Do you agree with the Government's broad approach? If not, what alternative would you propose?**

Yes

**Q3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Eurostar agrees that scope 1 and 2 emissions should be measured. Scope three emissions are much harder to measure in many instances and can also be immaterial. Inclusion of scope three should only be necessary according to the boundary of measurements as defined at the beginning of the carbon neutral process and included at the top of the process flow.

Scope 1 and 2 emissions must be included as a matter of course. Scope 3 should be left for individuals or organisations to decide so long as the scope has been clearly defined in their reporting. Scope 3 emissions will be appropriate for some and so it is important to acknowledge accounting or the lack of accounting in the reporting process.

The GHG protocol is an appropriate tool to use although it should be recognised that others are emerging and should be considered for use i.e. ISO 14064.

**Q4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Yes, organisations should be able to pursue carbon neutrality for certain parts of their organisation. Eurostar, for example, has offset the unavoidable emissions of all Eurostar commercial journeys after entering into a programme of reduction. This strategy has been based on the estimate that journeys represent over 70% of the organisation's emissions and it is a portion which we can measure with good levels of accuracy. We can also be very descriptive and transparent about what the carbon neutral claim refers to in terms of the defined boundary. The rest of the business is also being focussed on in terms of reductions and is an area where we need to concentrate on doing more but we do not have such clear measurement, it is a small part of our overall emissions

and it is less relevant to the customer as the actual journey emissions; we therefore have decided not to offset these emissions. If DECC took the approach that we can't claim carbon neutrality for the journey emissions because of the exclusion of the rest of the organisation then, for this reason alone, it would be fair to say that the strictest application of carbon neutrality would have a detrimental impact. Better to have the majority covered rather than have nothing.

**Q5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Recommendations are required and the processes are clear. The only area that needs consideration in terms of measurements is the use of scope 2 electricity conversion factors. The GHG is ambiguous in the detail and states that if a supply is atypical to that of the national average then it may be used. However DEFRA guidelines suggest that the national average values should be used when calculating scope 2 electricity emissions. This seems wholly wrong given that some organisations will be benefiting from carbon intensive electricity at lower prices than green energy and will also benefit from having reduced costs when it comes to offsetting the unavoidable emissions which result. By choosing to use supplier specific conversion factors where known, fairness can prevail and it will not penalise organisations that have already taken steps to reduce their impact by making positive choices about their energy supply.

**Q6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO2e) or only emissions of CO2? Or should the definition specify measurement of all Kyoto gases?**

Carbon neutral claims should include all Kyoto gases that are material to the scope of the defined boundary. To exclude non-CO<sub>2</sub> gases could leave significantly damaging emissions not being included.

**Q7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Yes, transparency is key to consumer understanding and the more transparent the better.

**Q8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

N/A

**Q9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Absolutely. Reduction targets should be set and should be ongoing for the duration of the carbon neutral term. If carbon offsetting is to play a part in the solution to climate change then it needs to be used as a lever but it should be the final link in the chain and not the first or only step. Without a reduction target, offsetting is simply seen as a 'license to pollute' and, at current, prices of credits can be achieved more easily and cheaper than applying reduction targets.

**Q10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

Yes to both. Eurostar initially set a target of 25% per passenger reduction to be achieved over a period of 5 years. This target was both meaningful and realistic. Having already achieved this we have raised it to 35% by 2012. What could be difficult for DECC is to give guidance on levels at which to set reduction. For example, if an organisation has achieved the limit of its possible reductions then they should not be penalised on an on going basis.

**Q11 Are the recommendations on good practice for reducing emissions clear?**

They are clear but they fail to mention functional units for services such as transport modes i.e. grams/km/passenger. It is also important to note that grams per seat should not be allowed as a relative measure due to the inability of this term to provide absolute clarity over emissions due to transport load factors as opposed to assumptions of 100% occupancy.

**Q12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no“, what would you prefer? If „yes“, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Reduction targets can be absolute or relative. Relative targets are seen in the transport sector as better comparators between different modes of transport and can help in the decision making processes for consumers and also offers a contextual basis for sustainable economic growth. Absolute measures are perhaps the purest and most transparent way for consumers to understand the actual volume of reductions but these do not reflect other variables such as growth. It should be left to the organisation/individual to judge which is the most appropriate measure so long as they are clear in their reporting. What should not be allowed, as some have done, is using mandatory reductions or allowances to count against their reduction claim. Any reduction claims should be additional to mandatory cap and trade mechanisms or at least detached from allowances and other fiscal levers (voluntary or otherwise) put in place with which to trade. It is also important to include relative performance of

functional units of transport (please see comments in Q11)

**Q13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes

**Q14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes, Eurostar believes that if carbon neutral refers to a net saving, then it stands to reason that the implication would be that "neutrality" is gained through offsetting in some way and would therefore be a clear statement of application. However, the issue here remains to be the definition of offsetting. I.e. A house builder could construct a building and at the same time install micro generation on site which, over time, would neutralise the carbon cost of the build. Is this offsetting and how is it regulated so that the building can claim carbon neutrality?

**Q15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

The Government should not exclude VER's simply because it cannot vouch for them. There are numerous projects around the world which are sold as VER's prior to achieving compliance in the CDM market. This represents the true quality of so many VER's which form a vital part of the voluntary market and a much wider range of options. Eurostar chooses to use only those credits (VER's or CDM) which have been verified and issued. In many instances this causes problems because there are so few credits available of this status. To minimise ourselves to only one market which restricts the range of options and could lead to a dilution of a strong internal policy that dictates rigorous standards. It is important that the type and standard of carbon credits purchased should be reported in order to maintain transparency. It would be unlikely that organisations buying carbon credits would not have access to the location, name and standard of credits purchased and from an organisational point of view Eurostar sees no reason why this information should be withheld.

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**Q16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Eurostar agrees that there are too many inherent difficulties with domestic offsetting for it to be included at the moment. Given that many companies enter into offsetting on a voluntary basis offsetting could be construed as a foray into a wider CSR type policy. As such, it would be possible for a "standard" to be designed that allowed companies to support carbon reduction

projects in the UK whereby the investment and benefits into reductions could be made clear in the same way that carbon offsetting is reported but at a level which does not recognise the need for additionality or double counting as a robust process. These carbon reduction schemes could be reported as a separate line to cap and trade systems, allowing the tracking of programmes and enabling clear definition of the impact of voluntary reduction schemes against mandatory targets. They should not be permitted to be used in any carbon neutral claims with current global regulations as they are.

**Q17 Are the draft recommendations on good practice for offsetting clear?**

Not at the moment, I think that consideration and a decision needs to be determined on timeframes between claiming carbon neutrality through offsetting and the amount of time it takes for the forward credits purchased to be issued. Eurostar takes the view that carbon neutrality has not occurred unless the credits needed in order to offset have taken place i.e. have been issued before the need to use them. This is a very pure application and exemplifies best practice in terms of credits used. It is important that the credibility of offsetting and subsequent carbon neutrality that tight standards are set in this area, CO<sub>2</sub> saved now is far more valuable than CO<sub>2</sub> saved in the future and if companies are using future emissions reductions to offset current emissions, appropriate discount rate to account for this balance need to be determined.

**Q18 Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

Transparency should include, the type and standard of credit and where possible an explanation of the project itself. The reporting period to which the credits relate and the volumes purchased. It should also include when the credits are going to be issued in relation to the reporting period.

**Q19 Do you believe that the proposed definition and recommendations can work in practice?**

Yes, it can work in practice but it should not be overly prescriptive.

**Q20 Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

Eurostar does not believe that the government should regulate the use of the term Carbon neutral. Any additional regulation beyond clear guidelines is likely to be a significant barrier to something that is a positive and voluntary action by organisations. The difficulties in covering the complex nature of organisations or individuals that it would apply to makes it very difficult to find a one-fit solution and from Eurostar's perspective, increased regulation across international borders may conflict as they have done already with guidance in reporting emissions from energy tariffs.

**Q21 Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

Eurostar believes that the suggestions outlined in the consultation are ample to give better understanding to the claim of carbon neutrality. It may be feasible to develop a tighter definition in the long run as understanding of the term increases and complexities are addressed. This may mean that there will be a need for sector or industry defined definitions for products, services or entire organisations.

**Q22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Eurostar takes the view that external verification is an important part of the carbon neutral process. A third party verifier has assured the statements that Eurostar publicises in order to provide an assurance of our claims. We would also suggest that any third party involved in the supply of carbon credits is not involved in the verification process.

**Q23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

It is important that the transparency aspect includes a description of what has been deemed carbon neutral i.e. a description of what has been offset specifically so that boundaries are clear.

**Q24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

At this stage in the process, DECC should only make recommendations on carbon neutrality after they have gleaned more experience in their own application of the term and the issues that arise within the different sectors to comply with such recommendations.

**Q25 If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

At this time we think that the Government should only make recommendations. It is a fast evolving area and there is not enough experience to define good or best practice at this time. As much as possible the recommendations need to avoid discouraging companies to take positive steps in this area.



**Q26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

I think that it should be recommended as to how but not when. The Government should neither encourage nor discourage the pursuit of carbon neutrality.

**Q27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

Eurostar believes that the term carbon neutral should not be phased out over time but adapted to reflect the changes in the market and application.

**Q28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

N/A

**Q29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes. If the government is issuing guidelines for others it need to adhere to them itself.

Eurostar  
May 2009

## **Forum for the Future's response to the DECC's *Consultation on the term 'carbon neutral': its definition and recommendations for good practice***

**May 2009**

Forum for the Future works in partnership with more than 120 leading businesses and public sector bodies, helping them devise more sustainable strategies and deliver these in the form of new products and services.

In June 2008, Forum for the Future and Clean Air-Cool Planet released [Getting to Zero: Defining Corporate Carbon Neutrality](#). Explicitly intended to help build consensus about what should lie behind any claim of neutrality, this report explored a number of the claims that had been made and concluded that:

*True corporate carbon neutrality means there is no net increase of atmospheric greenhouse gases from the existence of the company – or from a clearly-defined part of the company that accounts for a significant portion of the company's overall climate impact. If a company makes a claim regarding a specific product, then there should be no net increase of atmospheric greenhouse gases from the existence of that product.*

*The process for achieving neutrality should begin with an inventory of the company's entire carbon footprint (or a full life-cycle analysis of a particular product) and the setting of a clear boundary. The company should then embrace a neutralisation strategy that prioritises the avoidance of emissions, their reduction through energy efficiency, the replacement of high-carbon energy sources with low- or zero-carbon alternatives, and then the use of high-quality carbon offsets.*

*Every claim must be backed up by easily accessible, clearly communicated information regarding the company's full carbon footprint; the boundaries it has applied; and the strategy that has been embraced to achieve neutrality.*

The key recommendations in this report were as follows:

### **1) Embrace a stretching boundary**

The key tension surrounding any claim of neutrality remains reconciling the absolute nature of the claim – implying zero net impact – with a practical boundary-setting process. In the spirit of the term, we recommend that companies accept that claiming neutrality implies some responsibility to consider and address broader value-chain emissions. This is not to suggest that companies accept legal responsibility for the direct emissions of others, but rather that indirect emissions be explicitly considered as part of the neutrality process.

### **2) Demonstrate a broad understanding of your entire carbon footprint prior to making any claim of neutrality – and ensure that your claim covers a relatively significant set of emissions**

A transparent understanding of the company's full carbon footprint is essential as a prerequisite for any claim of neutrality, regardless of what boundary is set. This does not mean that companies should chase every gramme of carbon in their value-chain, but rather that they are able to broadly disclose and discuss where their biggest indirect emissions lie.

Questions remain about the appropriateness of a company making a limited claim of neutrality (i.e., regarding its 'manufacturing operations') when the associated emissions are relatively trivial compared to other emissions in its value-chain. If companies claim neutrality for relatively insignificant sets of emissions, the concept risks losing its legitimacy.

### **3) Exhibit caution in making *blanket* corporate-wide claims of neutrality**

Any claim of neutrality brings with it some risk, but unqualified claims are riskier than others. Unless the company in question can clearly demonstrate a full understanding and subsequent 'neutralisation' of its entire climate footprint, *blanket* claims are likely to mislead and should not be made.

### **4) Consider whether a claim of neutrality will resonate with your stakeholders**

Some companies will always find it difficult to convince stakeholders of the sincerity of any neutrality claim – either because the use of their product or service leads to emissions that dwarf their direct emissions, or because they are seen as fundamentally unsustainable. For those companies, we recommend that they avoid the use of the language of carbon neutrality, and instead seek to show climate change leadership in other ways.

### **5) Use the carbon management hierarchy to inform your neutralisation strategy**

The strategy used to achieve neutrality should be informed by a hierarchy that prioritises the *avoidance* of emissions, their *reduction* through energy efficiency, the *replacement* of high-carbon energy sources with low- or zero-carbon alternatives, and then the use of high-quality carbon *offsets*. Offsetting will play an important role in any neutrality strategy, but a claim of neutrality will ultimately be judged on the company in question being able to demonstrate a declining emissions baseline.

### **6) Be completely transparent**

Given the complexity of the issues and assumptions surrounding any claim of neutrality, absolute transparency regarding all aspects of the claim is essential. Every claim should be backed up by easily accessible information regarding the company's full carbon footprint; the boundaries it has applied; and the strategy that has been embraced to achieve neutrality.

### **7) Exhibit and sustain broad leadership on climate change**

While it would be technically feasible for a company to achieve neutrality through a strategy of 100 percent offsetting, this would not represent the spirit of leadership embedded in the term. True climate leadership is indicated by companies rethinking their business strategy; engaging deeply with their suppliers, customers and peers; and developing products and services that will thrive in, and help bring about, a low-carbon economy. While linking such actions directly to a claim of neutrality remains problematic, any company that wishes to position itself as a leader on climate change needs to embrace them.

### **8) Treat neutrality as a long-term commitment – and an ongoing, dynamic challenge**

As stakeholder interest in full life-cycle emissions grows – and methodologies for measuring and allocating responsibility for such emissions develop – we can expect the rules of the game for claims of neutrality to change. Companies should embrace this challenge and use any commitment, or aspiration, to neutrality to drive ongoing change. A commitment to neutrality must therefore be a long-term commitment.

We recommend that the definition and recommendations above form the basis of any efforts by DECC to propose “a definition of the term carbon neutral as well as recommendations on good practice.”

Beyond these recommendations, our main comments on the consultation document are as follows:

Boundary-setting. Given the absolute nature of any claim of neutrality, we feel strongly that organisations making a claim should endeavour to embrace as wide a boundary as possible – and to challenge themselves to stretch the boundary applied over time. This is crucial if we want claims of neutrality to drive positive change in the organisations that make them. While it remains extremely

difficult to determine which boundary is the 'right' one – we'd like to see DECC explicitly encourage organisations to embrace a stretching boundary, and to attempt to understand the climate impacts that arise up and down their value chain before making any claim.

Further, while we'd agree that *standard* practice for claims of neutrality involves setting a boundary that includes Scope 1 and Scope 2 emissions, supplemented by travel emissions from Scope 3, we do not think this represents *good* practice. Indeed, we'd argue that this boundary should represent *minimum* practice. There is, in fact, some inconsistency between expecting *product* claims to embrace a lifecycle approach (thus venturing into the world of Scope 3 emissions) while letting *organisations* focus on Scopes 1 and 2 (and we wholeheartedly endorse the expectation that products claims be backed up by a lifecycle approach).

Transparency. We are pleased to see DECC recognise the importance of transparency to any claim of neutrality. We strongly agree that transparency (regarding boundaries applied, and the strategy used to achieve neutrality) is essential to the credibility of any claim.

Regulation. Given our desire for organisations to treat neutrality as a long-term commitment and an ongoing, dynamic challenge, we do not think that Government should seek to regulate the use of the term. Efforts to do so would, we fear, result in it becoming a static concept around fixed (and no doubt limited) boundaries. As methodologies for measuring and allocating responsibility for carbon emissions develop, the rules of the game for claims of neutrality *should* change. And companies, and their stakeholders, should embrace this – and use any commitment, or aspiration, to neutrality to drive ongoing change.



**GtripleC**

21 May 2009

## **SUBMISSION ON THE DECC CONSULTATION DOCUMENT ON CARBON NEUTRALITY**

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This submission is intended to make three simple points in a way we hope you find is compelling:

1. Carbon Neutrality matters in the big picture of international responses to address climate change.
2. What the UK (and DECC) does has flow-on consequences internationally, so irrespective of whether you want this responsibility to bear on you or not, it does. In short, what DECC eventually comes out with following this consultation matters internationally.
3. Given 1 and 2, we believe there is serious cause for DECC to reconsider its stance about the role of voluntary offsets within the scope of carbon neutrality.

### **1. International big picture**

A key issue in the international climate change debate is the extent to which the posited large potential of negative cost abatement opportunities in developing countries (e.g. per McKinsey cost curves) is truly there for the taking. This plays into the whole question of what the scale should be of financial assistance from developed countries to developing countries in any “financing mechanism” in the Copenhagen Agreement. The argument goes (from developed countries) that developing countries should be able to self-finance the large wedges of negative cost abatement, e.g. energy efficiency in homes, buildings, small businesses and transport.

A good question is “Well, how effective have developed countries been in digging out these same kinds of mitigation opportunities in their economies?” According to many studies of the IEA, the answer is “Not great.”

We take from this that developed countries should be using and encouraging every possible tool in the policy toolkit in their own countries. These best practices can then be transferred to developing countries.

In our view, the encouragement and support of carbon neutrality programmes, and all those who have aspirations to get on the path towards carbon neutrality, is something that all governments should support strongly. Such programmes can build bottom-up, innovative and entrepreneurial initiative – in short, encourage many of our countries’ individuals, organisations and businesses to help “put their shoulder behind the wheel”. We need this to happen. To get onto a 2°C path, the IEA calls for a “revolution” in the energy sector. Moreover, carbon neutrality programmes lead to domestic mitigation and domestic jobs, which surely is something that all governments should want to stimulate in current times.

We therefore find disappointing the somewhat limp statement (bolding added) in the consultation document’s Executive Summary

The Government does not intend to regulate the use of the term (carbon neutral), **nor to encourage its use**,.....

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### **Global Climate Change Consultancy**

14B Glenmore St, Thorndon, Wellington, New Zealand

Ph: +64 4 472 2652 Fax: +64 4 472 2655 E mail: [GtripleC@paradise.net.nz](mailto:GtripleC@paradise.net.nz) Web: [www.GtripleC.co.nz](http://www.GtripleC.co.nz)

It seems to us that there is perhaps not a full recognition of the potential value of this policy tool. In turn, this can mean that the consequences of how different 'rules' (or guidance) about how this term should be defined and applied may not be fully recognised. In short, overly stringent (or overly lax) treatment can be very counterproductive.

We urge DECC to have this consideration in mind as they prepare such rules and guidance.

## **2. Flow-on consequences**

History surrounding the topic area of carbon neutrality and voluntary markets shows that where the UK (DEFRA and now DECC) leads, others may well follow. If DECC makes a judgement for what it sees as its own good domestic reasons (e.g. as they did regarding the offsets issue described in 3 below), this can cause others to carry this judgement into their own programmes, even though the domestic situation may well be different. On the offsets issue, for example, we have seen both international voluntary standards and proposed codes of practice in other countries (e.g. Australia) follow the practice of the UK.

In our view, this habit of others places a burden of responsibility on UK regulators in this area of public policy to think about consequences beyond their borders. It is unclear to us that when DEFRA developed its thinking about voluntary offsets that they foresaw the flow-on effect that this could have – namely that it has virtually killed the potential of the voluntary market to provide an incentive for supply-side mitigation activities in countries that have ratified the Kyoto Protocol. In turn, this makes it more difficult and more costly for individuals, organisations and small businesses to embark or stay on the path to voluntary carbon neutrality. In our view, given the points noted above in 1, this is very counterproductive to the pursuit of domestic (and least cost) mitigation in developed countries.

## **3. Reconsidering the position on offsets**

We believe that this consultation on carbon neutrality provides an ideal occasion for DECC to reconsider its position on voluntary offsets. We are talking about the concern of “double counting” (in our view, another ill-defined and problematic term) and the ‘rule’ about cancellation of compliance units. This is what we are referring to above in 2 about how UK thinking has influenced mitigation practices internationally in what we view as very counterproductive ways.

Our thinking is based on very simple logic. But it's only easy to see when you step back from thinking about voluntary offsets and instead think more broadly about carbon neutrality – as this consultation document does.

Let us describe a very simple case to try and make our point. Imagine that somewhere in the UK there is a community where the local government is very climate change conscious and wants to make its mark and become “carbon neutral”. It has the broad support of its public.

The designers of the programme follow what is now the traditional “3 Step” approach to carbon neutrality: measure, reduce, offset. (In essence, they follow your recommendations of good practice in this regard.) Within the boundary that is set for the programme are some community housing units that the local government owns. Irrespective of other UK government climate change policies and programmes, the fact remains that there are a number of energy efficiency measures that should, in theory, be cost effective but have not been taken up.

The carbon neutrality programme provides a new driver for aggregating local action and providing new business enterprises for the tradespersons who become trained and expert at energy efficiency retrofits. Economies of scale kick in, search costs (previously there but unrecognised) become minimal and because of this scaling up, actions truly become cost effective and get done – well, to a point, maybe insulation, low energy lighting and hot water wraps, but not (yet) upgrades of windows.

This is all part of Step 2 in the local government's carbon neutrality programme. Note also that all these energy efficiency measures have the effect of lowering the UK's emissions that are accounted under the Kyoto Protocol, so help some upstream point of obligation (in this case the UK government) in a compliance cap and trade scheme (the Kyoto Protocol). But this is of no concern. Nobody calls into question the credibility of these actions with labels such as "double counting". The community is proud of the reductions it makes. And others praise the community's efforts.

However, these Step 2 actions and others in the local government's programme do not get it to a zero footprint. They do need to consider a more costly tranche of mitigation actions (such as window replacements) or purchase offsets through the voluntary market. This "abate or buy" is an essential point of market mechanisms of an emissions trading type. It's why they encourage lower cost outcomes. They are more dynamic than other forms of market mechanism such as carbon taxes or traditional policies and measures.

Back to our case example. The community housing is not in estates of just community-owned housing. They are in mixed estates where an equal number are privately owned. So you can have two houses side by side, one owned by the local government so inside its established carbon neutrality boundary and an identical one next door that is privately owned, so outside the boundary.

The local government has subcontracted all the energy efficiency retrofits to a local independent 'clean energy' community group that in turn contracts with the local tradespeople who do the work. What seems obvious to everyone is that rather than move to the more costly and intrusive retrofits of the community-owned housing, they should instead first try and convince the local private owners to have the same lower cost first phase retrofits done in their houses. But while costs have been reduced by the aggregation that this programme has induced, the costs are still higher than the private owners are willing to accept. What would make the difference is if the efforts in the private-owned houses could generate voluntary units which could then be purchased and used (retired) by the local government as part of their Step 3 offsets.

This makes great sense to everyone until the community is advised that this would contravene the "double counting" rule in the voluntary standard that is being adhered to ensure actions are real, verifiable and additional. This means that the community group managing the retrofits would also need to purchase and cancel a number of compliance carbon units equal to the number of voluntary units being issued. This kills the economics of doing the lower cost retrofits in the private owned houses.

The groups asks about the logic of all this. How can it be fully acceptable (indeed encouraged) to do the retrofits in one house, but it's not credible to do the same retrofits in the house next door? Both have the exact same effect in terms of lowering the UK's emissions so helping the UK meet its Kyoto commitments (or perhaps some utility company with obligations under the EU ETS). Why is it necessary that the offsets element of the local government's carbon neutrality programme must provide an absolute benefit to the atmosphere, but the Step 2 reductions do not?

Good questions. And the ones we put to DECC to consider seriously. This issue reveals itself in paragraph 2.10 in the Executive Summary.

We think it is illogical and, given the issues raised in points 1 and 2, seriously counterproductive to automatically label as "double counting" any domestic actions incentivised through demand in the voluntary market created by carbon neutrality. As noted above, this has the flow-on effect of killing the use of this policy tool in countries and jurisdictions with Kyoto Protocol commitments, or that implement domestic cap and trade schemes.

We have used a very simple story to get the key issues across and hopefully capture your interest to at least consider this issue further. Our formal policy analysis goes much deeper. We append a series of detailed policy papers that we would like to be considered as part of our submission. These, for example, set out what might constitute “double counting” – that is wrong and should be stopped. And we show how this can be done without, in essence, a blanket ban on supply-side voluntary market actions in developed countries through the requirement to cancel compliance units.

We look forward to participating in any discussion that is generated by the issues we raise in our submission.

Sincerley

Murray Ward,  
Principal  
Global Climate Change Consultancy

E mail: [murray.ward@paradise.net.nz](mailto:murray.ward@paradise.net.nz)



Carbon Neutrality and Carbon Offsetting team,  
DECC,  
3 Whitehall Place,  
London,  
SW1A 2HH

Monkton Reach  
Monkton Hill  
Chippenham  
Wiltshire SN15 1EE

T. 0845 456 1640  
F. 01249 766091  
E. [enquiries@good-energy.co.uk](mailto:enquiries@good-energy.co.uk)  
W. [www.good-energy.co.uk](http://www.good-energy.co.uk)

20 May 2009

Dear Sir,

**Consultation on the term 'carbon neutral': its definition and recommendations for good practice.**

Thank you for the opportunity to comment on the above consultation. As I am sure you are aware, Good Energy is a small electricity and gas supplier, specialising in offering a sustainable alternative to energy customers. For your ease, we have answered the specific questions posed by your consultation, expanding our response where necessary. Responses to some questions have been omitted in our reply as we have no view on them.

Before we begin to answer the questions as set-out in the consultation, we believe that this is an opportune time to express our concern with the double-use and backtracking on current policy throughout this consultation and in paralleling policy – for instance, the Greenhouse Gas Protocol.

Throughout much of the EU, regulations are in place for electricity suppliers to divulge information on Fuel Mix Disclosure – exactly where their electricity for any given year had been sourced from, but still a 'long-term marginal average' figure continues to be used for grid-derived electricity – which is extraneous of real-time emissions. For accurate reporting of carbon emissions, electricity Supplier fuel mix is paramount.



**Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

To avoid all too-common and inappropriate use of the term, we believe that the introduction of an overarching definition is a wise decision. In doing this, it will create a yardstick for companies to aspire to, and a method for consumers (or even competitors) to police the claims made by product/service providers. However, it should be recognised that to be too proscriptive will just lead to companies using different terms instead.

**Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

As highlighted above, overarching principles are the desired option. Over-prescription in this new, and developing standard, should be avoided.

Broadly, although we do not see why offsetting is allowed, but the purchase of energy from renewable sources is not. Companies should use their supplier's fuel mix to measure their emissions, not grid average.

**Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

We believe that the GHG Protocol is the most comprehensive approach to measurement and reporting of emissions, however, we feel that other aspects of the proposals offer conflicting methodology and approach to the GHG Protocol – these have been discussed in greater detail below.

**Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Transparency is key for this approach. Provided the emissions reporter is clear about which Scope(s) are included as part of their calculations, and provided they hold utmost relevance to their business activities (for example, a Taxi firm reporting only on Scope 2 emissions is not best practice) then this should be sufficient. Policing of this may be difficult – however, in most cases, we feel that policing by competitor companies and customers would, initially, be more than sufficient.

**Q5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Yes. Again, we feel that transparency is key here. The emission sources reported, (additional GHG's – as used in Kyoto) or whether the emissions are direct CO2 measurements or equivalency, should be stated



upfront (disclaimer or similar could be used in the same space as claims on neutrality performance) and used consistently throughout.

Q6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

Yes, but they should make clear which term they use.

Q7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?

We believe that consistency of measurement, and therefore, claims made is paramount.

Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

We believe that both should be sufficient for the aims of consolidated, consistent reporting – however, we feel that some of the guidance is flawed. It is important that guidance is generally accepted, otherwise it may be ignored.

Q9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

Yes. We feel that reporting on emission-reductions offers more scope for improving performance, and shift slight emphasis away from effectively, for example, paying a 'buyout' to procure offsets.

Q10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

No. This is a level of prescription that the definition and recommendations are unable to quantify across all sectors. As stated in earlier responses – provided there is a sufficient level of transparency in the reductions achieved (compared to base emissions and/or company targets set), then there is no need for predetermined levels of reductions.

Q11: Are the recommendations on good practice for reducing emissions clear?

As stated in earlier responses – provided there is a sufficient level of transparency in the reductions achieved (compared to base emissions and/or company targets set), then there is no need for predetermined levels of reductions.



Q12: Do you agree that emissions reductions can be measured in either absolute or relative terms? If "no", what would you prefer? If "yes", do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

No Comment

Q13: Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

Yes. Should they prove not to be, during operations of the recommendations – this can be tackled based on direct evidence.

Q14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

For most it is the only way of reaching the neutrality status, although we fail to see why offsetting should be allowed, but using electricity from a renewable supplier should not.

Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

Certain VERs exceed the quality of the Kyoto credits – WWF's Gold Standard, for example. Only allowing Kyoto credits under the guidance will undoubtedly curtail development, progress and innovation within the voluntary sector. These must be allowed access to the quality mark, and therefore, the competitive market.

Q16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

We agree that procedurally, and for the benefits of monitoring and auditing, domestic projects are extremely difficult to consider under the standard. Domestic emission-reductions separate work streams; CERT, Zero Carbon Homes, FIT, RHI and Smart Metering are all, primarily, designed to address household emissions.

Q17: Are the draft recommendations on good practice for offsetting clear?

Yes.

Q18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?



Yes.

Q19: Do you believe that the proposed definition and recommendations can work in practice?

Yes, but one needs to recognise that the term "carbon neutral" can easily be changed to some other term by companies. (E.g. Carbon equal, carbon balanced, carbon baselined etc.)

Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

No. Provided the definition is in place, and recognises, the ASA will be able to adjudicate on the use of the term.

Q21: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose? Guidance is welcomed – even if this is used as criteria to assess carbon claims against.

No.

Q22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

No comment

Q23: In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

Again, guidance on neutrality statements would be welcomed.

Q24: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

Yes. For example, using an electricity suppliers fuel mix as the carbon content of the fuel.

Q25: If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

Good Practice.



Q26: Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

No Comment.

Q27: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

No comment.

Q28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

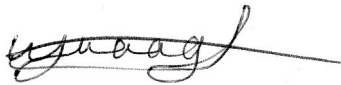
Whatever terms the government defines, then the breath of the English language means other terms are infinitely possible with the same implied meaning. We therefore suggest this would not be worthwhile, as long as a term (i.e. Carbon Neutral) is recognised and defined.

Q29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

No comment.

I hope you find these comments of use. Should you require further information, please do not hesitate to contact me.

Kind regards,



Will Vooght  
Regulatory Affairs Officer.



# **Helius Energy Response to the Consultation on the term 'carbon neutral'**

## **Introduction to Helius Energy**

Helius Energy plc is a developer and operator of renewable biomass power plants (both electricity only and CHP) in the United Kingdom and elsewhere. The group focuses on building two sizes of project: >60 MW<sub>e</sub> plants and smaller 5-8 MW<sub>e</sub> GreenSwitch<sup>®</sup> units.

The company listed on the London Stock Exchange AIM in January 2007 and received approval under Section 36 of the Electricity Act for a 65MW<sub>e</sub> biomass power plant at Stallingborough, North East Lincolnshire and, together with the Combination of Rothes Distillers has received planning permission for a 7.2MW<sub>e</sub> biomass CHP plant at Rothes in Morayshire.

The company is actively involved in seeking further sites for the development of biomass power plants and an application under Section 36 of the Electricity Act for consent to build a 100MW<sub>e</sub> biomass power plant at Avonmouth is currently under consideration by DECC.

## **Response**

Helius Energy welcomes the attempt to bring consistency and standards to the reporting of greenhouse gas (GHG) emissions and offsetting. We agree with the definition proposed on page 6, however we feel that the use of the term 'carbon emissions' when referring to 'emissions of either CO<sub>2</sub> or the six Kyoto greenhouse gases (CO<sub>2</sub>e) could be open to confusion or even abuse. Therefore, any statement should make it clear whether it refers to CO<sub>2</sub> (carbon?) or all six of the Kyoto greenhouse gases (greenhouse gas emissions).

### **Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Yes

### **Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

Yes

### **Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

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Yes. Good practice should form the basis of measurement and reporting for GHG.

**Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

While we agree that organisations should have flexibility over which emissions to measure and manage, any terminology used to quantify this should be clear and should make it clear exactly which emissions it relates to.

Organisations should be able to pursue carbon neutrality only for certain parts of the organisation, but again, any use of the term carbon neutral should make it clear which parts of the organisation are covered by the definition.

**Q5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

The recommendations appear to be appropriate. Wherever possible a meta-standard should be adopted to encompass all suitable approaches.

**Q6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

See answer to Q4 above.

**Q7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Helius Energy does not propose to answer this question.

**Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

Yes

**Q9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Emissions reductions, where possible, should always be implemented before offsets. However, how the relative proportions can be attributed and reported via the definition is unclear.

**Q10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

See comments above. However, specifying a reduction would not solve the problem, and different organisations and companies will have different achievable targets. A large number of factors including economics and other reporting mechanisms (e.g. the Carbon Reduction Commitment, European ETS, etc) will also have an influence.

**Q11: Are the recommendations on good practice for reducing emissions clear?**

Yes

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**Q12: Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Heliuss Energy does not propose to answer this question.

**Q13: Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes

**Q14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes

**Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

Heliuss Energy is not qualified to answer this question.

**Q16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Heliuss Energy is not qualified to answer this question.

**Q17: Are the draft recommendations on good practice for offsetting clear?**

Yes

**Q18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

Heliuss Energy is not qualified to answer this question.

**Q19: Do you believe that the proposed definition and recommendations can work in practice?**

With the provisos made above regarding the definition of the term ‘carbon emissions’, yes.

**Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

Regulation through existing legislation, for example by the Advertising Standards Agency, based around a definition such as the one proposed by the document should be sufficient. Additional inspection or regulation should be avoided.

**Q21: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

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Yes. See our opening comments.

**Q22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Organisations should be allowed to use any verification, including in-house assessments, provided it complies with the appropriate standards.

**Q23: In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

Helius Energy is not qualified to answer this question.

**Q24: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Helius Energy is not qualified to answer this question.

**Q25: If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

Helius Energy does not propose to answer this question.

**Q26: Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

Helius Energy does not propose to answer this question.

**Q27: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

At the current time, we cannot see any reason for doing so.

**Q28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

See our comments above.

**Q29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes.

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**IBM Response to DECC consultation on the term ‘carbon neutral’: its definition and recommendations for good practice – 21<sup>st</sup> April 2009**

<b>Q1</b>	Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?	Yes
<b>Q2</b>	Do you agree with the Government’s broad approach? If not, what alternative would you propose?	Yes
<b>Q3</b>	Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?	Yes
<b>Q4</b>	Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?	Yes  Providing that this is clearly stated and those parts of the organisation to which it applies are clearly specified
<b>Q5</b>	Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?	Yes
<b>Q6</b>	Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO <sub>2</sub> e) or only emissions of CO <sub>2</sub> ? Or should the definition specify measurement of all Kyoto gases?	Yes, all Kyoto gases should be included
<b>Q7</b>	Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?	No. Basic information that should be provided with any claim of carbon neutrality should include at a minimum: <ul style="list-style-type: none"> <li>• the exact emissions covered by the goal;</li> <li>• the boundaries of organization and/or activities that are subject to the goal;</li> <li>• the exact programs and actions that are to be executed in order to achieve the “carbon neutral” goal;</li> <li>• the programs and processes that are to be followed to quantify offsets, and to verify that the offsets are credible, accurate, additional, permanent, and contemporaneous; and</li> </ul>

**Q8** Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

Yes, However, the accuracy of the results generated by the PAS 2050 or ISO 14044 methodology will be strongly dependent on the quality of the process and material specific GHG emissions data used in the analysis. The fact that PAS 2050 allows for up to 90% of data to come from secondary, non process specific sources is a serious concern and in our view, renders the use of results from this approach for making external carbon neutrality claims inappropriate.

**DECC - Consultation on the term 'carbon neutral'  
Its definition and recommendations  
for good practice**

**Responding Organisation: IEMA**

**May 2009**



IEMA is a professional body established to promote the goal of sustainable development through improved environmental practice and performance. As a membership organisation, IEMA offers support services to environmental professionals and encourages best practice standards in environmental management, auditing and assessment. With over 14,400 individual and corporate members, IEMA is a leading organisation dedicated to the promotion of the environmental profession across the public and private sectors (over 50% of IEMA's members are employed in mainstream business). For more information on IEMA, its events, services, products, membership, training and publications please visit [www.iema.net](http://www.iema.net).

As a professional membership body, IEMA is uniquely placed to respond to this consultation. Within the profession, interest in climate change is considerable with our membership engaged on various levels including:-

- Environmental Managers addressing climate change mitigation on behalf of their organisations, often as part of an Environmental Management Systems (e.g. organisations registered to EMAS, ISO14001 or BS8555);
- IEMA members having to address new developments, such as the Carbon Reduction Commitment or PAS 2050 on behalf of their organisation;
- IEMA approved Training Bodies offering professional training and development on climate change and carbon management;
- Environmental Assessment professionals, addressing climate change impacts for new developments at both project level (Environmental Impact Assessment) and also at plan / programme level (Sustainability Appraisal and Strategic Environmental Assessment);
- Consultants offering professional advice and management solutions;
- Environmental practitioners addressing climate change adaptation; and
- IEMA registered environmental auditors engaged in schemes such as the EU ETS and the CDM.

When responding to consultations IEMA's key aims are:-

- To inform decision-making, based on robust and relevant information available at the time;
- To remain independent and seeking to offer impartial credible professional advice; and
- Where possible, to consult and engage with a range of interests and groups within IEMA membership.

The following detailed response has been produced after an open consultation exercise with IEMA members and also a consultation workshop held in April (London based). This response draws on specific contributions from a number of environmental management professionals across a range of disciplines. It was also communicated as a draft to our 14,400 members.

IEMA's response is set out below, outlining comments in response to the consultation's 29 questions, along with further proposals and recommendations.

IEMA would be happy to meet with DECC officials to explore issues raised in this response, if this would be helpful.

*Question 1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?*

Government action to help define this term is welcomed and guidance is required on both the definition of a valid carbon neutral claim and the supporting process to be able to substantiate such a claim. There is evidence that the term has been problematic (in certain instances) and that confusion has existed with the public, resulting in scepticism over related environmental claims. This can be damaging to environmental progress.

IEMA is aware the term 'Carbon Neutral' has occasionally been associated with an approach counter to principles of what would be considered good environmental management. Comparison has been made with the waste hierarchy where priority is clearly placed on reduction ahead of recycling (adopted by Defra within the 2007 UK waste strategy). Similar reference is made to the long established hierarchy of mitigation with compensation (i.e. offsets) following on after initial avoidance, reduction and remediation (as per forthcoming CLG guidance on Environmental Impact Assessment EIA). Both of these reflect long established environmental management principles, by following a hierarchy of actions with avoidance and reduction at the top.

In this context, concern exists that a 'neutrality' approach can too quickly squeeze out reduction efforts because of the offset option. It is recognised that good case studies exist which incorporate reductions at source, and IEMA members have been active in this field. However, on occasions, the term carbon neutrality has been associated with what might appear to be easy fixes, while seeming to avoid the harder (yet necessary) at source emission and energy reduction priorities on climate change that are essential if the UK is to achieve its 2050 emissions reduction targets (and as indicated above, should always form the priority in terms of accepted approaches to environmental management).

In recognition that the term is increasingly used, it is essential clarity and balance is achieved in line with good environmental management and assessment principles.

*Question 2 Do you agree with the Government's broad approach? If not, what alternative would you propose?*

In line with the above concerns, additional aspects need addressing as below:-

- Emissions reduction at source should be specifically addressed as a priority. It is accepted that the consultation paper sets a general requirement for reduction, but it is highlighted by IEMA as needing further work and development. A clearer hierarchical approach is required and a stimulus needed to incentivise and reward direct reduction in energy consumption;
- The development of rigorous related processes is supported such as a

sequential approach to measure, avoid, reduce and then offset (but only offsetting a genuine residual if the term carbon neutral is to be used);

- Carbon Neutral approaches need to be compatible for integration within wider established business management systems, including Environmental Management Systems (EMAS, ISO14001 and Acorn). This will help to ensure efficient integrated approaches so the process can be effectively embedded within organisations; and
- Claims need to be clear with clarification statements on the proportion that has been offset as opposed to the proportion reduced.

It is strongly suggested that appropriate liaison is undertaken with other (standards) bodies both in the UK and internationally. This is to ensure a robust approach is established through all current developments and is ultimately consistent across relevant standards (e.g. the developmental BSI PAS2060 and current ISO work to revise ISO14021 which will include a definition of the term 'carbon neutral'. DECC should ensure its consultation responses and outcomes are made promptly available to help inform these and other relevant developments.

*Question 3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?*

The GHG Protocol provides useful guidance and a good basis / starting point. It will not on its own always provide the full rigour required to demonstrate emissions quantified and in this context, use of ISO 14064.1-3, ISO 14065-66 standards would be appropriate.

However, we would have expected any assessment of GHG emissions in the context of the term Carbon Neutral would be based on the Government's forthcoming GHG emissions measurement and calculation guidelines which will be published by Defra as a requirement under the 2008 Climate Change Act, and which must be laid before Parliament no later than 1<sup>st</sup> October 2009.

Furthermore, for carbon neutral claims relating to products / services, we would expect these to follow the guidance set out in PAS 2050, the development of which was led by Government. We believe that this is essential if robust and consistent methods are to be used and to provide clarity to users.

We believe it is more appropriate for the term "quantification" to be used in the guidance, rather than measurement. Experience suggests that a combination of measurement, calculation and estimation techniques are used to quantify GHG emissions and this should be used in the guidance.

*Question 4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?*

Although it is accepted that some flexibility is needed, minimum standards are

required and claims must be clear and transparent (i.e. the scope of the claim should be specified). A level of consistency is needed to help ensure rigour and avoid public cynicism / damaging criticism.

The minimum good practice definitions for individuals and communities, organisations and products are noted (as set out in box 2 page 20 of the consultation). Forthcoming Defra guidance on GHG reporting should, we believe, form the primary reference on these matters.

IEMA recognises the difficulty in measuring / calculating certain Scope 3 emissions, but consider this should be addressed within best practice. For example, we see no reason why business travel cannot be included (many companies include this anyway). We do recognise that in some cases there is insufficient scientific knowledge on certain Scope 3 issues (e.g. certain waste disposal emissions). Potentially a 'relevance / significance' principle could be applied with scope extended in situations where there are clearly relevant and significant scope 3 emissions (for example, an organisation with major business related national and international travel).

There needs to be greater consistency if confusion is to be resolved. In general the expectation should be for claims to relate to entire organisations or complete product units. Any flexibility beyond this should only be possible if the boundaries and limitations are transparent and communicated (e.g. scope boundaries, temporal and geographic limitations, etc).

*Question 5* Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

IEMA recognises the majority of organisations will not have experience of identifying and quantifying GHG emissions. As such, clear guidance will be necessary to support appropriate use of the term Carbon Neutral. However, in order to ensure a consistent and coherent approach across Government and the user community, IEMA believes that:-

- For organisations, the guidance should use Defra's forthcoming guidance for organisations on GHG emissions measurement and calculation;
- For products/ services methods set out in PAS 2050 should be used; and
- For individuals and communities the Government's carbon calculator should be used (possibly further developed).

*Question 6* Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

IEMA believes the definition should specify the basket of the six Kyoto greenhouse gases in CO<sub>2</sub>e. A common approach in this area is essential if claims are to be credible and, as such, the guidance in Defra's forthcoming GHG emissions measurement and calculation should set the basis for carbon neutral claims.



*Question 7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?*

The transparency elements on measuring emissions are clear and dependant upon implementation should be effective / sufficient. Modification may be required to cater for the significance principle and other comments on assumptions and limitations mentioned at *Question 4*.

*Question 8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?*

PAS 2050 should be used as the basis, but with recognition and care to ensure transparency over the scoped footprint (i.e. which emissions if any are excluded from scope). There may for example be some uncertainty over certain products where the raw material is effectively the product and the wider carbon / GHG impact can be either positive or negative (e.g. timber, peat, etc). If / where such exceptions exist these will need to be addressed on a case by case basis.

*Question 9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?*

Yes, emissions reductions must be in the definition and be the primary focus. The wording of current descriptions, and terms across the document, do not give reductions sufficient priority (see earlier comments in *Question 1* re the mitigation hierarchy and waste hierarchy equivalent approaches). Reductions need to be given due priority and there needs to be recognition that carbon savings via offsets are not equivalent to reductions at source.

A terminology issue here is the occasional use of the word 'reduction' in relation to offsets. Although it is accepted that VERs are now an established element of processes such as the CDM, the use of 'reduction' for offsets is causing confusion and transparency issues. Within the definition and context of 'carbon neutrality' there needs to be clarity. In these descriptions the word reductions should be reserved and used only for reductions at source (i.e. within the organisation or product process).

*Question 10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?*

Yes, to the requirement for a reduction and the position set out in section 6.4 of the DECC consultation is supported - "...a carbon neutral claim should not be made where there is no emissions reduction of any kind either envisaged or delivered". This is understood to be a clear reference to the need for at source reductions and as such is supported.

HEMA recognises this is a challenging area in that individuals, organisations and products will all be at different positions on their 'carbon reduction' journeys and that the ease of reduction will differ across sectors and society. However, in a policy context of UK carbon budgets and targets for 2050

(80%) and also the Government's drive for a transformation to a low carbon economy, it is clear reductions across the board will be required. In this context, IEMA believes reductions at source should be essential within the concept of carbon neutrality.

Further work is required to help define effective options and methods that can 'build in' reductions at source to any definition and guidance on carbon neutrality. Suggestions have included:-

- A required public commitment by organisations both to reduce and manage their carbon footprints. Organisations may set their own reduction target and timescale and this should be within a transparent communication (alongside the carbon neutral claim);
- A minimum annual reduction level set across the board (perhaps equivalent in approach to the Gershon targets for annual financial savings in the public sector);
- Medium and longer term commitments beyond minimum levels (e.g. 5 year reduction targets);
- Acknowledgement to be given to previously achieved reductions; and
- Modifying the carbon neutral equation to provide increased stimulus and value on reductions (see *Question 19*).

The potential need for a standard on measurement and reduction has been identified. Although the Carbon Trust has undertaken developments in this area, no widely accessible standard exists and this is considered to be a gap (especially for SME's). Given the hierarchy priorities (as outlined in *Question 1* above) it is suggested this should now be discussed as a priority with BSI Standards and consideration given to developing a specific 'reduction' standard or Publicly Available Specification (PAS).

*Question 11* Are the recommendations on good practice for reducing emissions clear?

The recommendations are useful, but are not yet clear and do require further development. Case studies and examples will be useful. IEMA would be willing to assist in sourcing such case studies and helping to develop guidance in this important (fundamental) element of the carbon neutral equation. DECC's approach to make reductions a clear requirement is supported.

*Question 12* Do you agree that emissions reductions can be measured in either absolute or relative terms? If "no", what would you prefer? If "yes", do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

Both terms can be used, but the carbon neutral claim will have to be calculated on an absolute basis (relative to the scope of the quantified footprint). Objectively, if carbon neutrality is to be used, then this must be in a context of energy reductions being genuinely achieved and balanced in absolute terms.

*Question 13* Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

They appear correct in relation to principles, but further work is required on reductions as outlined in points 10 and 11. In response to this work further development is likely to be required on transparency.

*Question 14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?*

In most instances, but not always. For example, a Company may be able to diversify its activities and establish and supply renewable energy beyond its own requirements (for example, through projects such as wind energy developments on its own land holding or via a biomass CHP scheme to help serve a wider industrial estate). Such surplus generation, together with a major reduction in energy use, may be sufficient for the company to reach a position of carbon neutrality. Such a scenario is increasingly possible, especially in the context of recent developments to the UK Planning system, standards such as the Code for Sustainable homes and initiatives such as CLG's Zero Carbon commitments for 2016.

*Question 15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?*

This would appear to be a consistent approach. However, there are concerns on capacity and there is considered to be merit in attempting to increase options available. However, standards should be robust and credible, especially in relation to offset additionality.

Because of some baseline issues and uncertainties on offsets (e.g. concern over the scenarios outlined and the genuine additionality or permanence) there may be merit in raising the bar by requiring purchase of a buffer margin beyond the residual calculation (e.g. double). Also see point 19.

*Question 16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?*

There is some uncertainty on this issue. Although domestic offsetting might amount to double counting from the perspective of the UK Government (if they purchased and used UK VERs / high quality offsets) it would not be double counting for either individuals or for businesses (on the assumption that their carbon neutral claim is completely voluntary in status). On this basis there is interest in exploring the possibility of good quality UK (and annex 1) offset schemes for private sector carbon neutral claims.

*Question 17 Are the draft recommendations on good practice for offsetting clear?*

Yes, although there is a need for clarity in that offsets should not be described as equivalent to reductions at source. Offsets need to be recognised as being

savings against a growth or baseline predicted scenario and are dependent upon assumptions.

*Question 18 Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?*

Some further development is needed in line with points 17 and 21.

Transparency on the extent of the carbon neutral claim itself should also be addressed. An example scenario highlighted to us, might be a Company that has achieved its current dominant position by 50 years of expenditure, growth and capturing of market share (amongst other things). The question has been raised – how can a Company that has emitted 50 years of GHG to atmosphere suddenly call itself carbon neutral through a 12 month measurement, reduction and offset purchase? This Company has a very current ongoing legacy of damage (50 years of emissions most of which will be in today's atmosphere and contributing to climate change). Objectively, should this all need offsetting before any claims of neutrality are granted?

*Question 19 Do you believe that the proposed definition and recommendations can work in practice?*

Possibly with further development. A significant concern exists in relation to offsets over-shadowing emission reductions (see comments at *Questions 1, 2 and 10*). One option to help drive emission reductions may be to increase their value within the carbon neutral equation.

A suggestion has been made that the residual carbon footprint be offset on a ratio of 1:2, effectively doubling the cost of the required offsets. This principle is in line with the issue of encouraging reductions at source ahead of offsets (as reductions would then be cheaper on a unit basis). It would also demonstrate a conservative approach given baseline and assumption concerns that exist on offsets (15).

*Question 20 Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?*

Provided that appropriate methods are used then existing and developing processes for environmental claims should be sufficient. In setting a clear framework, Government will enable wider scrutiny at different levels:-

- 1) Self regulation;
- 2) Review by stakeholder and peers;
- 3) Use by Advertising Standards Authority (ASA) in relation to 'carbon neutral' claims;
- 4) External verification when used in conjunction with related standards;

Examples of specific standards and references likely to apply are:-

- ISO 14020:2001, Clause 4
- ISO 14064-1:2006, Clause 3
- ISO 14064-2:2006, Clause 3
- PAS 2050:2008, Clause 4.2
- Carbon Trust Code of Good Practice for Product Greenhouse Gas Emissions and Reduction Declarations 2008, Section I
- WBCSD/WRI GHG Protocol:2004, Corporate Accounting and Reporting Standard Chapter I
- WBCSD/WRI GHG Protocol:2004 GHG Protocol for Project Accounting Chapter 4

*Question 21 Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?*

Yes. One means of enabling comparison would be consideration of clear content labelling for the carbon neutral claim. For example:-

“Carbon neutral”  
20% reduction 80%offset

This is required for clarity both directly and indirectly and would have to be related to a specific time period (baseline).

*Question 22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?*

Yes, to flexibility although guidance is helpful in setting out and enabling more consistent approaches. With regard to the potential risks associated with claims, it will be sensible for organisations to ensure they fully address their footprints, reductions and offsets. Companies and individuals, however, should in the first instance take responsibility for their own claims.

In this context, there is now a fast emerging need for developing skills and capacity to internally audit and verify GHG emissions and related issues (such as carbon neutral claims). Given the range of reporting obligations which are now placed on business, from the carbon reduction commitment to forthcoming reporting obligations under the Climate Change Act, it seems logical to look to develop an appropriate skills programme in this area. Investing some effort in developing organisation’s capabilities in collecting and reporting on greenhouse gas data is in our view essential. IEMA would welcome the opportunity to work with government and bodies, such as EEF, in developing such a programme.

*Question 23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?*

Further guidance on communication would be helpful, perhaps through revisions / developments to the Green Claims Code. Recognised (and

developing) standards in this field should also be referenced and used, such as the principles within ISO14021 / 14020 series (Environmental Labels and Declarations) and ISO 14063 (Environmental management - Environmental communication - Guidelines and examples).

*Question 24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?*

Yes. It is considered that reviews of carbon neutral status should take place on an annual basis.

*Question 25 If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?*

Consideration may be given to progression from good to best practice over a set timescale. A minimum level of standard, however, should be set out. This should be based upon hierarchy principles and reduction at source priorities as outlined in *Question 1* above.

*Question 26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?*

If carbon neutrality can be defined and principles agreed then it would be a sensible progression to encourage its adoption across society (but only if the term is re-balanced to stress reduction at source as a priority). This could potentially lead to a mainstreaming and scale up in activity that would make a meaningful contribution both to recent UK 'carbon budget' targets and to low carbon development internationally. Such a scale up, however, is unlikely to be possible under current proposals due to issues over the need for drivers on reduction and the lack of supply of suitable carbon offsets (i.e. offsets meeting the Government's new quality assurance scheme).

A more likely path is to see 'carbon neutrality' making a contribution along with claims such as 'low carbon' or 'carbon reduced'. In this context it will be essential to ensure transparency between claims (see wider comments throughout on the need to define % reduced and % offset). Supply of suitable offsets may still be a limitation.

*Question 27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?*

Possibly. As above, it may be a concept tool that can help to build wider action across society. It may run its own course.

In the short / medium term the objective should be to raise the profile of carbon reductions and 'low carbon' as the essential focus for organisations and consumers (in terms of major 80% reductions by 2050).

*Question 28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?*

All carbon related terms would benefit from clarity.

Zero carbon is separately defined by UK Government (CLG). The term would merit further definition and guidance in terms of its potential use for wider developments beyond housing and should be compatible with the guidance on Carbon Neutral.

Low carbon does not require definition but the concept requires clarity and needs to be the lead focus moving forward. The development of both related standards guidance and capacity (skills) will be essential.

*Question 29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?*

Yes – Government should actively use its own guidance.



The International Carbon Reduction and Offset Alliance (ICROA) is the leading membership organisation, for carbon reduction and offset providers, in the voluntary carbon market. The primary aim of ICROA is to promote best practice in the voluntary carbon market, via self-regulation, with the ICROA Code of Best Practice. ICROA members are based in European, American and Asia-Pacific markets.

ICROA members sign up to, and publically report, against the ICROA Code of Best Practice which has specific requirements for how ICROA members provide their carbon footprinting, greenhouse gas reduction advice and offset services. ICROA members only provide the highest quality offsets, currently: Gold Standard, Climate Action Reserve, Voluntary Carbon Standard and CDM/JI. ICROA members also provide a unified voice to Governments and other key stakeholders on voluntary carbon market issues. For further information on ICROA, please visit [www.icroa.org](http://www.icroa.org)

**ICROA Members:**

Carbon Clear

Climate Care

ClimaCount

Climate Friendly

Climate Neutral Group

co2balance

First Climate

NativeEnergy

targetneutral

TerraPass

The CarbonNeutral Company



## **The International Carbon Reduction and Offset Alliance's response to DECC's Consultation on the term 'carbon neutral': its definition and recommendations for good practice**

We thank DECC for the opportunity to contribute to its consultation.

However, we wish to make the following crucially important point at the outset:

**We believe that a clear definition for a class of terms that define a net zero state of GHG emissions achieved through a combination of internal and external reductions is critical to underpin and grow voluntary action on climate change.**

**However, we see this work as outside of the core purpose and expertise of DECC. We note, and are a stakeholder in, the work that BSI is doing to develop a Publicly Accessible Specification (PAS) that may eventually become an ISO standard for net zero claims. We believe that the BSI is appropriately qualified to undertake the task of defining internationally recognised guidance on net zero GHG emission claims, and that its PAS processes are fit for purpose.**

**We therefore encourage DECC to support and contribute to BSI's work in order to fulfil DECC's need for a recognised definition for the UK Government's carbon neutrality programme and the ASA's need for clear guidance on advertising claims.**

With that point made, we provide below a detailed response to the DECC consultation in order to address a number of mis-statements in the consultation document, and so that this exercise can be useful to DECC's further contributions in this area.

To start, we highlight the following five specific issues to emphasize their high importance:

### 1. Use of the term "carbon neutral"

We advise that the term "carbon neutral" should not be attributed to guidelines on net zero GHG emissions for the following two reasons:

- i. The objective of this definition and recommendation of good practice is to ensure that claims about voluntary action on climate change can be trusted. "Carbon neutral" is one of many terms used to describe the state of net zero greenhouse gas emissions, and to restrict the guidelines to a single term will defeat its purpose. For that reason we strongly advise that the guidelines are defined and described in such a way as to incorporate claims using terms such as, but not limited to, "climate balanced", "carbon balanced", "climate neutral", "zero carbon" or "net zero carbon", and "carbon free" – i.e. any and all claims pertaining to the state of net zero greenhouse gas emissions.
- ii. Specific use of the term "carbon neutral" will breach, in certain specific applications, the trade mark of one of the ICROA member companies. This trademark is CARBON NEUTRAL (UK registration 2184028 and Community trade mark registration 1672310). ICROA trusts DECC to act appropriately given

this fact.

## 2. Offsetting delivers a real reduction in emissions

We feel that there is confusion or misunderstanding in the consultation document around what carbon offsetting is and how it helps to tackle climate change.

For example, from 6.2: "carbon offsetting... does not reduce the overall emissions contributing to climate change." This is followed in 6.3 by: "In theory, it could be possible to be carbon neutral without making an (absolute) reduction in emissions simply by measuring emissions and then offsetting". Offsetting means helping to fund a project that delivers an emission reduction – the project just happens to be 'external'. From a global perspective there is no difference between an internal and an external emissions project, as it has been scientifically proven that a reduction in emissions is a reduction in emissions, regardless of the location.

A further example of this confusion is in section 7.1: "There is no question that offsetting lessens the impact of a consumer's or organisation's actions – but it does not reduce the overall emissions contributing to climate change." If offsetting does not reduce overall emissions contributing to climate change, then how can it lessen the impact of an action? This is internally inconsistent.

Any language in this consultation document or in the final guidance around carbon neutrality that suggests that an external emissions reduction (a.k.a. offset) is less effective than an internal emission reduction is wrong and undermines the stated aim of this guidance – which is to improve the credibility of the term carbon neutral.

## 3. Alignment of this guidance on net zero GHG emissions with the Quality Assurance Scheme (QAS) for Carbon Offsetting

We strongly believe that the Government should NOT seek to align any guidance with the QAS. We make this recommendation for two reasons:

- i. When the QAS was first published, DECC committed to starting a process to evaluate VER standards for potential inclusion in a second phase of the QAS. Recent correspondence between DECC and ICROA suggests that the Government is not able to commit any resource to starting this evaluation until the start of 2010 at the earliest. From a 'due process' point of view, we do not believe that the Government should align the carbon neutrality guidance with the QAS at least until it has honoured its commitment to review VER standards for inclusion within the QAS.
- ii. This consultation document states that it is possible for VER projects to be as robust as compliance market projects and that these projects can result in benefits (poverty alleviation, innovation, geographic reach etc.) that are not possible (or at least more difficult) through compliance market projects. Once the carbon neutrality guidance is published, companies are likely to want to align themselves with it – particularly for use in advertising in order to avoid negative judgements with respect to the ASA. If the Government were to link the guidance around net zero GHG emissions to the QAS in its current form (i.e. compliance market projects only), this is likely to result in a dramatic reduction in demand for high quality VER projects – an outcome that DECC says it wants to avoid.

## 4. Internal and external reductions should happen in parallel

The definition of carbon neutral proposed in the consultation document stipulates that the internal reductions step should be implemented prior to the purchase of carbon offset. We believe this is incorrect, and that by instead allowing the two actions to happen in parallel, the emissions reductions achieved would be greater, and engagement in action on climate change improved. This is for the following reasons:

- i. By allowing an organisation to offset before, or at the same time as, reducing emissions internally, the cost of carbon is internalised immediately, and so the organisation's reductions are driven more effectively – by an economic motivation. This change in the definition could only serve to increase the overall reductions achieved. So we advocate internal and external emissions reductions being implemented in parallel on the basis of economics (i.e. implement the emissions reductions that are cheapest – whether they are internal or external).
- ii. The aim of the guidance is to increase credibility of the term carbon neutral. However, it would be very difficult to know if an organisation's internal reductions had been implemented prior to the purchase of offsets, and hence it would be uncertain whether it was entitled to describe itself as carbon neutral under a definition that requires these steps to be taken in sequence. For this reason, we believe such a requirement would leave the definition subject to the very cynicism it seeks to avoid.

#### 5. Interaction with carbon accounting relating to 'green' / renewable electricity tariffs

Historically, many companies that sought to minimise their GHG emissions, chose to procure all or part of their electricity from a 'green' electricity tariff that could be zero-rated from a carbon accounting point of view. In its most recent guidelines, Defra changed the carbon accounting rules in its corporate GHG reporting guidelines to require most green tariffs to be accounted for using the standard UK grid factor. However it also left open, through a proposed consultation exercise, the possibility of setting out requirements for 'truly additional' green tariffs that could be zero-rated for carbon accounting purposes (or at least rated using a lower emissions factor than the standard one). To the best of our knowledge, this consultation has not yet been held and so there is still an element of uncertainty around green tariffs.

If guidance for carbon neutral, zero-carbon etc. terminology is to be clear and unambiguous, the remaining uncertainty around the treatment of 'green' electricity (whether generated on site or purchased through a 3<sup>rd</sup> party tariff) needs to be addressed.

**Q1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

No. We think this work is appropriate to a standards setting organisation like the BSI. Further, for any guidance supported by DECC, the following important qualification applies to all our responses in the remainder of these questions:

There is inconsistency and great variation in the use of many terms related to voluntary action on climate change so bringing more consistency to the use of this class of terms will increase the credibility of companies making sound claims.

We understand that the objective of DECC's definition and recommendation of good practice is to ensure that claims about voluntary action on climate change can be trusted. "Carbon neutral" is one of many terms used to describe the state of net zero greenhouse gas emissions, and to restrict the guidelines to a single term will defeat its purpose. For that reason we strongly advise that the guidelines are defined and described in such a way as to incorporate claims using terms such as, but not limited to, "climate balanced", "carbon balanced", "climate neutral", "zero carbon" or "net zero carbon", and "carbon free" – i.e. any and all claims pertaining to the state of net zero greenhouse gas emissions.

Therefore while we support DECC's work to bring integrity to this area, we believe the focus must be on defining a class of claims, rather than a definition only for the use of the specific term 'carbon neutral'.

Furthermore specific use of the term "carbon neutral" will breach, in certain specific applications, the trade mark of one of the ICROA member companies. This trademark is CARBON NEUTRAL (UK registration 2184028 and Community trade mark registration 1672310). ICROA trusts DECC to act appropriately given this fact.

ICROA is an international organisation with members based in European, Asia-Pacific and American markets. It would be counterproductive if different definitions of net zero emissions develop in different regions.

**Q2 Do you agree with the Government's broad approach? If not, what alternative would you propose?**

Yes, in principle, subject to the following concern:

The proposed sequence of action with regard to reduction and then offset is not workable. Firstly, it would be very difficult to know whether an organisation had reduced emissions before offsetting and hence was entitled to describe itself as carbon neutral.

Secondly, by allowing an organisation to offset before, or at the same time as, reducing emissions, the cost of carbon will be internalised and so the organisation's reductions will be driven by an economic motivation. This could only serve to increase the overall reductions achieved. A fundamental

principle of ICROA is the "reduce and offset" approach to carbon management. So we advocate internal and external emissions reductions being implemented in parallel on the basis of an economic analysis (i.e. we implement the emissions reductions that are cheapest – whether they are internal or external).

**Q3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Yes. ISO 1464-1 should also be recommended for use, particularly as it was developed by BSI and has gone through the formal ISO process.

**Q4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Yes and Yes. Subject to our reservations stated above.  
We agree with both of these statements, subject to organisations clearly stating the boundary of what is being claimed for their net zero GHG emissions claims.

**Q5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Yes, broadly. However, we do not agree that a full PAS 2050-compliant assessment should be compulsory for net zero GHG emissions claims made around products and services (see further Q8).

As set out in the opening statement, we believe that the issues around accounting for the use of green electricity tariffs need to be addressed in an unambiguous way, if the guidance given around net zero GHG emissions claims is not to be undermined.

**Q6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

Yes. We believe that all six Kyoto gases should be covered. Given this, we believe that the Defra guidelines for company reporting on greenhouse gas emissions should be expanded to cover all six gases wherever that is not currently the case, with extra guidance about the RFI and aviation in respect of this.

**Q7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Yes, broadly. However, we are concerned about the issue of relocation of emissions e.g. if a company moves a call centre from the UK to India, and think that this needs further thought / clarification. This clarification needs to be grounded in what is practical - we do not believe that it is practical to report every business change of this kind along with a claim of net zero GHG

emissions.

If appropriate the time period and footprint should be made publically available, noting that this may not always be possible (due to reasons of commercial sensitivity) and could deter organisations from net zero GHG emission programs if it is mandated.

**Q8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

No. We consider that the requirement of a full PAS 2050-compliant assessment for products to be too stringent. We take this position on the grounds of cost, as PAS 2050 assessments are very expensive, and so the requirement will act as a barrier to action – particularly for companies wanting to test a carbon neutral proposition on a limited basis (i.e. where the cost of a full PAS2050 assessment would be a relatively large proportion of total costs for the carbon neutral programme). Another example would be a company that wants to make an entire range of products (e.g. bottle sizes / flavours of a soft drinks brand) carbon neutral.

The PAS 2050 standard would require a separate assessment for each functional unit of product (and potentially a different one for each geographic sales region as well). This is likely to be very expensive and prevent the carbon neutral commitment being made. In line with the ICROA Code of Best Practice<sup>1</sup> we recommend that the broad PAS 2050 approach is adopted in product assessments, without the requirement to have the assessment formally certified to the standard.

**Q9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Yes. However, 'emission reduction' is a generic term and applies to both external reductions through project based credits and internal reductions through renewable energy and energy efficiency. It is important to be specific where the reference is to internal or external reductions. Critically, we see no need to distinguish between the two types of reductions when defining a carbon neutral status, provided the standards by which both are measured, reported, and verified are to acceptable standards of quality.

**Q10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

No. Specific internal reduction requirements and/or timeframes would be very difficult to enforce, and for that reason may not give an accurate view of the reductions achieved. In addition a level of emission reduction that is

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<sup>1</sup> "product and service footprints shall be determined on a life cycle basis where applicable. The PAS 2050, Greenhouse Friendly Program, and Bilan Carbone documents provide guidance on how to estimate product and service emissions on a life cycle basis. the PAS 2050, Greenhouse Friendly Program, and Bilan Carbone documents provide guidance on how to estimate product and service emissions on a life cycle basis . *ICROA Programme and Policy Framework 2008 p. 6*

challenging for one company may be simple for another and vice versa – so any level of reduction that is set as a minimum requirement will not reflect comparability of effort by those companies.

**Q11 Are the recommendations on good practice for reducing emissions clear?**

Yes, broadly. However, we disagree with the statement in 6.2 that carbon offsetting does not reduce the overall emissions contributing to climate change. We describe emission reductions in terms of the external (from project based credits) and internal (e.g. through energy efficiency) and believe that the use of this language is helpful when defining specific actions.

**Q12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If 'no', what would you prefer? If 'yes', do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Yes. We think that organisations should be able to choose the metric they use to track emissions over time to ensure it is appropriate to their organisation, and that they should then use the same metric consistently to measure reductions year on year. This may be one of the units suggested, but could also be another unit defined by the organisation in question.

**Q13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes, broadly. We believe it is important to note that there would be sufficient transparency if the relevant information were to appear on an organisation's website alone, without the requirement for it to appear in an advert or other marketing collateral.

**Q14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes. It is largely impossible for entities and individuals in today's fossil fuelled economy to reach zero GHG emissions without offsetting, and that is likely to be the case for some decades to come. Through the purchase of carbon offset, an organisation has the means to immediately internalise the cost of carbon, and so set the most effective driver for reducing emissions through the use of renewable energy and efficiency measures.

**Q15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

No. We do not feel that the guidance should be tied to the Quality Assurance Scheme (QAS). As it stands, the QAS is a voluntary initiative, and to link it with the definition of carbon neutral would make it a mandatory scheme for those organisations wishing to use the term 'carbon neutral'. This would conflict with the Government's existing commitment to evaluate the use of Verified Emission Reductions (VERs) in the QAS' second phase. As we have always maintained, we believe that there are high quality VERs in existence, and so the Government should look for ways to include these in the QAS rather than excluding them. The quality of some of the CERs that have been approved by the QAS has also been questioned.

We believe that in addition to Kyoto compliant credits, premium quality VERs validated and verified to standards accepted in the ICROA Code of Best Practice should be acceptable offsets (ref: [www.icroa.org](http://www.icroa.org).)

ICROA members may use only premium quality offset standards: offset standards currently permitted by the ICROA Code are: CDM/JI, Voluntary Carbon Standard (VCS), Gold Standard and Climate Action Reserve (CAR). These standards have been developed through a thorough process of stakeholder engagement involving business and NGOs. They require third party verification by qualified experts to standards which are largely similar to CDM but without requiring the bureaucracy and cost of government certification. ICROA recommends that premium voluntary offset standards permitted by the ICROA Code of Best Practice also be included in any Government recommendations on carbon offsetting within the larger definition of net zero GHG emissions.

Premium voluntary offset standards that have been designed specifically for the voluntary carbon market are more appropriate for the needs of businesses and consumers using the voluntary carbon market. Contrary to some perceptions, the majority of transactions in the voluntary market are "business to business" rather than "business to consumer". The majority of transactions in the voluntary carbon market are VERs rather than CERs.

Premium voluntary offset standards provide business and consumer customers with essential choice on reductions. Certified Emission Reductions (CERs) have historically been concentrated in only a few countries and industries and do not provide the range of 'narratives' consumers expect from voluntary offsets. VERs, generated by voluntary offset projects, are highly differentiated by location, technology and their contribution to sustainable development. Premium VER offset standards (and the project narratives they generate) meet the needs of ICROA members' business customers i.e. Corporate Social Responsibility (CSR) purposes, green marketing initiatives and ICROA members' consumer customers. It is generally agreed that VERs, particularly those generated using premium voluntary offset standard projects, directly reach the communities most deeply and most quickly affected by climate change.

ICROA would not recommend the use of only one premium voluntary offset standard as ICROA views the three premium voluntary offset standards permitted for use by ICROA members ( CAR, VCS and Gold Standard) as working in conjunction rather than in competition with each other. Gold Standard, VCS and CAR were selected for inclusion in the ICROA Code of Best Practice, because they meet the key criteria that ICROA has



established for offset credits i.e. offsets validated and verified under Gold Standard, CAR and VCS are real, measurable, unique, independently verified, permanent and additional. Gold Standard, VCS and CAR have independent external registries, which allow the offset credits to be tracked, using their serial numbers, from origination to retirement.

The Gold Standard, VCS and CAR have different key benefits, which is why they have been selected for inclusion in the ICROA Code of Best Practice. It depends on the location and the nature of the offset project, as to whether implementing the Gold Standard, Voluntary Carbon Standard or CAR is more appropriate.

**Q16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Yes. ICROA agrees that domestic offset projects are not appropriate, due to problems with demonstrating additionality and avoiding double counting. Domestic projects in the UK cannot be validated and verified by one of ICROA's permitted standards. The UK Government does not allow JI projects and would be unlikely to retire an AAU to ensure that a reduction from a VCS project based in the UK would not be double counted. CDM and usually Gold Standard are restricted to the developing world and CAR methodologies are specific to North America. Other ways of supporting and encouraging valuable domestic action that don't qualify as offsetting include: loans and grants from Government funded organisations, incentives to install green technology to reduce emissions, encouraging donations i.e. to local community forest protection and renewable energy projects as part of companies' CSR policies.

**Q17 Are the draft recommendations on good practice for offsetting clear?**

No, specifically: We think the description of offsetting given in 7.1 is contradictory: "There is no question that offsetting lessens the impact of a consumer's or organisation's actions – but it does not reduce the overall emissions contributing to climate change." If offsetting does not reduce overall emissions contributing to climate change, then how can it lessen the impact of a consumer's or organisation's action? This does not make sense.

Additionally, we were concerned to see VERs described in 7.3 as "Voluntary Emissions Reductions". The correct definition is 'Verified Emissions Reductions'.

**Q18 Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

Yes.

**Q19 Do you believe that the proposed definition and recommendations can work in practice?**

No. Because of the reservations / comments set out in the answers to previous questions.

**Q20 Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

No. We believe that the right role for Government in supporting pre- or beyond-compliance action on climate change is to provide guidance on best practice, and encourage the industry to develop and manage self-regulatory programmes to the highest standards. ICROA promotes best practice with a self-regulatory Code of Best Practice. Members sign up to and will publically report against how they adhere to the ICROA Code.

**Q21 Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

No. While this would be a useful objective, we do not see a practical and pragmatic means of doing so at this stage.

**Q22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Yes. Users of the class of terms to define net zero GHG emissions should be able to decide what type of verification is applied to their use of the term. We believe this because we do not think the costs of verification should exceed the amount spent by organisations on internal and external emission reduction activities.

**Q23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

No. We believe the transparency recommendations are sufficient.

**Q24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

No. However, organisations should be required to review their status and claims with a frequency that allows them to stand behind the claims that they are making.

**Q25 If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

Good practice. We believe that the Government should encourage organisations to take action on climate change, and for this reason the recommendations should tend towards good practice rather than best practice. We know that generally organisations' performance improves over time, and once they have made a net zero GHG emissions claim they find it difficult to go back on it. The bar should not be set so high that it discourages action.

The recommendations should be reviewed every 2 years unless other policies or scientific developments suggest that this should be more frequent.

**Q26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

No. We believe that it is not the Government's role to recommend when or how it would be appropriate for people to pursue net zero GHG emissions. However, we believe that the Government should communicate that it is a positive thing that people and companies can do.

**Q27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

No. Offsets will be a declining but necessary part of being carbon neutral because there is no reasonable way to predict the complete elimination of fossil fuels and GHG gas emissions from the world economy. We believe that net zero GHG emissions, ultimately without the need for offset, is a status that we are all aiming to reach, so we do not think the term's use should be phased out. Net zero GHG emissions is a concept that accelerates progress towards a low / no carbon economy, and fulfils its objectives when national economies can operate without emitting GHGs. At that point the term will become irrelevant, but until then, it has a continuing role to play in driving cost effective reductions on a global basis.

**Q28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

Yes. As we state in Q1, we think this work needs to apply to a class of terms that should include but not be restricted to 'carbon neutral'.

"Carbon neutral" is one of many terms used to describe the state of net zero greenhouse gas emissions, and to restrict the guidelines to a single term will defeat its purpose. For that reason we strongly advise that the guidelines are defined and described in such a way as to incorporate claims using terms such as, but not limited to, "climate balanced", "carbon balanced", "climate neutral", "zero carbon" or "net zero carbon", and "carbon free" – i.e. any and

all claims pertaining to the state of net zero GHG emissions.

**Q29** **Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes. We believe the Government should apply this definition and its guidelines to its own targets because that was the basis set for the consultation, and it would be inconsistent not to do so.

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## JOHNSON MATTHEY RESPONSE

### Questions for Part 4

Q1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not ?

Yes, But should check other EU countries to determine if they are doing something similar or have already established the term.

Q2 Do you agree with the Government's broad approach? If not, what alternative would you propose?

Yes, but a better definition of the "how" rather than just the "what" is required i.e. setting of some standards. Would be better if there was an internationally recognised definition rather than just a UK standard.

Yes, but the public must have confidence that companies that claim carbon neutrality are making a contribution over and above their minimum legal obligation to the UK's Kyoto or EU ETS targets.

## Questions for Part 5

5.25 Respondents to this consultation are invited to provide responses to the following questions in particular in relation to **measuring emissions**:

Q3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?  
Yes.

Q4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?  
No. Should be all basket of GHGs e.g. CH<sub>4</sub>, CFCs, N<sub>2</sub>O...

Also, this would have the potential to misrepresent a company's overall position on C neutrality by "cherry picking" sites or businesses which have a good story to tell. There should be a minimum scope for organisations.

Q5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?  
Yes

Q6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?  
No. Could lead to confusion e.g. excluded CH<sub>4</sub>, CFC's if organisations only counted CO<sub>2</sub> ! This may not be viewed well by NGOs or consumers as they may think organisations / bodies have "something to hide" !

A practical limit may be appropriate. Say if <5% of an organisations CO<sub>2</sub>e emissions are non CO<sub>2</sub> gases then measurement would not be needed.

Q7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?  
No. The term "transparency" is used throughout the document without explaining what is meant by it – verification / auditability would be better.

Q8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

Yes.

## Questions for Part 6

6.14 Respondents to this consultation are invited to provide responses to the following questions in particular in relation to **reducing emissions**:

Q9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?  
Yes.

Q10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?  
Reduction requirement on organisations – No, Timeframe- Yes by 2020 clear evidence of reduction.

An opportunity to link reductions to targets in the CRC and EU ETS ?

Q11 Are the recommendations on good practice for reducing emissions clear?  
Yes scope of initial measurements and the use of the “right” tools e.g. PAS 2050 is prerequisite. (section 6.8. and 6.9).

Q12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measure?  
No. Should always be absolute rather than relative (i.e. related to £ sales or Tonnes production). Absolute = greater “transparency” !

Q13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?  
Not quite. Needs a statement on auditing and verification.



## Questions for Part 7

7.21 Respondents to this consultation are invited to provide responses to the following questions in particular in relation to offsetting residual emissions:

Q14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?  
Yes.

Q15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?  
No. Could include VERs providing they meet the quality standard (verification again). Care(1) - sections 7.5 and 7.12 appear at odds with each other – either VERs are OK or they aren't.

Government needs to actively work with the voluntary sector to agree on criteria for extending the Quality Assurance Scheme to VERs. eg. those which use CDM architecture and verification.

Q16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting.

There are certain project areas where domestic offsetting is worth consideration on the basis of very clear additionality. For example, methane abatement from coal and agriculture would fit this criteria.

Q17 Are the draft recommendations on good practice for offsetting clear?

No. Statement on CERs – ok, Kyoto provides a framework. VERs in this consultation document section 7.5 implies that VERs standards are not good enough but then in section 7.12 states that they may be considered providing they meet a quality assurance standard !

See answer in 15

Q18 Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?  
Yes for CERs.; No for VERs

## Questions for Part 8

8.18 Respondents to this consultation are invited to provide responses to the following questions in particular:

Q19 Do you believe that the proposed definition and recommendations can work in practice?

Yes

Q20 Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

No. But some form of auditing / verification would be useful.

Q21 Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

No. Different sectors will have different drivers.

Q22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be.

No. But a simple verification (not bureaucratic) should be applied ... not necessarily an ISO-type standard; providing organisations are using the right tools to define their boundaries and determine their C footprint and providing reduction programmes are clearly and easily reportable (some under CRC) and offsetting schemes can be assured then nothing more needed.

Q23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Paris 5, 6 and 7 sufficient?

No. Organisations can do it through normal reporting practices e.g. annual reports, sustainability / CSR reports...

Q24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

No

Q25 If you agree the Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

Best practice. 5 years ?

Q26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisation to pursue

carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

No.

Government should encourage the pursuit of carbon neutrality in the context of organisations meeting their CRC, EU ETS and Kyoto obligations

Q27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

No. Concerned that it will lead to confusion especially in general population / consumers and organisations will not buy into it if they consider it a transient activity.

Q28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

No.

Q29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

Yes. C neutrality applies to all : public and private sector, Standards in public life, use government as an exemplar, no exemptions.

Opportunity for the government to show leadership and develop best practice.

**Luton BC Response to  
Consultation on the term ‘carbon neutral’:  
its definition and recommendations for good practice**

Contact Details:-

Donald Bowler, CEnv  
Environmental Assessment Manager  
Engineering & Transportation  
Luton Borough Council  
Town Hall  
Luton, LU1 2BQ  
Phone 01582 546176 - Fax 01582 546851  
<mailto:donald.bowler@luton.gov.uk>  
[www.luton.gov.uk](http://www.luton.gov.uk)

To

[carbonneutrality@decc.gsi.gov.uk](mailto:carbonneutrality@decc.gsi.gov.uk)  
Carbon Offsetting and Neutrality Team  
Department of Energy and Climate Change  
3 Whitehall Place  
London SW1A 2HH

**This response is NOT confidential**

<b>Q1</b>	<p>Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?</p> <p>It is appropriate that someone should define the term Carbon Neutral (and Zero Carbon); it may be that the Government is best placed to do that, so that the definition could subsequently have the force of law, to (hopefully) prevent organisations making false claims about their products and developments. The aim of the consultation is to define and recommend approaches.</p>
<b>Q2</b>	<p>Do you agree with the Government's broad approach? If not, what alternative would you propose?</p> <p>Many new housing developments in country areas are promoted as being "Carbon Neutral" or "Zero Carbon" in an attempt to make them more palatable. It is doubtful if the actual house in day to day use would be zero carbon, but when travelling by its occupants to access work, shops and leisure is taken into account it is unlikely that the development would be Carbon Neutral. There is also the issue of how much carbon is embedded in the construction of the building and in the manufacturing of its elements. There needs to be clarity on where the boundaries are drawn, both spatially and temporally, in determining how carbon (un)intensive a development is. All of the negative externalities of a development, product or service must be taken into account. I agree with this approach because it is clear (transparency requirement), systematic (measuring, reduction and offsetting) and scientific (<i>i.e.</i> provides a basis for comparison and replicability).</p>
<b>Q3</b>	<p>Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?</p> <p>We agree with this basing of measurement because individuals and an organisation's</p>

activities and demands have both direct and indirect implications on environmental resources.

**Q4** Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?

Yes, but there should be degree of freedom as to what is measured because different activities generate different green house gases. Specific details should be provided stating what, how and the duration of measurement. Specific claims of carbon neutrality or its carbon equivalent (CO<sub>2</sub>e) can be made of the type of neutrality involved, not necessarily carbon but other green house gases if applicable.

No, organisations cannot use the 'selective applicability concept' as regards carbon neutrality for certain parts of the organisation. Firstly, parts of the organisation make up the entire organisation and production process (procurement, operations and distribution). Secondly, 'internal categorisation' and setting boundaries for emissions to be measured will be complicated.

However, the baseline should reflect the core pollution or emission activities and so full compliance may need to be phased in.

**Q5** Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

The proposed recommendations are clear and appropriate, given that the three basic scopes (direct, indirect and other indirect emissions) are exhaustive and water-tight. However, it is clear that a particular activity (emission) can be direct and indirect emissions to different users bring the issue of aggregating the figures together.

**Q6** Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

It would be better to measure all Kyoto gases and not only carbon emissions. Obviously, different activities emit different GHGs and a particular activity may emit more than one GHG, this may be expressed in CO<sub>2</sub>e as basis of comparison and for good practice.

**Q7** Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?

These (which, what and over what period) are correct but are not adequate. This can be improved upon with respect to other indirect emissions which are quite challenging to identify not to even mention measuring them. Also some emissions are point and non-point source; thereby the origin of what is being measured should be part of the transparency requirements.

**Q8** Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

Yes, this is akin to the definition of zero carbon home. A product acclaimed to be carbon neutral should be such not only through the useful lifetime but the entire life cycle (manufacturing to disposal).

**Q9** Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

Yes, this is a major thrust of the definition of carbon neutrality, especially where GHG

emissions are inevitable in production process (direct or indirect). The mitigation techniques to lessen the amount of GHGs are central to this definition and the quest to reduce emissions is a major drive towards carbon neutrality.

**Q10** Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

A specified reduction requirement will help all industries to guard-off other indirect emissions while tackling its own direct emission. Likewise, it will help towards the achievement of UK's long-term carbon reduction targets. A gradual introduction of these reduction requirements over a period of two years of making a carbon neutral claim regardless of the existence of national and international reduction targets could be an approach. The reduction requirements are to complement both the national and international targets.

**Q11** Are the recommendations on good practice for reducing emissions clear?

Emission reduction should be done to the greatest extent as practicable and as early as possible. We disagree with one of these recommendations that good practice involves emission reduction without specifying what, how and duration of emission reductions should be realised. This will jeopardise measurability and monitoring. It might also defeat the intent and purpose of emission reductions and achieving carbon neutrality, which is a mitigating factor for climate change.

**Q12** Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no“, what would you prefer? If „yes“, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

No. Although, measurement of emission reductions in absolute terms is possible if not complicated by the dynamics of not including scope 3, (i.e. when not previously carbon foot printed). Therefore, measuring in absolute terms will be challenging in context and scope. However, measuring in relative terms will be more 'entity' focussed, reflective of prevailing economic circumstances and provides a basis of comparison. On this basis, any change in economic condition (turnover and expenditure - credit crunch) will reflect on emission reduction measurement.

**Q13** Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

Transparency elements may be correct (type and amount, means, and timescale for reduction) but are not sufficient (achieved in either absolute or relative terms). Business and operational uncertainties will threaten the achievement of reduction measurement in absolute terms while, the unit of measurement in relative terms will be confusing for businesses and including public sector. The contextual difference between turnover (income) and expenditure in strict economic sense will lead to omission and misrepresentation in this regard. There is a need for common ground for measuring emission reduction in relative terms.

**Q14** Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

Yes. It is important but should be the last resort and not used for expediency as the key focus is to change production process and core activities. Although, carbon offsetting does not reduce the overall emissions contributing to climate change, rather, it is targeted at residual emissions. It is central and fundamental to carbon neutrality because some business operations may find it practically, economically and technologically difficult or to measure and reduce residual emissions but they can contribute it reduction elsewhere. But

it is not a panacea or ultimate remedial action towards overall emissions reduction.

**Q15** Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

The Government's inclination towards Kyoto compliant credits is justified because the non-Kyoto compliant credits cannot be used to meet targets and they lack validation and verification procedures unlike the Certified Emission Reductions (CER). As such, the definition should include Voluntary Emissions Reductions but may not be target at meeting Kyoto targets. The VER can be added to improve the local low carbon economy.

**Q16** Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

Domestic offsetting should be part of carbon neutrality regardless of the difficulty. For example, a vehicle manufacturing plant in Bedfordshire may decide to purchase carbon credits from a provider (tree planting firm) Elsewhere ion the UK, say in Yorkshire. These domestic offsetting may be assessed, verified and regulated in the future and ultimately add up to meet Kyoto targets

**Q17** Are the draft recommendations on good practice for offsetting clear?

The draft recommendations are clear. The aim of carbon offsetting should be emissions reduction elsewhere, however, the gambit of Kyoto compliant and non-Kyoto compliant credits, ultimately contribute to emission reduction either internationally or domestically. Recommendations on good practice for offsetting seem to prefer Kyoto complaint credits over non-Kyoto compliant credits (which simply need to be validated, verified and regulated). The damaging implications of this preference are that there will be less funding to domestic projects for offsetting purpose, negative growth in the downstream sector of carbon neutral economy and less job and wealth creation.

**Q18** Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

The transparency elements on carbon offsetting (Voluntary quality assurance scheme) is a step towards the right direction in the sense that it helps credit purchasers to make informed decision about their choice of credit to be bought while relying on the quality and validity of these credits. In addition, it sets standards to monitor carbon offsetting. In my opinion, it is correct and sufficient.

**Q19** Do you believe that the proposed definition and recommendations can work in practice?

The proposed definition and recommendations are applicable in practice. Given the misuse of the term 'carbon neutral' by users and misled choices consumers make, it is necessary that a clear steer is arrived at. In theory, the definition and recommendations are brilliant and laudable. However, in practice, they need to be more feasible, practicable and inclusive. For this to be successful in practice, an independent body will be needed to regulate emissions measurement, reduction, offsetting and certification.

**Q20** Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

Yes, the use of the term should be regulated. This is necessitated by the inconsistent business ethics, misuse of the term, consumers' protection and the nature of good practice guidance and recommendations (flexibility). I suggest a customer focussed enforcement

that will protect consumers and provide basis of comparison which is expressed in relative terms (i.e. the degree of carbon neutrality)

**Q21** Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

The flexibility of good practice guidance and recommendations may not permit direct comparison between uses of the term but there should somehow be must be 'common front' as basis of comparison. The aggregation (scoring system) of carbon neutrality in terms of the transparent process (measuring, reducing and offsetting) using a common technique will suffice as a guess at comparability.

**Q22** Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

Yes, there should be flexibility on the type of verification (third party) as the cost of this service will differ across the industry. Recommendations of independent third-party verification may be made by Government as a guide and not necessarily mandatory to users of the term (carbon neutrality) as long as they apply common standard.

**Q23** In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

No, this is a task that the independent verification body is best placed to undertake. The responsibility of user of term to communication carbon neutrality should be more to independent third party verification. This body will have the technical ability to comprehend and query the information provided instead of an average customer in the industry. Furthermore, there are adequate transparent recommendations on measuring emissions, reducing emissions and offsetting residual emissions.

**Q24** Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

Yes, it is good practice for carbon neutrality to be reviewed for consistent pursuit of carbon neutrality target especially when there are inevitable changes in businesses and organisations. I propose a three years (36 months) time frame.

**Q25** If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

Yes, recommendations should be based on good practice but best practice should be given more preference. The fulcrum of recommendations as regards, measuring emissions, reducing emissions and offsetting residual emissions in this consultation have been based on good practice. Therefore, stating recommendations in best practice at this stage of this consultation will be out of order theoretically, and may lose the intent and purpose of making these recommendations and the basis for best practice has not been established yet.

**Q26** Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

No, Government should not make recommendations specifying when and how to pursue carbon neutrality. But the Government has the responsibility to protect individuals,



businesses, and organisations and to combat climate change. This is will facilitate clear understanding of carbon neutral; the usage of the term and the responsibilities of users of the term towards their target audience and regulate the low carbon economy as practicable as possible. The methodology and timing of carbon neutral pursuit should largely be the sole responsibility of users of the term within the purview of Government's guidance and recommendations.

On the other hand, Government should encourage the pursuit of carbon neutrality in principle. Also, the achievement of low carbon and climate change targets without putting undue administrative, economic and technological pressure on individuals, communities and organisations especially during this economic downturn.

**Q27** Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

Carbon neutrality should be kept on review but it is going to be long-term until we get into greener economy (carbon free economy). It should be pursued vigorously as short-term, medium term and long-term goals. The latter (long term goals) should be more focussed upon because of the temporal implications of introducing process, approaches and means of achieving carbon neutrality. Therefore, the issue of transitional term does not come into the equation at all. Achieving carbon neutrality and combating climate change require reliable, result-oriented and consistent effort across the industry to make sustainable improvements and development.

**Q28** Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

Carbon related terms that Government should define by way of recommendations on good practice are 'carbon saving', 'carbon efficiency' and 'carbon cost'.

**Q29** Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

Yes, the Government must lead by example, especially on how it intends to meet its own nationally agreed targets within the timeframe by 2050. Furthermore, whether this will verified by independent body.

Ref: N:\

20<sup>th</sup> May 2009

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3-8 Whitehall Place  
London  
SW1A 2HH

Dear Sir

**Consultation on the term 'carbon neutral': its definition and recommendations for good practice**

Thank you for the opportunity to participate in this consultative exercise. Manchester Airports Group (MAG) is the largest UK owned airport group operating Bournemouth, East Midlands, Humberside and Manchester Airports. I would be grateful if you would please accept the following observations as the Group's formal response to this consultation.

MAG takes its environmental responsibilities very seriously and we have, for many years, implemented wide-ranging programmes of environmental amelioration. We believe that our airports represent best practice and we have been pleased that our work in this area has been widely acknowledged. This year Manchester Airport became the first airport in the UK to receive Carbon Trust accreditation and we were pleased that environmental work at East Midlands Airport has been acknowledged with a number of recent awards, including the Ruban d'Honneur in the 2009 European Business Awards.

In 2007 MAG made a public commitment to make emissions from its airport buildings and vehicles carbon neutral and we have a very substantial programme of work in this area to reduce our demand for energy and to support the generation of energy from renewable sources. We welcome the broad objectives of the consultative document to 'raise understanding' and to allow 'informed decisions to be taken'.

The consultative document sets out a broad framework requiring reduction of energy use, measurement of emissions and off-setting of residual emissions. Whilst we are supportive of these general principles our own philosophy is that emissions should first be prevented where possible before reduction takes place. Increasingly the design of our buildings and other projects is used as an opportunity to prevent emissions.

As you will observe from our detailed answers to the questions raised in the consultative document, we believe that it is appropriate to allow organisations a greater degree of flexibility than is currently proposed, provided that in all cases the approach that has been taken is clearly set out in a transparent way.

The lack of flexibility that is proposed in the consultative document is a serious concern to us. In conjunction with a number of other companies we have previously expressed the opinion that the approach to the assessment of emissions set out in DEFRA's Voluntary Reporting Guidelines is unhelpful and we believe therefore that it would be inappropriate to make the use of these reporting guidelines mandatory. We welcome the further consultation on this issue that is proposed.

This lack of flexibility is also evidenced with the consultative document's treatment of carbon off-setting. Whilst we understand that the Department seeks to apply an 'additionality' test we believe that the definition of acceptable carbon off-setting is unnecessarily prescriptive. By way of example the exclusion of all projects within the UK would, in our view, undermine many innovative and valuable projects that could be used to benefit the environment and, more widely, to contribute to the stated objectives to 'raise understanding' and to allow 'informed decisions to be taken'.

The Government seeks to develop a vibrant and successful low-carbon economy, we support this aim. We seek to reduce our impact on the environment and to do so in a way that engages our communities and other stakeholders. We believe that, as currently proposed, the definition and good practice guidelines would frustrate this objective and would require us to invest in overseas projects that find little or no empathy with our stakeholders.

We would respectfully suggest that it should not be considered inappropriate that the efforts made by UK organisations to deliver carbon neutrality for their discrete businesses helps the Government to achieve its policy aim to deliver a low carbon economy 'at lowest cost'.

We believe that the approach that is taken should allow much greater flexibility and that the caveat of public reporting and transparency is sufficient to ensure that emissions savings are of the highest probity. Further we believe that this approach will challenge industry and other sectors to deliver innovative projects that engage the public, raising awareness and understanding in this vitally important area.

I include our detailed response to the questions raised in the consultative document in the enclosed document.

Yours faithfully

**Neil Robinson**  
**Director of Sustainability**

enc

## Detailed Responses

<b>Ref</b>	<b>Response</b>
1	Yes we believe it is appropriate to do so but we would suggest that greater flexibility is allowed, subject to the caveat of reporting and transparency.
2	Yes, subject to the important concerns that we have set out above relating to a lack of flexibility and in particular to the approach taken to carbon off-setting and the mandatory use of DEFRA's voluntary carbon reporting guidelines.
3	Yes we support the use of the GHG Protocol.
4	Yes.
5	Yes, MAG welcomes the dissemination of good practice.
6	Yes.
7	Yes. MAG believes that transparency is an important underlying theme.
8	No comment.
9	Yes. MAG would welcome increasing the stringency of the approach that is set out to include the need to prevent emissions where it is possible to do so.
10	No. We believe that the guidelines should permit flexibility.
11	Yes.
12	Yes. We believe that permitting the use of absolute or normalised measures important.
13	Yes.
14	Yes. We refer to our comments in response to question 9.
15	We strongly believe that the guidelines should afford much greater flexibility than is currently proposed and would refer to the observations set out in our accompanying letter.
16	No we do not agree. We believe that whilst emissions reduction must be a first priority carbon off-setting has an important role and should be permitted. We believe that investing in UK based projects should be welcomed subject to the caveat that the approach that is taken is reported and transparent.

<b>Ref</b>	<b>Response</b>
17	No we do not support this element of the consultative document, as set out above.
18	No we do not support this element of the consultative document, as set out above.
19	Yes.
20	We believe that the Government should provide best practice only.
21	No we believe it would be inappropriate to seek to allow direct comparison between very different circumstances. We believe it is appropriate for different organisations to approach the objective of carbon neutrality in different ways and would simply require that the approach that is taken is reported and transparent.
22	We believe that the Government should permit flexibility and that the costs associated with verification should be minimised.
23	No we believe that the provisions that are proposed are appropriate and further guidance unnecessary.
24	No we believe that the provisions that are proposed are appropriate and further recommendations are unnecessary.
25	We welcome the publication of good practice.
26	No we do not believe this would be appropriate.
27	Given the rapidly changing context we would suggest that it is premature at this stage to decide whether carbon neutrality should be viewed as a transitional term.
28	No.
29	Yes. We believe it is imperative that Government adopts good practice when implementing its own commitments.

19<sup>th</sup> May 2009

## **DECC Consultation on the term ‘carbon neutral’**

Marks & Spencer adopted the term ‘carbon neutral’ as part of its Plan A eco-plan which was launched in January 2007. Plan A contains 100 commitments including the aim to ‘make all our UK and Republic of Ireland operations (stores, offices, warehouses, business and logistics) carbon neutral by 2012’.

We are working to achieve this aim by reducing energy usage (improving efficiency), supporting the development of renewable energy and purchasing carbon offsets as a last resort.

Based on our experience of the last two year we believe that the term ‘carbon neutral’ has positive benefits of;

- being highly effective in communicating low carbon aspirations to stakeholders audience.
- providing a shorthand for more demanding ambitions than traditional efficiency targets.
- creating an effective framework for an overall carbon reduction strategy.
- being largely self-defined, even when referencing current best practices.

However, we are also aware for the following limitations;

- it is significantly impacted by changes in Government defined carbon conversion factors (four new sets of guidelines have been published by DEFRA in the last 3 years).
- it could be misused to promote high carbon/ energy inefficient products.
- It will have to work consistently across other relevant Government activities including revisions to corporate GHG reporting guidelines, carbon offsetting Quality Assurance Scheme and the Carbon Reduction Commitment.

We have responded to the detailed questions posed by the consultation in the following pages. Should you wish to clarify any of our responses or just seek further information please do not hesitate to contact us.

Mike Barry  
Head of Sustainable Business

<b>Q1. Should Government provide a definition?</b>

Yes. There is a wide variation in uses of the term carbon neutral ranging from aspirations for an organisation (including M&S), Government policy targets and product 'green claims'.

Government should provide a framework which supports genuine movement towards more sustainable consumption.

**Q2. Do you agree with Governments broad approach?**

Yes. We support the overall approach of measure, reduce and offset residual emissions. This reflects our own approach to achieving carbon neutral operations.

We also support the development of both technical guidance as well as communications guidance within a revised Green Claims Code.

**Q3. Do you agree that emissions measurements should be based on the GHG Protocol?**

Yes. We support the GHG protocol as a good starting point for measuring organisations' emissions.

However, the GHG protocol provides a high level of flexibility in determining Scope 1 and Scope 2 emissions (based on either operational or equity control) which requires clarifying for use in the definition. This definition must be consistent with the recommendations of DEFRA's current programme to define voluntary corporate GHG emissions reporting which is also examining this issue.

For example, M&S has included its third-party operated logistics fleets based on operational control. These would be excluded if the equity share rule was applied.

For products, we support the use of the PAS 2050 methodology.

**Q4. Should flexibility be allowed?**

Yes. Users of the term 'carbon neutral' should continue to have flexibility in how it is used as long as the emissions it covers are clearly explained and the methods of calculation defined.

**Q5. Are the proposed recommendations on good practice clear and appropriate?**

We support the use of the GHG protocols (with additional clarification on Scope 1 and 2 emissions) and PAS 2050.

To avoid misleading consumers, we believe that additional guidance should be developed on products to ensure that high carbon or energy inefficient items are not marketing as 'green' due to an inappropriate use of carbon offsets.

**Q6. Should users be able to choose whether to include just CO<sub>2</sub> emissions or also include Kyoto GHGs (CO<sub>2</sub>e)?**

No. We believe that all Kyoto GHGs should be included up to a de minimis of 90%. M&S has included all refrigeration and air conditioning gas emissions expressed as carbon equivalents as these represent around 25% of all operational emissions. Similarly, methane and nitrous oxides will represent high proportions of agricultural and livestock product emissions.

**Q7. Do you believe the transparency elements on measuring emissions to be correct and sufficient?**

No. We believe that additional support in referencing carbon emissions conversion factors is required (this is also necessary for DEFRA work on voluntary corporate GHG reporting). This should take the form of an annex of referenced conversion guides suitable for industry specific activities e.g. refrigeration in retailing.

**Q8. Do you agree that PAS 2050 should be used for calculating the carbon footprint of products?**

Yes. However, we also believe that additional best practice guidance should be provided on using the term carbon neutral.

**Q9. Do you agree that emissions reductions form a necessary part of the definition?**

Yes.

**Q10. Should Government define a reduction requirement?**

No. We agree that it would be difficult for Government to set a reduction target. However, we do believe that when the 'carbon neutral' is used as a claim in advertising, the reduction must be made clear to potential customers. Government can also provide guidance based on policy targets and industry performance benchmarks.

**Q11. Are the recommendations on good practice for reducing emissions clear?**

No. We believe that more guidance could be provided against Government policy targets and industry benchmarks. The Carbon Trust and trade associations (such as the British Retail Consortium) can play an important role in defining these benchmarks.

**Q12. Do you agree that emissions can be measured in either absolute or relative terms?**

No. The term carbon neutral is an absolute measure.

Whilst relative (or indexed) measurements are useful in helping to monitor progress, emissions for an organisation must be expressed in absolute terms for use in a claim for carbon neutrality.

Product claims should be based indexed per product.

**Q13. Do you believe the transparency elements on reducing emissions to be correct and sufficient?**

Yes.

**Q14. Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes.

**Q15. Government only feels able to vouch for regulated Kyoto compliant credits. Should the definition only allow such credits or should other types also be allowed?**

No. Other forms of credible voluntary emissions reductions (VERs) should also be allowed.

**Q16. Should domestic offsetting be allowed?**

Yes. We believe that domestic carbon offsets could provide a low cost and highly effective means of engaging customers and suppliers to reduce their carbon emissions. We would urge Government to review the current Carbon Offsetting Quality Assurance Scheme to allow to this.

Similarly, we believe that actions which have resulted in genuine carbon emissions reductions at



suppliers or customers should be allowed subject to reasonable third-party verification.

**Q17. Are the draft recommendations for offsetting clear?**

Yes. However we believe that in only supporting Kyoto-compliant offsets the guidance will not be followed and therefore will not serve its intended purpose.

**Q18. Do you believe the transparency elements on offsetting missions to be correct and sufficient?**

No. We believe that credible voluntary emissions reductions have to be included and that ideally domestic offsets should also be allowed.

**Q19. Do you believe the proposed definition and recommendations can work in practice?**

As voluntary guidelines, success will depend on the extent to which they are adopted and supported by stakeholders.

We would expect that the use of the GHG protocols and PAS 2050 will be widely supported whereas the continued insistence on Kyoto-compliant carbon offsets will not.

**Q20. Do you believe that Government should regulate the term? How?**

We believe that Government should provide a technical best practice framework as well as guidance on communications within a revised Green Claims Code. When the term is used in marketing this can then be reviewed under the Advertising Standards Authority system of adjudications.

To enable this system of self-regulation to operate effectively it is important that Government provide a clear framework which is supported by the majority of stakeholders.

**Q21. Do you believe that Government develop a definition of carbon neutral that would allow more direct comparison?**

No. Claims around the term carbon neutral should be clearly defined and robustly calculated but not necessarily be comparable.

**Q22. Do you believe that users of the term should retain the flexibility to decide what type of verification is applied?**

Yes. M&S has used independent third parties to both define the scope of emissions and assure data. Guidance based on the intended use of this data should be provided but flexibility should be allowed.

**Q23. Should the Government make recommendations on how to communicate carbon neutrality?**

Yes. We would welcome guidance within a revised Green Claims Code. This would assist both users of the term as well as the Advertising Standards Authority in responding to complaints.

**Q24. Should Government make specific recommendation on reviewing carbon neutral status?**

No. Communications guidance (within a revised Green Claims Code) should emphasis the need to make clear the period of claimed carbon neutrality – however, we see no requirement for further recommendation on reviewing status.

**Q25. Should Government guidance on the term carbon neutrality tend towards good or best practice?**

We believe that adequate referencing of authoritative methodologies alongside principles based guidance on communications is sufficient.

**Q26. Should Government advise on when it is appropriate to pursue carbon neutrality?**

No.

**Q27.Should carbon neutrality be viewed as a transitional term?**

Yes. At present we believe that pursuit of carbon neutrality by pioneering organisations provides demonstrable leadership to a wider community who will be required to achieve 80% reductions by 2050.

**Q28.Are there any additional carbon-related terms which Government should help to define?**

Yes. Clarity on ‘additionality’ of renewable energy generation is still required. The ASA have also drawn subtle but important distinctions between carbon neutral, carbon offset and zero carbon.

**Q29.Should Government also adopt any recommendations for use of the term carbon neutral within its own policies?**

Yes.

## Annex 3: Complete list of consultation questions

Response from McCarthy and Stone.

	<b>Part 4</b>
<b>Q1</b>	Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?
<b>A1</b>	Yes, it is appropriate but: It is essential it becomes clear and is properly regulated and enforced by Government. Without clear and defined definitions regulation bodies, such as LPA's, will interpret and apply neutrality in their own way. There needs to be the same agreed definition across all bodies. It is imperative we do not repeat the current confusion that is prevalent with the term "renewable energy" where some technologies are accepted by some and not by other bodies. Regulation and enforcement will ensure, as far as possible, the same definition for all.
<b>Q2</b>	Do you agree with the Government's broad approach? If not, what alternative would you propose?
<b>A2</b>	Yes, subject to the comments in A1.
	<b>Additional questions and Comment on Part 4</b>
<b>M1</b>	Why are there no housebuilders or representatives evident on the Consultation list? NHBC confirm housing accounts for 30% of primary energy use and 27% of Carbon emissions so we are major contributors to the Carbon Reduction Challenge yet our views were not sought in the initial production of this consultation.
	<b>Part 5</b>
<b>Q3</b>	Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?
<b>A3</b>	Yes.
<b>Q4</b>	Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?
<b>A4</b>	Yes. But: As described in 5.23, recognising the problem of higher emission activities being excluded – so "certain parts" should demonstrate to be already free of carbon emission.
<b>Q5</b>	Are the proposed recommendations on good practice for measuring

	emissions clear and appropriate? Are recommendations necessary?
A5	Yes. Yes recommendations are essential to clear interpretation.
Q6	Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO <sub>2</sub> e) or only emissions of CO <sub>2</sub> ? Or should the definition specify measurement of all Kyoto gases?
A6	All greenhouse emission gases need to be measureable and accountable and all users of the terms should be able to use all of these or those appropriate to their product.
Q7	Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?
A7	Yes, but measuring methods need to be clear, understandable and available.
Q8	Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?
A8	Both should be allowable for the basis but in the event that only one can be useable then it should be PAS2050.
	<b>Additional questions and Comment on Part 5</b>
M2	The definition of Heat in Table 1 and other references needs to be clarified to include production of or use of Hot Water (at temperatures less than steam
M3	Whatever Standards are agreed to be used, PAS2050, ISO14044, all must be transparent across all purchasing, supply boundaries such that materials or energy or product brought in from outside the UK is measured and therefore accountable in the same way as if from within the UK.
	<b>Part 6</b>
Q9	Do you agree that emissions reductions form a necessary part of the definition? If not, why not?
A9	Yes.
Q10	Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?
A10	A reduction requirement should be set but no timeframe. Possibly longer term timeframes would be helpful but in the short term not.

<b>Q11</b>	Are the recommendations on good practice for reducing emissions clear?
<b>A11</b>	Yes.
<b>Q12</b>	Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no“, what would you prefer? If „yes“, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?
<b>A12</b>	Yes. Relative measures being suitable.
<b>Q13</b>	Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?
<b>A13</b>	Yes.
	<b>Additional questions and Comment on Part 6</b>
<b>M4</b>	Carbon emission reductions should be measurable no matter what the process of reduction is. So if this is the result of improved fabric then the emission reduction a fabric improvement over 2006 levels provides should be accountable as an emission reduction in the measurement process.
	<b>Part 7</b>
<b>Q14</b>	Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?
<b>A14</b>	Yes. This is an absolute necessity because without this, as with Zero Carbon, it would not be possible on all developments or with all products.
<b>Q15</b>	Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?
<b>A15</b>	No. It has to include the others as described in the text, VER's for example.
<b>Q16</b>	Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?
<b>A16</b>	No, we do not agree. Support and encouragement to provide lower zero carbon technologies will be lost if it can't be counted.
<b>Q17</b>	Are the draft recommendations on good practice for offsetting clear?

<b>A17</b>	Yes.
<b>Q18</b>	Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?
<b>A18</b>	Yes.
<b>Additional questions and Comment on Part 7</b>	
	None.
<b>Part 8</b>	
<b>Q19</b>	Do you believe that the proposed definition and recommendations can work in practice?
<b>A19</b>	Yes, with the proper administration through legislation, regulation and enforcement.
<b>Q20</b>	Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?
<b>A20</b>	Yes. This is imperative as explained previously. Without suitable and full regulation of the term and its definition we will have a minefield of interpretations to deal with. We do not want the same mess we have with the term “renewable energy” or “low and zero carbon technologies”. We need the same strength of definition as we will get from the Zero Carbon consultation where there will be a clear and workable definition that cannot be misused or misinterpreted.
<b>Q21</b>	Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?
<b>A21</b>	Yes. See above. We have to be able to compare like for like. This will necessitate regulation of the term and its definition.
<b>Q22</b>	Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?
<b>A22</b>	Yes but we need to ensure flexibility of meeting the definition of carbon neutral is not lost.
<b>Q23</b>	In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?
<b>A23</b>	We believe the recommendations in Parts 5, 6 and 7 are adequate

	subject to the resolution of the questions we raised in those sections.
<b>Q24</b>	Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?
<b>A24</b>	Yes.
<b>Q25</b>	If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?
<b>A25</b>	Both Good and Best Practice should be made available. It is assumed some level of minimum standard will be defined and whether this is Good or lesser will make available better levels of performance to achieve. If Best practice is instigated at the beginning it will not be acceptable to all bodies and will not provide the necessary transitional arrangements that must facilitate such a new requirement.
<b>Q26</b>	Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?
<b>A26</b>	Yes. Every effort should be made to encourage the pursuit of carbon neutrality.
<b>Q27</b>	Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?
<b>A27</b>	No, the term carbon neutral will be applicable even when it is the norm.
<b>Q28</b>	Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?
<b>A28</b>	None known. However, any term that requires definition where a definition does not already exist should go through the appropriate process to ensure no ambiguity or lack of understanding would result.
<b>Q29</b>	Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?
<b>A29</b>	Yes. All targets should be the same.
	<b>Additional questions and Comment on Part 8</b>
	none

Marc Primaroh  
Group Research & Development Manager. McCarthy and Stone.

Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**  
**The Mineral Products Association**

MPA Cement is part of the Mineral Products Association (MPA), the trade association for the aggregates, asphalt, cement, concrete, lime, mortar and silica sand industries. The cement manufacturing members of the MPA (Castle Cement, Lafarge Cement UK, CEMEX UK and Tarmac Buxton Lime and Cement), are the major domestic manufacturers. Additional services on climate change related issues are also supplied to Quinn Cement. This consultation response reflects the collective views of only those companies listed which domestically produce over 90% of the Portland Cement sold in the UK.

Through considerable early action involving significant expenditure on new plant, cement member companies have reduced their direct carbon dioxide emissions by over 27% between 1990 and 2007<sup>1</sup>. In 2007 the annual CO<sub>2</sub> emissions were 3.7 million tonnes lower than in 1990. MPA Cement reports annually environmental emissions against targets jointly agreed with Environment Agency under its Sector Plan. Between 1998 and 2007, the MPA cement member companies achieved 65 per cent reduction in SO<sub>2</sub> and 34 per cent in NO<sub>x</sub> per tonne of cement (PCe<sub>2</sub>) manufactured.

**Specific Consultation Questions:**

**Q1. Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Yes, the current situation whereby organisations make a variety of claims without a common reference point is potentially misleading and does not help those companies that have made genuine absolute reductions in emissions. The 'boundary' of the claim is potentially the most important; stakeholders

<sup>1</sup> "Direct carbon dioxide emissions equate to emission from the cement kilns, and exclude (indirect) emissions associated with the generation and transmission of the electricity used in manufacture.

<sup>2</sup> Portland Cement Equivalent (PCe) is a normalising factor related to cement output often used by the cement industry, enabling a comparison of impacts such as environmental between sites whilst taking into consideration differing production methods, cement types and movement of intermediate products

Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**



need to be aware of what is and what is not included within the statement. It is this element where a common definition is particularly useful.

**Q2. Do you agree with the Government's broad approach? If not, what alternative would you propose?**

Yes

**Q3. Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Yes, the GHG Protocol is a clear approach that differentiates between Scope 1 to Scope 3. Although, it should also be recognised that two organisations that use scope 1 will not be comparable if one uses its own logistics fleet whereas another contracts this service. This is likely to be a common differentiation for many businesses.

**Q4. Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Yes, company divisions, parent companies, organisations and sectors must have the flexibility to adapt the emissions measurement scope to their particular circumstances, whilst clearly identifying what is included and what is excluded. This will allow particular business units within large organisations to take a lead role in pursuing carbon neutrality. However, in practical terms measuring CO<sub>2</sub> emissions can be an onerous task and therefore it is sensible to have cut off point e.g. a CO<sub>2</sub>e materiality threshold of 1% for each input to a total of 5%, as in PAS 2050.

**Q5. Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Yes, the recommendations are clear and appropriate, although, it should be noted that the 'good' and 'best' practice footprints are industry specific. In the cement industry for example Process emissions are much more significant than business travel emissions. The guidance on what to include in Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**

the 'good' and 'best' practice footprints should be based on proportion of emissions rather than source categories.

**Q6. Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

Yes, users must be allowed to choose what to measure providing the methodology is clear. In some industries non-CO<sub>2</sub> GHG emissions may be insignificant when compared to CO<sub>2</sub> emissions. This also supports the use of a materiality threshold so that time and expense is not exhausted on minor immaterial sources or gases. A pragmatic solution such as this will help the diffusion of GHG reporting.

**Q7. Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Yes.

**Q8. Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

Yes, both PAS 2050 and ISO 14044 could be used providing it is clear which standard the carbon neutrality claim is based on. The system should also accommodate for the development of new standards for product footprinting.

**Q9. Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Yes, providing that the savings are made against the original footprint reductions should form part of the definition. However, it is vital that credits and allowances purchased on recognised trading schemes linked with CRC, EU ETS and CCA are also considered in the definition.

It should be noted that these mandatory schemes, which are subject to extremely rigorous monitoring, reporting and verification against mandatory emission targets, can therefore be deemed to be carbon neutral on the basis Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**

**Q14. Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

that, in the context of carbon neutrality, the need to reduce emissions encompasses both mandatory and voluntary action.

**Q10. Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

No, many installations and organisation already have mandatory emissions targets and further reduction targets will only serve as duplication and potentially confuse communications both internally and externally. Moreover, setting a harmonised reduction target will not be appropriate for all organisations given the differences in marginal cost of abatement.

**Q11. Are the recommendations on good practice for reducing emissions clear?**

Yes.

**Q12. Do you agree that emissions reductions can be measured in either absolute or relative terms? If "no", what would you prefer? If "yes", do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Yes, there are benefits to both absolute and relative reduction. Absolute reduction provide obvious benefits providing absolute reduction is not delivered by transferring production to less carbon constrained countries. Consequently, relative emissions reduction provides the best solution for both companies and the economy because relative reduction allows for economic growth which is a vital constituent of a low carbon economy.

**Q13. Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes.

Yes, because carbon off setting may be the only option for organisations to make a contribution to climate change mitigation for emissions that they do Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**

not have control over. In order that it is clear how an organisation is contributing the carbon neutral statement should provide sufficient detail, e.g. 0 tonne CO<sub>2</sub>/tonne cement (Scope 1; 60% reduction:40% off-set)

**Q15. Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

It is very important that off-sets are from credible quality assured schemes.

**Q16. Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Domestic action is equal to international action when dealing with a global problem such as climate change. Government should encourage domestic off-setting.

**Q17. Are the draft recommendations on good practice for offsetting clear?**

Yes.

**Q18. Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

Yes, it is important that the carbon offsets used are either recognised under the Kyoto mechanisms or are approved under Government approved quality assurance scheme so that the claimed carbon reduction generated by the offset credit are genuine reductions (additional and not double counted).

**Q19. Do you believe that the proposed definition and recommendations can work in practice?**

Yes. Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**

**Q20. Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

No, it would be costly to implement and difficult to enforce and resources will be more effective when spent elsewhere to tackle climate change. Furthermore, the ASA already has sufficient powers to ensure that claims are robust.

**Q21. Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

No, this is not necessary so long as the recommendations are adhered to.

**Q22. Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Yes, the decision for a company to verify their claim is dependent on the importance placed on the claim by the company and its stakeholders. Verification can be useful in some circumstances i.e. to gain consumer confidence, but should not be mandatory. The company is best placed to decide when and what level of verification is necessary for their product/service, particularly where the company may already be covered by environmental management system auditing and verification of climate change data under mandatory schemes.

**Q23. In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

It should be up to the individual organisations and companies to find the best way to communicate carbon neutrality statements in a way that is Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**

appropriate to their product/service and scale of climate change impact. Government's role is to provide guidance

**Q24. Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Yes, it would be appropriate for Government to make recommendations for a review of "carbon neutrality" and other carbon related terms as the issue develops. It is also necessary for claimants to have a tacit review period, appropriate to the nature and scale of their business and carbon neutral claim. Importantly, there needs to be some consistency between e.g. products using PAS 2050 (where review is every 2 years) and others not using PAS 2050. Government may wish to consider different time frames for review based on the scope of the claim, i.e. to differentiate between the work/cost of scope 1, 2 and 3 claims.

**Q25. If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

Government should tend toward good practice. There is a danger that frequent reviews will constantly move the goal posts and cause confusion with carbon neutral claims, so periodic reviews as necessary are favoured.

**Q26. Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

Government should not make recommendations on when or how it would be appropriate to pursue carbon neutrality. Government should however encourage the pursuit of achieving carbon neutrality as it can provide both business and environmental benefits.

**Q27. Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?** Mineral Products Association: Cement **Response to the DECC Consultation on: the term 'carbon neutral': its definition and recommendations for good practice**

No, it should remain an option but further development could take place i.e. requiring increased percentage of reduced emissions compared to offsets.

**Q28. Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

Government should consider the benefits of a review to define related terms such as "carbon reduced" or "reduced carbon profile" to allow organisations that are finding it difficult to achieve "carbon neutral" status the opportunity make a claim about what they have achieved.

Additionally, Government should define the use of waste derived alternative fuel use as carbon neutral where they are used to replace fossil fuel use. This will encourage fuel switching and reduce demand on precious landfill sites. It should be noted that in a landfill the waste can decompose to produce methane which has 21 times the global warming potential of the CO<sub>2</sub> produced during waste combustion.

**Q29. Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes, Government should be subject to its own recommendations and guidance. Moreover, Government can show leadership and direction on climate change by achieving its targets through the implementation of its own guidance.

**From:** DE Prop-Env Pol (Dickinson Raymond Mr) [mailto:Raymond.Dickinson@DE.defence.gsi.gov.uk]  
**Sent:** 22 May 2009 11:59  
**To:** Carbon neutrality (DECC)  
**Subject:** MOD Defence Estates Response

## **MOD DEFENCE ESTATES RESPONSE TO DECC CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION AND RECOMMENDATIONS FOR GOOD PRACTICE**

1. We support the broad approach on the definition of carbon neutrality, however, we do not agree with a number of aspects of the detail of the proposed protocol.
  
2. We do not agree that domestic offsetting should not be pursued as part of the protocol for carbon neutrality for the following reasons:-
  - a. The consultation recognises that footprints from different organisations using the Protocol cannot be added together to make a single total. Energy generators carbon emissions under Scope 1 also are measured by other organisations under Scope 2. This should mean that one organisation can account for low carbon energy generated and another organisation can accounting for low carbon energy procured even where it is transmitted through the national grid.
  
  - b. Moving to a low carbon economy is going to cost the UK £100B to meet the 2020 target. A mechanism should be developed to allow off-setting in the UK to help accelerate the take up of low carbon technologies at home.
  
  - c. CLG consultation on the Definition of Zero Carbon Development supported by research carried out by Cyril Sweett and Faber Maunsell acknowledges that local offsetting provides flexibility and reduced costs without compromising the overall carbon savings achieved.
  
  - d. A simple mechanism/register is all that is required to ensure the carbon emission reductions are not double counted. Claiming of ROCs, Heat Incentive or FIT should not bar an organisation from accounting for the low carbon energy as these are financial incentives to make the technologies economically viable in the UK market.



3. We would suggest that transport emissions are separated from fixed asset emissions and are given a separate 'scope/category'. Transport can be provided in a number of different ways – owned vehicles, long or short lease-hire or contracted out. Depending on the split the emissions will fall under Scope 1 or Scope 3 – additional sources. At present 'owned transport' has to be included but contracted out transport is 'optional'.

4. Rather than 'all' or 'nothing' the protocol could have different levels on a similar basis to the 'Code for Sustainable Homes' depending on the scope of the emissions being measured.

5. We have concerns over the commitment for that Government will itself apply the definition agreed following the consultation. The MOD strategy to reduce carbon emissions is to address all stages of energy management through from procurement to infrastructure management, building performance, low carbon technologies and behaviour change. Requiring the government's office estate to be carbon neutral from 2012 has the potential to put at risk delivery of carbon emission reductions through diverting funds from carbon emission reduction measures to buy off-sets. There will also be an additional cost to Departments if low carbon energy technology deployment is forced ahead of being commercially viable.

Ray Dickinson  
DE PROP Env Pol  
Property Directorate  
Defence Estates  
St George's House  
Kingston Road  
Sutton Coldfield B75 7RL  
Mil: (94421) 2126  
Civ: (0121 311) 2126  
Fax: 0121 311 3707  
Email: [raymond.dickinson@de.mod.uk](mailto:raymond.dickinson@de.mod.uk)

## **NATIONAL ENERGY FOUNDATION**

**Response to the  
Government Consultation  
on the term**

**"CARBON NEUTRAL"**

The National Energy Foundation  
Davy Avenue  
Knowlhill  
Milton Keynes MK5 8NG

Tel: 01908 655555  
[info@nef.org.uk](mailto:info@nef.org.uk)  
[www.nef.org.uk](http://www.nef.org.uk)

21 May 2009

## **Introduction**

The National Energy Foundation (NEF) welcomes the opportunity to comment on the term "Carbon Neutral", including its definition and recommendations for good practice. NEF was set up in 1988 to educate the public on the need for sustainable energy and currently sees its mission as being to empower individuals and organisations to take action to reduce their carbon emissions through energy efficiency and use of sustainable energy sources to counter climate change.

In practical terms, much of the Foundation's work has been through public engagement; initially through developing the National Home Energy Rating Scheme (a precursor of SAP), then through a long period helping establish and manage the Energy Saving Trust's network of Energy Efficiency Advice Centres (now ESTACs), development of the UK's first Renewable Energy Advice Centre in the mid 1990s (SMREAC). NEF also operated the Energy Efficiency Accreditation Scheme from 1999 until its sale to the Carbon Trust, and remains involved in the operation of its successor, the Carbon Trust Standard. Many of its activities have been focused on helping the public understand the links between climate change and everyday energy-using actions, and in guiding them towards appropriate responses.

In this context, the Foundation has provided, since 2000, what it believes was Britain's first online carbon calculator, which effectively automates a subset of the Defra emissions reporting guidelines, taking the energy sources commonly used by individuals and SMEs. Subsequently, NEF has also developed the Carbon Workout aimed to encourage action from householders; this product formerly included a link to a carbon offset product provided by the C-change Trust.

The Foundation does not actively encourage carbon offsetting, but neither is it opposed to the activity. Like the Government, it believes it is important to concentrate on taking steps to calculate and to minimise carbon footprints first, and to fall back on offsetting for otherwise unavoidable emissions. The Foundation has been involved on a very small scale in verifying voluntary UK based emissions reductions for the Milton Keynes Carbon Offset Fund and the Pure Trust and, as noted above, formerly offered a link to offsets from the C-change Trust.

While declaring interests, it should be noted that the author of this response has been invited to sit on the Government's Quality Assurance Scheme for Carbon Offsets Advisory Board and on the Carbon Trust Standard Advisory Board. He also represents the UK on the CEN Task Force 190 on Energy Efficiency and Savings Calculations.

## **Our approach to the Consultation Review**

In reviewing the Government's proposals in the consultation, therefore, the Foundation has focused on using its knowledge of the sector and its dealings with the general public to consider whether they will assist in public understanding and provide a suitable level of transparency, while at the same time encouraging positive actions. In essence we have tried to apply the age-old test: "Will the Government definition of Carbon Neutral be understood by the man on the Clapham omnibus, and will it encourage him (or her) to take real action to reduce their carbon footprint?".

Our detailed responses to the questions posed in the consultation are below. However in essence our answer can be summarised as:

- The definition is good, with a caveat about the use of "carbon" rather than "carbon dioxide";
- We agree with the scope and boundaries suggested (including the use of CO<sub>2</sub> for most activities, but CO<sub>2</sub>e for products, in line with PAS 2050);
- However we have reservations about whether the public will understand the inclusion of other Kyoto gases in a term that only uses the word "carbon";
- We support the inclusion of emissions reductions in the recommendations for good practice, but have a number of detailed comments about their measurement, including a recommendation to not use turnover as the sole measure for relative savings;
- We have reservations about sole reliance on Kyoto-compliant credits for residual offsetting;
- We recommend the establishment of a Code of Practice, capable of enabling a matrix of possible scopes, actions and offsets, and which could work in support of the Advertising Standards Authority's Green Claims Code.

Finally, we would add that as an organisation we do not use the term "carbon neutral" ourselves, owing to potential conflict with the trademarked term "CarbonNeutral" owned by the CarbonNeutral Company. In many respects we therefore welcome the clarification of the term, and its formal reclamation into the public domain, while noting that we may ourselves still talk about "balancing carbon" or "net zero carbon" to avoid confusion with the commercial CarbonNeutral product.

## Detailed Response to Consultation Questions

### Part 4 – Proposed Definition and Transparency

<b>Q1</b>	Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?
<b>Q2</b>	Do you agree with the Government's broad approach? If not, what alternative would you propose?

1. Yes, we think it is helpful for the Government to produce a definition and recommendations, despite the existence of the "CarbonNeutral<sup>®</sup> Protocol" as a private initiative to define a very similar term.
2. We agree with the approach, but not with the exact wording of the definition.

In terms of the actual definition, we believe that it should say (at its end) "**net calculated carbon dioxide emissions equal zero**". Although we are content that the term to be defined is "carbon neutral", we feel that it is important to identify in the definition that the main greenhouse gas to which it applies is carbon dioxide (CO<sub>2</sub>) and not [solid] carbon (as in PM<sub>10</sub> particulate emissions, for example). The suggested use of just "carbon" fails our "Clapham omnibus" test in terms of easy comprehension by a non-technical member of the British public. This is also relevant when it comes to calculations, as they are expressed (in Part 5) in CO<sub>2</sub>e, not carbon-equivalent.

We also wish to observe that there is an inconsistency between the definition in 4.1 and the diagram in figure 1. The definition refers to "offsetting residual emissions"; the figure to "offset unavoidable emissions". We would probably prefer the latter as best practice (ie. offsetting unavoidable emissions), while noting that this too would then need some explanation. In particular the Government would need to issue guidance on whether emissions that could be offset by actions that were technically possible but economically unattractive should be regarded as "unavoidable".

Finally, in 4.3 iv), it states that "a degree of carbon offsetting *must* be carried out". Although we accept that this is the normal situation, it is possible that onsite mitigation actions – eg. through a large wind turbine – could exceed the net residual emissions, so allowing true carbon neutrality without the need for purchasing offsets. We think that this could usefully be clarified, possibly by way of a footnote.

### Part 5 – Measuring Emissions

<b>Q3</b>	Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?
<b>Q4</b>	Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?
<b>Q5</b>	Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

<b>Q6</b>	Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO <sub>2</sub> e) or only emissions of CO <sub>2</sub> ? Or should the definition specify measurement of all Kyoto gases?
<b>Q7</b>	Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?
<b>Q8</b>	Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

3. We agree with the concept of a modified use of the GHG protocol as set out in 5.22 and Box 2. We note that this is broadly consistent with the scope adopted by the Carbon Trust Standard (CTS), with the CTS Level 1 being equivalent to "good practice". However the CTS Level 2 is not quite the same as "best practice", as it additionally includes Process emissions and Fugitive emissions from Scope 1. Our preference would be to keep best practice for carbon neutral consistent with the CTS Level 2 and to include all Scope 1 emissions.

We are also concerned about the final paragraph of Box 2, which appears muddled. Our preference is that "Business Travel" should lie within "best practice" for the company or organisation requiring the individual to undertake that travel, as it is there that the decision to specify the mode and destination is usually made. As Box 2 currently stands, it looks as if Business Travel has been moved across to individuals' footprints, away from their employer, and we would not support this attribution.

We also note that it would be easy to reduce a measured carbon footprint artificially at the good practice level by the simple action of transferring ownership of company cars to a third party (including a leasing company), and then by reimbursing employees on a mileage basis, not paying directly for fuel, thus taking them into scope 3. We recommend that this should be explicitly banned from "good practice".

4. We agree that there should be flexibility, and that it should be possible – subject to adequate transparency – to attain carbon neutrality for only part of an organisation.

5. Recommendations are necessary, and are generally appropriate.

In 5.10 we note that we have ourselves published an online calculator using the Defra emissions factors since the year 2000. However, Defra appears to lack any mechanism for keeping a voluntary register of users, that it could then inform when it has updated the emissions factors. We would welcome a process to be established, as at present the only way we can tell when emissions factors change is by regularly visiting the Defra website to look for updates, and this inevitably means that on occasion we are using the previous year's figures inadvertently.

We would also welcome more guidance about the use of net and gross calorific values in the conversion factors, given Defra's stated intention to move from gross to net.

It is also important that organisations have the right to override default Defra values where they have more accurate information, for example in terms of transport fuel used in cars or per tonne-kilometre of goods transported. This may also include reference to use of data published by third parties, including airlines on the fuel efficiency of their fleets, or DVLA car efficiency bands.

6. We believe that the public expect the term "carbon neutral" to refer primarily to carbon dioxide, and not to other Kyoto gases. We would therefore recommend that the default should be to account only for CO<sub>2</sub>, and not for the other GHG emissions (CO<sub>2</sub>e). We accept that this is different from the case in PAS2050 for specific products.

7. Yes

8. We agree that PAS2050 is an appropriate tool. However we note that it would then be possible for a factory to be "carbon neutral", but for none of its products to be so!

## Part 6 – Reducing emissions

<b>Q9</b>	Do you agree that emissions reductions form a necessary part of the definition? If not, why not?
<b>Q10</b>	Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?
<b>Q11</b>	Are the recommendations on good practice for reducing emissions clear?
<b>Q12</b>	Do you agree that emissions reductions can be measured in either absolute or relative terms? If "no", what would you prefer? If "yes", do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?
<b>Q13</b>	Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

9, 10. Yes. We welcome the requirement that emissions should be reduced forms part of the proposed carbon neutral definition. However we are uncertain as to how practical it is to set a minimum level for reductions, and are unclear how the term (in Box 3) "an ongoing process that is as ambitious as possible" would be interpreted in practice. One relatively simple approach (at least in concept) is to require emissions reduction "year on year" as in the Carbon Trust Standard and consistency of approach might again – as with the scope in Part 5 – be helpful.

11. The recommendations are reasonably clear, but repay being read through a number of times.

We note that although the purchase of "green electricity" is referred to in paragraph 3.4 in the introduction, there are no further references to it in the consultation document. We regard this as an important omission, and recommend that its treatment should be specifically referred to in Part 6, including a summary of the latest Ofgem guidance.

12. Yes. We agree that it is necessary to permit some flexibility over emissions reductions in absolute or relative terms. We generally prefer relative emissions, as otherwise changes to the activity levels of a business may give a misleading impression of the underlying carbon efficiency. Once again, we would refer to the rules established by the Carbon Trust Standard as representing best UK practice.

Paragraph 6.12 recommends that reductions in relative terms should be reported by reference to unit turnover. This is not consistent with most international reporting for GHG reductions, which focus instead on more functional outputs, such as units of products manufactured, tonnage of goods sold, area of floorspace occupied for offices, paying passenger-km for public transport operators, or bed-nights in hotels. An intermediate measure may be to consider employee numbers (FTEs). And if turnover is used, then this must be deflated by an appropriate measure of inflation or overall GDP growth. Once again, we would refer to the Carbon Trust Standard for a discussion of some of the issues around this point.

We have reservations about the wording in Box 3, and would specifically recommend the removal of the words "at home" in the third line, as we believe that this sentence should apply much more widely.

13. The transparency aspects are broadly correct, subject to our reservations on how they are calculated. We note that this level of detail is unlikely to be able to be provided at point of sale for most physical goods (such as a bottle of carbon neutral beer), so should instead refer to a website

where the information can be readily accessed by the public. This website may be controlled by the organisation claiming carbon neutrality or by a third party, such as an independent verifier.

## Part 7 – Offsetting Residual Emissions

<b>Q14</b>	Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?
<b>Q15</b>	Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?
<b>Q16</b>	Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?
<b>Q17</b>	Are the draft recommendations on good practice for offsetting clear?
<b>Q18</b>	Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

14. Subject to the unusual situation where an organisation has net negative emissions arising from onsite production of renewable energy (see our comments above on 4.3 iv), we agree that offsetting is fundamental to achieving carbon neutrality.

15, 16. However we do not agree that the definition should only apply to offsets made using Kyoto-compliant credits. We have three principal reasons for this view:

- i) The Kyoto process is time-limited. Although the Government's own Quality Assurance Scheme will hopefully outlast Kyoto, there is an inherent risk in creating a general "definition" which should be capable of being used for a long period of time by reference to a short term instrument. As such, we believe that any definition should be drawn up in terms of broad principles (additionality, permanence, verification, transparency and no leakage or double counting) currently relegated to footnote 25.
- ii) We have referred (Q2) above to a public expectation that "*carbon* neutrality" will refer to carbon [dioxide] and not to other GHG gases. Permitting the use of other industrial gas offsets would seriously damage the public credibility of the term. Just because reducing fugitive HFCs from a plant in China may fall within the letter of the Kyoto rules does not mean that it will fit in with the spirit of carbon neutrality wanted by the British public. And the public mood is currently very distrustful of rules-based compliance, rather than "doing the right thing". So the argument that a tonne of carbon dioxide can legitimately be offset by 140 grams (5 ounces) of perfluorobutane, for example, is unlikely to be popular.
- iii) The previous point does not just relate to the selection of gases that can be used for offsets and neutrality. It also relates to geography. Although as professionals we know that CO<sub>2</sub> knows no borders, and that it is more cost effective to undertake offsets in rapidly industrialising countries, this may not be what the public expects from a "carbon neutral" organisation.

Put another way, if I buy a bottle of Carbon Neutral beer, produced using barley grown and malted in East Anglia and English hops by a brewery in Suffolk, I may be very happy to read that it is from Britain's most energy efficient brewery and uses a lightweight lower carbon bottle. So when it comes to offsets, I would probably expect that the offsets would also be in Suffolk, not Szechuan. And providing that there were demonstrable savings due to the offsetting actions, I would probably enjoy drinking the beer knowing it to be carbon neutral, without worrying that the UK Government might also be claiming international credits for lower emissions from local offset actions<sup>1</sup>.

<sup>1</sup> This is not a real example, as Adnams East Green beer, on which the text is based, use Climate Care's offsets, which are mainly VCS verified international projects, including some wind energy projects based in China. However they are all CO<sub>2</sub> based, and it is understood do not qualify as Kyoto-compliant.

The Government is right to be concerned about additionality on UK (or other non-Kyoto) offsets. Indeed, the Milton Keynes Carbon Offset Fund recognises this, in that some of the work supported would undoubtedly have taken place anyway, either now or in the future. But this should not be seen as an insurmountable problem, especially as some of the work would not have taken place in the medium term. Careful analysis and conservative verification rules, including limiting offsets to the number of years that a project is advanced, can overcome many of these issues. Adherence to other quality standards, including the Gold Standard, can also have a place.

17. Having made the points above, we then note that in Box 4, the rules do appear to have been relaxed to allow offsets "that can be shown to meet all the tests", although there is no clarity in the Box itself on what is meant by the "tests". (We presume that they are the six principles listed in footnote 25.) This should be made clearer.

18. We are struggling to find any specific requirements in this section for transparency as to how an organisation has purchased its offsets. As in question 13, we recommend that full details are unlikely to be able to be provided at point of sale for most physical goods, so should instead refer to a website where the information can be readily accessed by the public. This website may be controlled by the organisation claiming carbon neutrality or by a third party, such as an independent verifier.

## Part 8 – Other Issues

<b>Q19</b>	Do you believe that the proposed definition and recommendations can work in practice?
<b>Q20</b>	Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?
<b>Q21</b>	Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?
<b>Q22</b>	Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?
<b>Q23</b>	In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?
<b>Q24</b>	Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?
<b>Q25</b>	If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?
<b>Q26</b>	Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?
<b>Q27</b>	Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?
<b>Q28</b>	Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?
<b>Q29</b>	Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?



19. Yes, we think that (with some reservations as indicated above) the definition is broadly workable.

20. We do not believe that the terms should be regulated, partly because it is already too widely used in the public domain.

21. We do however believe that Government should consider a Code of Practice, to which organisations can voluntarily sign up, possibly incorporating a number of levels. This would then set a standard that could be used to compare between organisations more easily, and yet still retain some flexibility. It would also probably make the ASA's job easier, with a specific Carbon Neutrality Code supporting the Green Claims Code.

One route might be to explore with BSi and other potentially interested parties (including the National Energy Foundation) the possibility of developing a PAS for Carbon Neutrality to run alongside PAS 2050. Ultimately this could serve as a basis for a national, European or international standard, although the latter might be difficult given the difference in scope of emissions.

22. We agree that there should be flexible mechanisms for verification, including – as in PAS 2050 – self-verification. The main recommendation that we would have for external verification is that it should be undertaken by a body independent of the offsetter, with appropriate training, experience or qualifications.

23. We do not see a need for specific recommendations on communication, unless a wider code is introduced which would presumably require specification of the level of neutrality. We believe that recommendations on communications in Part 7, at least, could be enhanced.

24. Carbon Neutrality should be seen as an ongoing process, and not a one-off exercise to be undertaken every two years or so. Offsets should generally be bought on a regular cycle, and not just at the end of the process. It may be helpful to give guidance on this, especially if carbon neutrality relates to a prior period. We accept that it may be difficult to offset on a continuous basis, as emissions levels cannot be known until the end of any given period of time, but we do not think that an organisation can justifiably claim to be carbon neutral based on contingent purchases of offsets at some undefined time in the future.

25. As noted in question 21, we would recommend a Code of Practice that could cover both levels (and indeed a matrix of possible scopes, actions and offsets).

26. No. Government should probably remain neutral on the subject of carbon neutrality, given the general ambivalence around offsets, but should aim to facilitate tools (including a Code of Practice) that would lead to consumers being able to make a more informed decision for themselves.

27. We see no reason for expecting carbon neutrality to be a transitional term, as it is almost certain that there will still be residual carbon emissions (and opportunities to offset them) from activities in even a low carbon Britain, as envisaged by the year 2050.

28. We suggest that it might be possible to relate the terms "carbon positive" and "carbon negative" to "carbon neutral" on a consistent basis, creating greater clarity for consumers.

29. We agree that it would make sense for the Government to use a publicly supported definition of carbon neutral to its own estate; anything else might open it to charges of hypocrisy.

**From:** Jeremy Hawksley [mailto:jhawksley@oftec.org]  
**Sent:** 21 May 2009 15:20  
**To:** Carbon neutrality (DECC)  
**Subject:** Response from Oil Firing Technical Association (OFTEC)

Dear Carbon Neutrality and Carbon Offsetting Team,

Thank you for giving us the opportunity to comment on your "Consultation on the term carbon neutral; its definition and recommendations for good practice".

OFTEC is a trade association representing manufacturers and suppliers of oil fired heating and cooking equipment. Also we set standards for oil fired equipment and we run a competent persons scheme for technicians under licence from the Department of Communities and Local Government. Currently we have just under 10,000 registrants on our scheme.

Since 2008 we have been closely involved in a project to develop a bio-heating oil blend of kerosene or diesel with FAME Bio-fuel (used cooking oil). We will be issuing a provisional OFTEC Standard to define these fuels later in 2009. The recent SAP Consultation 2009 has recognized this work in its Table 12 which quotes a B30K fuel (30 % FAME and 70% Kerosene) under Oil.

Our comments on the Consultation Paper are as follows:

1. OFTEC broadly accept the Governments recommendations but strongly disagree with the ease to which a company can resort to offsetting.
2. We suggest that a more rigorous approach is taken to ensure that all practical measures with regard to energy efficiency and the use of "on-site" or "near-site" renewable solutions are employed *before allowing* the use of offsets.
3. In addition, OFTEC suggest that offsets are limited by geographic boundaries in some way, to ensure that companies make their greatest efforts close to their operational centres, where they can be more involved. For example, by requiring that the first 50% of a company's off-setting to be UK off-setting, the next 25% European and the last 25% global.
4. OFTEC notes that by allowing offsetting the Government will be entering a debate similar to that already underway about the potential for indirect effects of using bio-fuels. We are concerned that, by allowing off-setting before efforts have been made to reduce direct and indirect supply chain emissions, the Government will be open to criticism that the indirect effects of offsetting may be unacceptable or non-sustainable. OFTEC is also keen to see indirect effects considered within the general methodology in the same way that the bio-fuels methodology is being developed to consider indirect effects. It is inaccurate and inconsistent to suggest that indirect effects are only relevant to the bio-fuels sector.

We would be pleased to meet you to discuss these points further if that would be helpful.

Yours sincerely

**Jeremy Hawksley**  
Director-General OFTEC

Tel: 0845 65 85 080  
Fax: 0845 65 85 181

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**Department of Energy & Climate Change**

3 Whitehall Place,

London SW1A 2HD

Telephone 020 7270 8180

e-mail: [carbonneutrality@decc.gsi.gov.uk](mailto:carbonneutrality@decc.gsi.gov.uk)

21<sup>st</sup> May, 2009

Dear Department of Energy and Climate Change,

**Consultation on the term 'carbon neutral': its definition and recommendations for good practice**

Planet Positive is an environmental mark backed by a best practice protocol in carbon management as well as a behavioural change campaign for a better, more sustainable way of living. Already used by 50 companies and product manufacturers including Sainsbury's (on their Northamptonshire distribution centre), Planet Positive is now being launched to people to inspire and help them to cut carbon out of their lives.

The Planet Positive Protocol was developed by dcarbon8, a leading carbon and sustainability consultancy based in London, working with ERM and a Technical Committee of industry and academic experts in 2006. The Protocol, regularly reviewed and maintained at best practice, represents a robust, fully transparent solution to the abuse of the term carbon neutral.

In order to display the Planet Positive mark, businesses (including product manufacturers) must measure their carbon footprint, make commitments to substantially reduce it, and invest in carbon projects to cover the calculated footprint by a minimum of 110%. Businesses must demonstrate reductions from Year 2 onwards. Parties shall then report their achievements in order to demonstrate transparency and educate others. Furthermore, Planet Positive is committed to:

- Encouraging businesses to take all reasonable steps to reduce their company and/or product footprint by engaging with suppliers and encouraging them to certify products and services Planet Positive
- Raising awareness and bringing about behavioural change among individuals.

**Measurement**

The Planet Positive Protocol lays out guidelines for measuring business operations, products, events and personal footprints. The business carbon footprinting methodology is based on the WRI's GHG protocol, but stipulates that Scopes 1, 2 and parts of 3 must be included in the calculation for every Planet Positive business. Under Scope 3, we include business travel, paper use and waste, because we believe that these impacts make up an important part of the footprint that can be easily be influenced by business members and lead to significant learning in the organisation.

Planet Positive does not require further Scope 3 emissions related to the supply chains of purchased materials (other than paper) to be included in the footprint measurement. This is because we believe that these emissions, which vary depending on the type of products bought in by the office, should be included in the individual product's footprint. Transparent carbon labelling on products enables the end-user to understand the emissions associated with individual products and to use his/her purchasing power to influence the manufacture of products. This places the onus on the product manufacturer to reduce emissions.

For product carbon footprinting the Planet Positive Protocol is aligned with the PAS 2050.

### **Reduction**

In terms of reduction for businesses, Planet Positive requires all organisations to commit to annual quantifiable reduction targets, based on an absolute or relative metric. If by the end of the second year of certification the organisation has not reached its target, the mark can be revoked. For relative reduction measures, Planet Positive requires that the organisation reduce the carbon intensity of the relative measure by at least 2.5%, to ensure that absolute emissions do not rise. This is in the line with the Carbon Trust Standard's requirement for relative reduction.

Planet Positive encourages businesses to set a 5% absolute reduction target on average per annum, in line with UK targets to reduce emissions by 80% by 2050 compared to a 1990 baseline.

Planet Positive products must demonstrate a reduction has been made in the product's embodied carbon emissions compared to a baseline version of the product, and should demonstrate continued reductions in each new issuance of the product.

### **Offsetting**

Planet Positive believes that in addition to making reductions in their own operations and manufacture, organisations should contribute to sustainable development and the avoidance of emissions in other parts of the world by purchasing Voluntary Emissions Reductions over the carbon markets. **Planet Positive requires all users of the mark to offset all measured emissions by 110% at a minimum.** 'Carbon neutral' is not enough; organisations should contribute to further emissions reductions beyond their own footprint.

Planet Positive sanctions the use of offset credits certified to the Gold Standard, the Voluntary Carbon Standard, VER+, and some pre-CDM VERs (these are independently vetted by our offset suppliers according to the Selection Policy set out in the Planet Positive Protocol).

Planet Positive provides additional value to the offsetting step using VERs by contributing a portion of the cost of each tonne of carbon to CSR projects with environmental, social and economic benefits in the developing world.

Planet Positive is currently developing a Community Carbon Fund to support energy efficiency and renewable projects in the UK. The offset payments of users of the Planet Positive mark will include a donation to the fund. The first project to be developed by the fund is the Carbon Army. The Carbon Army will train and up-skill unemployed people to perform carbon and sustainability audits in homes

in their local neighbourhood. It will provide a community-level support network to stimulate behavioural change and reduce domestic emissions.

## Reporting

Planet Positive believes that reporting transparently is crucial to preventing green washing and raising awareness among the public. All users of the Planet Positive mark must log a certificate on the Planet Positive website detailing the organisational and impacts boundary measured, the reduction targets committed to (including past performance on reaching targets, if applicable) and the offset projects supported. This information is then available in the public domain.

## Comments on the Consultation on the term 'carbon neutral'

Planet Positive would like to make the following general comments on DECC's consultation on the carbon neutral.

1. The term carbon neutral is open to abuse and misrepresentation if a common scope of measurement is not issued by the government or if at the very least disclosure of the boundary of measurement is not required with every 'carbon neutral' communication created by organisations.

The UK government should take a position on measurement boundaries. Planet Positive believes that for business operations, including Scopes 1, 2 and business travel, paper use and waste at a minimum for Scope 3 is essential.

The UK Government should not leave the determination of scope of measurement to organisations.

2. The definition of carbon neutral should certainly specify that all GHGs are included (CO<sub>2</sub>e). There is no point in omitting any GHGs when the need to make reductions is so urgent. Emissions from households should also be measured in CO<sub>2</sub>e for the sake of standardization in order to reduce already high levels of confusion among the public. DECC should recommend that the Energy Savings Trust report all emissions in CO<sub>2</sub>e.
3. The UK Government should require organisations to commit to reduction targets and meet these in order to be able to continue to use carbon neutral term in relation to their operations, product or service. Planet Positive recommends that the UK Government follow the same minimum 2.5% reduction for relative reduction that the Planet Positive Protocol stipulates.
4. The UK Government should strongly urge organisations to offset beyond their carbon footprint, as Planet Positive does.
5. Planet Positive recommends that the Government expand its mark for government assured offsetting to include VERs certified to acceptable independent standards such as the VCS and the Gold Standard. This would be truly helpful in the unregulated voluntary market.

We hope that DECC find these comments and our response to the consultation useful. Please refer to the Planet Positive Protocol (attached) to learn more about our best practice protocol in carbon management, which we believe provides a strong model on which the UK Government could potentially base any regulation of the term carbon neutral.

Yours Sincerely,

Christina Wood  
Policy Development  
Planet Positive

### **Answers to applicable Consultation Questions**

**Q1** Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?

Yes, it is essential that the Government produce a definition of the term carbon neutral (for now) in order to clarify the voluntary steps that organisations can take to reduce their emissions and stimulate them to do so. A strong framework is needed.

**Q3** Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?

Yes. Please see above for our solution to Scope 3 emissions.

**Q4** Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?

Organisations should be able to pursue carbon neutrality for certain parts of the organisation but this should always be clearly disclosed when carbon neutral status statements are made.

The government should stipulate which emissions are included in a business operations carbon footprint. Please see above for our recommendation in line with the Planet Positive Protocol.

**Q5** Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

They are clear and necessary and should be stronger than recommendations. See above for Planet Positive's suggestion for what should be included in footprint boundaries.

**Q6** Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

As stated above, we believe that it is absolutely necessary that all GHG emissions are included. At this critical moment in our climate's future, it would be criminal to leave out emissions.

**Q7** Do you believe the transparency elements on measuring emissions are to be correct and/or sufficient?

Yes. How this is policed is another question which we do not attempt to answer here.

**Q8** Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

We believe PAS 2050 is the best and most appropriate standard available for life cycle emissions of products and should form the basis of an international standard of the same.

**Q9** Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

Yes. We believe reductions should be a requirement.

**Q10** Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

Reduction requirements should be based on an annual time frame and usage of the term should not be allowed if a company has not maintained a reduction after 2 years of achieving carbon neutral status.

**Q12** Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no“, what would you prefer? If „yes“, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

Yes. The Planet Positive requirements are as follows:

Planet Positive certification signifies real action to mitigate climate change; therefore significant, measurable reductions in carbon emissions need to be prioritised by participant organisations, first and foremost, prior to the investment in carbon projects.

Organisations must produce a statement, signed by a representative of the organisation's senior management team, committing the organisation to the long term achievement of measurable reductions in their carbon footprint.



This statement must include:

- i. A commitment to an annual quantifiable target for emissions reduction, expressed in tonnes of CO<sub>2</sub>e (absolute reduction) or any % against a chosen metric (relative reduction). For example, these may be tCO<sub>2</sub>e per employee, tCO<sub>2</sub>e/m<sup>2</sup> occupied area, tCO<sub>2</sub>e/turnover or tCO<sub>2</sub>e/functional unit. The PPAC will consult with the participant organisation on the appropriate metric. *Guidance on targets and benchmarks is given in the Reduction Guidelines (separate document to the Planet Positive Protocol, also attached).*
- ii. An agreed set of actions to be implemented to reduce emissions, and the level of reduction expected from them.
- iii. A commitment to future reductions in emissions.

**Q14** Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

Planet Positive believes that businesses must take responsibility for their emissions. The four steps of measuring, reducing, offsetting and reporting on GHG emissions are all essential components of a carbon management framework designed to meet meaningful reduction targets and make a lasting contribution to climate change mitigation. Quantifying emissions and their impact, and knowing which actions create the most emissions, is vital to developing a strategy for avoiding emissions, increasing efficiency, and using renewable or cleaner technologies in order to meet reduction targets. Taking responsibility for the remaining emissions and helping others to reduce emissions elsewhere in the world through investing in carbon projects provides an immediate response to the need for material reduction in global GHG emissions. Furthermore, by communicating effectively on their efforts, organisations are able to educate others about the need for action and inspire them to follow their lead in reducing emissions.

While behavioural and technological improvement, such as energy efficiency, renewable energy procurement and changing consumption patterns have the principal role to play in directly reducing emissions, carbon neutrality is most often achieved through offsetting. This is because some emissions are at present unavoidable. Nevertheless investment in carbon projects should be viewed as secondary to emissions reductions and as a short term solution within a long-term sustainability strategy and carbon reduction plan for becoming a low or zero carbon organisation. Finally, because carbon neutral is no longer adequate in the fight to mitigate climate change, Planet Positive requires organisations to go one step further and become part of the solution, by going carbon negative.

Planet Positive believes that individuals should in the first instance become engaged in carbon reduction. In order to remove any barrier to engagement, Planet Positive does not require them to offset to become Planet Positive People. People can choose to offset their unavoidable emissions if they would like to make an additional voluntary contribution to global emissions reduction efforts.

**Q15** Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

Many of the Voluntary Standards have been created to address issues with additionality and the quality of sustainability co-benefits found in CERs. For example, the Gold Standard was designed to set more rigorous sustainability requirements than the CDM CER programme. The definition should most certainly be expanded to include suitable VER standards, especially as the voluntary market, while still small, has the potential to grow rapidly and cover significant amounts of carbon if regulation and transparency are improved.

**Q16** Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

Planet Positive is currently piloting a 'Carbon Army' programme in Bradford, as an additional solution/offering to offsetting. This solution provides a very powerful way of engaging communities and decreasing domestic emissions. The Carbon Army will train students, unemployed, elderly, etc to perform carbon and sustainability audits in their local community, stimulating awareness of climate change, decreasing emissions, creating jobs and skills for the low carbon economy, and saving households money on energy bills. The Army will be expanded to towns and communities around Britain. Please contact [Christina@planet-positive.org](mailto:Christina@planet-positive.org) for more information.

**Q19** Do you believe that the proposed definition and recommendations can work in practice?

The proposed definition will only create more confusion among the public surrounding the term carbon neutral, which in turn takes people's focus away from what is the most important matter at hand: reducing carbon emissions. The government should use this opportunity to emphasize the importance of reduction by building a requirement to reduce into the definition of the term.

**Q20** Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

Yes, but this would likely create a large fiscal burden and would require an auditing/verification arm to be established.

**Q21** Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

Those above on boundary and scopes of emissions.

**Q22** Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

The government should issue guidelines on external verification so that a code of practice is followed by verifiers and these should be audited regularly to ensure performance.

**Q26** Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

Government should take a neutral stance on encouragement but should ensure that if the term is used, it is backed up with real reduction and good carbon management.

**Q27** Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

Offsetting is obviously not the answer but part of the many mechanisms we must use to mitigate climate change. Offsetting is important because we do need a market to drive low cost emissions reduction. However the government will have to (and is with the CCC budget) issue clear, strong pathways for near total decarbonisation of the UK by 2050.

**By email only**

Carbon Neutrality and Offsetting Team  
Department of Energy and Climate Change  
3-8 Whitehall Place  
London SW1A 2HH

21 May 2009

Dear Sir/Madam

**CONSULTATION ON THE TERM “CARBON NEUTRAL”: ITS DEFINITION AND RECOMMENDATIONS FOR GOOD PRACTICE**

England’s Regional Development Agencies (RDAs) welcome the opportunity to comment on the proposals to define the term “carbon neutral and recommend good practice. This response represents the joint views, agreed by all nine RDAs in England. Each RDA may also respond individually on matters considered to be of particular regional significance.

RDAs are business-led organisations established by the Government to promote sustainable economic development, including low carbon and resource efficient regional economies. They work with key public and private sector partners to increase the economic performance of the regions and reduce social and economic disparities within and between regions.

RDAs recognise and support the need for a definition of carbon neutral and recommendations of good practice. We are, however, cautious about promoting carbon neutrality as a priority for business. We consider that emissions reduction should be the primary area for attention by all organisations, and that carbon neutrality by offsetting should therefore be no more than a means of managing the impact of emissions until they can be further reduced. It is important that business does not see carbon offsetting as an easier alternative to rigorously managing their emissions reduction.

<b>Q1</b>	<p><i>Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?</i></p> <p>As public interest in climate change is rising, many organisations want to demonstrate their commitment to managing their carbon impact. However, the use of the term carbon neutral is poorly defined, making it difficult for individuals, groups and organisations to make informed decisions on its application. Use of the term can be confusing or misleading and it is difficult to make comparative assessments between competing claims. Moreover, as many organisations are now using the term to demonstrate their environmental credentials to achieve competitive advantage there is a</p>
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	<p>growing need for transparency in its use.</p> <p>To remove the high level of uncertainty that currently exists in the use of the term, there is a clear need and role for Government to produce a single definition and recommendations on its use; and for these to be incorporated into the voluntary Green Claims Code.</p>
<p><b>Q2</b></p>	<p><i>Do you agree with the Government's broad approach? If not, what alternative would you propose?</i></p> <p>The RDAs agree with the Governments broad approach, that use of the term 'carbon neutral' requires the user of the term to adopt a transparent process including:</p> <ul style="list-style-type: none"> <li>• measuring emissions</li> <li>• reducing those emissions, and</li> <li>• offsetting residual emissions</li> </ul> <p>The RDAs agree that reducing emissions is an important step: our work with business has demonstrated that reducing emissions through improved resource efficiency delivers business as well as environmental benefits. It is therefore important that the need to reduce emissions is retained, as a key element of a definition of carbon neutral, to encourage businesses to reduce their emissions and benefit from the productivity benefits this may provide. <i>Otherwise, we could have a situation where organisations increase emissions whilst offsetting them, thereby remaining "carbon neutral", which is clearly a nonsense</i></p> <p>To reduce the time and cost burden on business to substantiate their claims of carbon neutrality, it is important that the process is simple, transparent and that appropriate guidance is given.</p> <p>The RDAs already play a key role in helping small to medium sized businesses improve their resource efficiency and are working with Business Link to enable businesses to access appropriate advice and support.</p>
<p><b>Q3</b></p>	<p><i>Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?</i></p> <p>The Greenhouse Gas Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas (GHG) emissions. The process of identifying Scope 1,2 and 3 emissions is relatively straightforward and provides a structured approach for businesses to identify their GHG emissions. Its use as the basis for measuring emissions is appropriate at this stage. However, the potential for double counting across the supply</p>

	<p>chain will need to be addressed as carbon accounting becomes more commonplace and Scope 3 emissions are included.</p> <p>The status of the purchase of ‘green’ electricity and its contribution to the reduction of an organisation’s carbon emissions requires further consideration. Clear guidance is required to enable business to balance any increased cost associated with a green tariff and the environmental and other benefits this may provide..</p>
<p><b>Q4</b></p>	<p><i>Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?</i></p> <p>RDA’s agree that there should be flexibility over exactly which emissions users of the term “carbon neutral” measure; and that there should be flexibility to enable the term to be used for only parts of the organisation. This is important to ensure that the work required to measure emissions is proportionate to the size of the business, the sector they are in and the scale of their emissions.</p> <p>Transparency, over the emissions measured and which parts of the organisation are included, is essential to enable consumers, investors and other businesses to understand the basis of claims about carbon neutrality and make informed decisions. Therefore, this should be included alongside any carbon neutral statements and logos. Information on the emissions measured and the parts of the organisation included should be made publicly available.</p>
<p><b>Q5</b></p>	<p><i>Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?</i></p> <p>To provide guidance to business and create a level playing field recommendations on good practice for measuring emissions are necessary.</p> <p>The minimum emissions proposed for inclusion within the good practice footprint (Scope 1; production of electricity, heat and steam and emissions from owned transport, and Scope 2 emissions from the consumption of electricity, heat and steam) should enable the majority of businesses to quantify their carbon impact without incurring a prohibitive cost or administrative burden.</p> <p>The inclusion of all business travel should be considered at a later stage, once the tools required to easily measure the carbon footprint of business travel by the various modes of transport are freely available.</p>

<p><b>Q6</b></p>	<p><i>Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?</i></p> <p>The RDAs agree that users of the term should be able to choose whether to measure only CO<sub>2</sub> or all of the Kyoto greenhouse gases, as appropriate for their business. It would pose an unnecessary burden on business if they had to report on all of the Kyoto GHG's if their emissions in gases other than CO<sub>2</sub> were not significant. This is particularly relevant for SMEs, who do not have the resources to undertake detailed assessments of all emissions.</p> <p>As the use of different conversion factors can impact upon the estimate of emissions, the good practice recommendations should include the use of common emissions factors based upon the Government's Guidelines for Company Reporting. If organisations have utilised different emissions factors, this should be clearly and openly reported.</p>
<p><b>Q7</b></p>	<p><i>Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?</i></p> <p>Transparency is required on:</p> <ul style="list-style-type: none"> <li>• the method of measuring emissions;</li> <li>• the source of the emissions measured;</li> <li>• the GHG's measured and the units of measurement;</li> <li>• the time period of measurement</li> <li>• the resultant carbon footprint, and</li> <li>• which parts of the organisation are included.</li> </ul> <p>The transparency elements on measuring emissions are therefore sufficient.</p>
<p><b>Q8</b></p>	<p><i>Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?</i></p> <p>PAS 2050 (or the full life cycle of the product using ISO 14044) is appropriate for calculating the carbon footprint of products in larger organisations but further consideration is required for SME's, where the requirements may be too onerous for the resources they have available.</p> <p>RDAs have considerable experience of working with SME's and have found that smaller organisations considering the introduction of an environmental management system opt for BS8555 rather than ISO14001 as it is less resource intensive. A simpler, less bureaucratic system for assessing the carbon footprint of products is therefore required for SME's or practical</p>

	<p>support and methodology guidance if SMEs are required to use PAS 2050 or ISO14044. The RDAs we would be pleased to assist DECC in identifying possible solutions.</p>
<b>Q9</b>	<p><i>Do you agree that emissions reductions form a necessary part of the definition? If not, why not?</i></p> <p>The RDAs agree that a reduction in absolute emissions is required to reduce global greenhouse gas concentrations which are contributing to climate change. However, we also believe that reducing emissions through improved resource efficiency delivers business as well as environmental benefits. It is therefore important that the need to reduce emissions is retained, as a key element of a definition of carbon neutrality, to encourage businesses to reduce their emissions and benefit from the productivity benefits this may provide.</p> <p>There is also the issue of credibility: to the majority of consumers the term carbon neutral creates a clear expectation that an organisation has taken significant steps to reduce their emissions rather than allowing an increase in emissions that are then offset.</p> <p>Flexibility is required in how emissions reductions are reported, to accommodate business growth and entry into new market sectors requiring increased resource usage. In such conditions, organisations could demonstrate improvements in resource efficiency per unit of output or provide timescales of when this will be achieved.</p>
<b>Q10</b>	<p><i>Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?</i></p> <p>As all businesses are different, in terms of their size, the sectors they operate in and the processes they adopt, a 'one size fits all' approach is not appropriate. To provide the required transparency and to demonstrate their commitment to reduce emissions, the good practice recommendations could require businesses to state the measures they are going to implement to reduce their carbon emissions and the timeframe over which these will be implemented.</p> <p>It would not be appropriate for the good practice recommendations to require businesses to specify the emissions reduction for each improvement action, as businesses may implement multiple measures over time which run concurrently, making it difficult or impossible to identify the emissions reduction associated with each action.</p>
<b>Q11</b>	<p><i>Are the recommendations on good practice for reducing emissions clear?</i></p>



	<p>The recommendations on good practice are clear and it is appropriate that emissions reductions can only be claimed for the same organisational boundaries as are used for the calculation of the original carbon footprint.</p> <p>RDAs agree that, when using the term carbon neutral, it should be clear which emissions have been reduced, in absolute or relative terms, the time period over which they have been reduced and the measures taken. It would not be appropriate to require a business to specify the emissions delivered by each improvement measure, as this maybe difficult to identify individually and would create an additional administrative burden.</p>
<b>Q12</b>	<p><i>Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?</i></p> <p>In certain circumstances a business’s GHG emissions may increase even though they have improved productivity through resource efficiency measures, for instance, as a result of growth in production or diversification into new products or services. It is therefore appropriate that emissions reductions can be measured in either absolute or relative terms.</p> <p>The use of the relative measures: per unit turnover, per revenue expenditure and per functional unit, is appropriate. However flexibility is required to add to these further whilst retaining the necessary transparency.</p>
<b>Q13</b>	<p><i>Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?</i></p> <p>To enable organisations and consumers to make informed choices, transparency is required for claims of emissions reductions. The proposed transparency elements for good practice including:</p> <ul style="list-style-type: none"> <li>• the scope of the original carbon footprint calculation;</li> <li>• the amount and types of emissions reduced;</li> <li>• the means by which emissions reductions have been achieved;</li> <li>• the timescale for the reduction and;</li> <li>• whether the emissions reductions are in absolute or relative terms,</li> </ul> <p>are sufficient and should be made publicly available.</p>
<b>Q14</b>	<p><i>Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?</i></p>

	<p>The RDAs agree that offsetting is a fundamental element of achieving carbon neutral status to compensate for the <u>residual emissions following emissions reduction</u>.</p>
<p><b>Q15</b></p>	<p><i>Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?</i></p> <p>The RDAs agree that carbon offsets purchased should represent genuine, additional emission reductions elsewhere. However, the use of only Kyoto compliant credits is too restrictive as it requires all offsetting to be made through the clean development mechanism and does not allow for reductions made through voluntary offsetting schemes. This prevents businesses from offsetting via UK based projects (which may also provide benefits in relation to Corporate Social Responsibility) and restricts investment in worthwhile projects outside of CDM. Investment in offsets that are only Kyoto compliant also creates a further administrative burden for SME's.</p> <p>Government should ensure that the recently opened voluntary quality assurance scheme for offset providers is sufficiently robust to provide the assurance required by a purchaser, and other interested parties, and that the offsets purchased from the supplier approved under the scheme are valid.</p>
<p><b>Q16</b></p>	<p><i>Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?</i></p> <p>The RDAs understand the difficulties involved in allowing domestic offsetting but we have reservations about it being excluded altogether. We can see considerable benefits: for example, investment in UK based schemes such as domestic energy efficiency, microgeneration and community renewable energy projects may provide wider benefits than solely offsetting emissions.</p> <p>Organisations may also gain additional benefits in terms of their Corporate Social Responsibility through the investment in locally based carbon offsetting schemes. The investment in UK-based schemes will also provide a valuable demand stimulus to the sustainable energy sector, in particular in micro-renewables and community scale renewable energy projects, creating UK-based growth in jobs and GVA.</p>

	<p>Even through there are mechanisms in place to partially fund and stimulate domestic energy efficiency and the installation of renewable energy technologies, in both cases the UK is falling far short of the installation rates required. It is therefore questionable whether these emissions savings would have happened anyway and in the timescales involved.</p> <p>Carbon offsetting projects on the ground in the UK will also raise public awareness of climate change mitigation. Linking carbon generation with the scale of investment required for compensatory carbon reductions will help to drive behaviour change in relation to energy efficiency and patterns of consumption.</p> <p>Government should re-consider the inclusion of domestic offsetting schemes in the context of other policy measures to reduce the UKs total carbon emissions, and whether concerns relating to additionality and the potential for double counting can be addressed.</p> <p>Government should ensure that the recently opened voluntary quality assurance scheme for offset providers includes for the provision of UK-based offsetting schemes.</p>
<p><b>Q17</b></p>	<p><i>Are the draft recommendations on good practice for offsetting clear?</i></p> <p>The draft recommendations on good practice for offsetting require knowledge of the mechanisms under the Kyoto protocol and the wider issues of policy relating to domestic energy efficiency and renewable energy generation. It is not reasonable to assume that purchasers of carbon offsets will understand this policy context or the concept of additionality. Therefore, a clear and simple system is required to assure the carbon offsets offered by offset suppliers.</p> <p>The Government's voluntary offset scheme for offset providers and the associated quality mark should be sufficiently robust to provide an assurance to the purchaser that the offset scheme is valid. To meet wider business and community benefits the Governments voluntary quality assurance scheme should also enable the verification and assurance of UK-based carbon offsetting projects.</p> <p>The requirement to purchase offsets on a tonne-for-tonne basis is clear and appropriate.</p>
<p><b>Q18</b></p>	<p><i>Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?</i></p> <p>The transparency provided by the recommendation that information on the types and amounts of credits purchased, the timescale they were bought</p>

	<p>over and, if possible, the types of projects generating them should be made publicly available, are sufficient.</p>
<b>Q19</b>	<p><i>Do you believe that the proposed definition and recommendations can work in practice?</i></p> <p>The proposed definition and the structured approach provided by the good practice recommendations should work in practice without creating an undue burden on business.</p> <p>The term “carbon neutral” currently has a perceived value as businesses use the claim to gain competitive advantage. When considering carbon neutral claims, businesses will therefore weigh up the benefit to their organisation of using the term carbon neutral against the administrative and cost burden that the good practice recommendations require.</p>
<b>Q20</b>	<p><i>Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?</i></p> <p>RDAs do not believe that Government should regulate the use of the term carbon neutral. Regulation of the term would require Government to legislate that the term could only be used if fixed conditions were met. This would remove the flexibility required to cover the needs of businesses of different sizes operating in different sectors.</p>
<b>Q21</b>	<p><i>Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?</i></p> <p>Although it would be beneficial to directly compare claims of carbon neutral, a regulatory or graded approach would create an undue burden on business and in particular SMEs.</p> <p>The Government’s proposals relating to transparency contained within this document will enable individuals, groups and organisations to gain access to the information underlying claims of carbon neutrality so that they can make some comparison between competing claims.</p> <p>As business experience of carbon footprinting increases then a quality mark for carbon neutrality, potentially based upon an international or other recognised standard, will become more appropriate. However, the cost of achieving such a standard must be proportionate to the value gained in the use of the term and take into account the limited resources of SME’s.</p>
<b>Q22</b>	<p><i>Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the</i></p>

	<p><i>Government make recommendations on external verification? If so, what should they be?</i></p> <p>External verification provides a number of benefits such as consumer confidence in claims of carbon neutrality, and the rigour in information control that an external auditor requires ensures that measurements are accurately recorded and kept up to date. However, such verification comes at a financial and administrative cost that may be prohibitive for smaller organisations.</p> <p>Government should consider making recommendations for external verification for larger organisations, potentially as good practice, whilst enabling smaller organisations which gain less value from claims of carbon neutrality to operate under a more flexible system. It is important that any requirements for verification are proportionate to the value of the claim of carbon neutrality and the size of the organisation using the term.</p>
<b>Q23</b>	<p><i>In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?</i></p> <p>The transparency recommendations made under parts 5, 6 and 7 are sufficient. However, the Government should provide recommendations and guidance on how the information is set out and communicated.</p>
<b>Q24</b>	<p><i>Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?</i></p> <p>As carbon neutrality status currently has a value in the market it is reasonable for claims of carbon neutral status to be reviewed on a regular basis. As the good practice recommendations require organisations claiming to be carbon neutral to measure, reduce and then purchase offsets for their residual emissions, organisations should be reviewing their own status on a regular basis.</p> <p>Government should consider making specific recommendations for good practice on reviewing carbon neutrality status that align with internal reporting periods for business, for instance the financial year. However, the use of specified time periods should be tested with business organisations to ensure that this does not pose an undue burden.</p>
<b>Q25</b>	<p><i>If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?</i></p>

	<p>Business understanding of carbon footprinting is at an early stage, therefore the Government should initially make recommendations on good practice. As understanding of carbon footprinting and methods of quantification become more widespread, then Government should consider progressing to recommendations of best practice. The agenda in relation to carbon accounting is moving rapidly, therefore it would be reasonable for Government to re-visit the recommendations within the next 5 years.</p>
<b>Q26</b>	<p><i>Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?</i></p> <p>It is appropriate for Government to set targets for achieving carbon neutrality for the public sector, to provide the necessary leadership towards a low carbon economy.</p> <p>It is not appropriate for Government to make recommendations on when businesses should become carbon neutral, as this presents a cost to business that may not be recovered through emissions reductions or the market value gained by the use of the term.</p>
<b>Q27</b>	<p><i>Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?</i></p> <p>The term carbon neutral enables a business to achieve a zero carbon balance through offsetting residual emissions that cannot be removed through rigorous emission reduction within the business. As all businesses, individuals and communities generate GHG emissions to some degree, and it is not possible to reduce these to zero by improved efficiency, there will always be a requirement to offset some emissions to achieve a zero balance.</p> <p>The term carbon neutral should not therefore be viewed as a transitional term to be phased out over time. However, Government could consider including future recommendations to increase reductions in emissions and offsets over time, as a requirement of carbon neutral status.</p>
<b>Q28</b>	<p><i>Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?</i></p> <p>The term 'zero carbon' is increasing in its use, with many different meanings for the term. Government should consider producing a definition and recommendations for good practice for the use of this term.</p>

	<p>Low carbon is also used increasingly with no clear understanding of what this means: what is “low” and what changes does an organisation have to make to declare itself low carbon? The Government should therefore also consider providing guidance on this term.</p>
<p><b>Q29</b></p>	<p><i>Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?</i></p> <p>It is appropriate for Government to apply the definition and recommendations on good practice to its own targets for carbon neutrality and to publicly report on its performance. This will provide the necessary leadership towards a low carbon economy and will provide first hand knowledge to Government on the difficulties and barriers in achieving and demonstrating carbon neutral status.</p>

We would happy to elaborate and provide further information on any of these points as required.

Yours sincerely

**Neil Cumberlidge**  
**DECC Lead Role Adviser**

# REA response to the Consultation on the term 'carbon neutral': its definition and recommendations for good practice

## Introduction

The REA is the largest renewable industry body in the UK, with over 580 corporate members. The association and its members are active across the range of renewable electricity, heat and transport technologies.

As stated in the consultation, we would agree that there is little consistency in the way organisations define and apply the term Carbon Neutral. Consequently, continuing along this path is not helpful, as it has the potential to mislead those seeking to understand an organisation's carbon position and makes comparisons with similar entities difficult, if not impossible.

Therefore we welcome and broadly accept the Government's proposed definition of the term Carbon Neutral, together with its recommendations as to how it should be applied.

However, we strongly recommend that organisations wishing to claim carbon neutrality, should demonstrate that they have employed all practical energy efficiency measures and where necessary installed on or near site<sup>1</sup> renewables before offsetting can be considered. This will provide transparency to the claim of carbon neutrality and ensure the maximum carbon saving is achieved.

Where offsetting is the only practical solution, this should be through actions carried out within the UK.

Our detailed comments follow:

## Part 4: Proposed definition and transparency requirements

### Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?

Yes, we agree that the Government should produce a definition and recommendations.

### Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?

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<sup>1</sup> We do not offer a definition of near site in this response, but want to put on record that the REA does not support the installation of private wires where a network already exists, merely to enable an installation to qualify as being "on" or "near site".





We agree with the broad approach, but do not agree with the proposal for offsetting residual emissions. Please see our answers to Q14, 15 and 16.

## **Part 5: Measuring emissions**

**Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

The GHG Protocol is a widely used accounting and reporting standard and it is logical that it should form the basis for measuring emissions and recommending good practice. However, for those occasions where energy efficiency and on site or near site renewable are either not sufficient, Government would have to develop a method of compliance that allows UK offsets to be counted.

**Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Provided that organisations are compelled to clearly communicate what emissions are included and excluded in their claim, then we agree with a flexible approach.

We agree that organisations should be allowed to claim carbon neutrality for a part of their organisation, provided it is clearly communicated as to what part it is.

To avoid accusations of 'greenwash', we would recommend that for organisations that do claim partial carbon neutrality, they are also required to state the part or parts of their business that are either not carbon neutral, or where emissions have not been measured. Finally, we believe that they should also be required to state their carbon neutrality as a percentage of that of the whole organisation.

**Q5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

Yes. We believe they are sufficiently clear to enable organisations and individuals to understand, use and apply them appropriately. However, it is essential that the carbon intensity methodology for the benefits of individual measures is consistent across different applications. Life cycle analysis is a fast-changing area, and this is of particular concern in the calculation of the carbon savings from the use of liquid biofuels – especially on how to take into account GHG emissions caused by indirect land use change.

**Q6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

We believe that the metric used should be CO<sub>2</sub>e as it succinctly encompasses the range of gas emissions in a single number. This will make comparison between similar organisations far simpler than would otherwise be the case by requiring each gas to be reported individually. We also note that using CO<sub>2</sub>e as the measure is also consistent with PAS2050.

We do not advocate using only CO<sub>2</sub>, as potentially it could present a misleading picture as it might drive companies to minimise CO<sub>2</sub> whilst ignoring other harmful greenhouse gases.

**Q7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Yes, they appear sufficient.

**Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

Yes, we agree with this proposal.

## **Part 6: Reducing Emissions**

**Q9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

We strongly believe that the emphasis should be on reducing emissions, and that offsetting should be used only as a last resort. Therefore we agree that emissions reduction must form a part of the definition.

**Q10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

We would expect organisations applying for carbon neutrality to have already completed installing sufficient energy efficiency measures and/or on or near site renewable solutions to achieve carbon neutrality. However, where timescales for installing these measures are lengthy, we believe it would be sensible to require the amount that these measures will reduce emissions by and the timescale in which they will be realised to be published.

We accept that there are dangers with this approach. Typically, they are likely to involve organisations making emission reduction claims that are very difficult to verify and setting unrealistic targets. However, on balance we believe that a large number of companies will be driven to reduce their carbon emissions, therefore relying to a lesser degree on offsetting, which will outweigh those that seek to abuse it.

**Q11: Are the recommendations on good practice for reducing emissions clear?**

No. More emphasis needs to be given to require organisations to mitigate the emissions on or near site using energy efficiency and/or, on or near site renewable energy measures before offsetting is allowed.

**Q12: Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no” , what would you prefer? If “yes” , do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Yes. We agree that emissions can be measured in absolute or relative terms and we support the use of the recommended relative measures.

**Q13: Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes. We agree that they are acceptable and sufficient.

**Part 7: Offsetting Residual Emissions**

**Q14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

With renewable energy technologies now readily available in the UK, it should be possible for most companies to negate their emissions 'on or near site'. Therefore, every effort should be made to discourage carbon offsetting.

**Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

We believe that Carbon offsetting is fraught with poor science and a number of carbon trading markets are opaque in terms of the actual contribution to carbon reduction. In particular using ecosystems to absorb carbon as some offsetting schemes do, is not quantifiably sound or guaranteed to be long lasting. There is a great deal of uncertainty and much research needs to be done<sup>1</sup>.

Also, funding overseas renewable schemes does not help the UK become less fossil fuel dependent and has a bad economic impact on our balance of payments. Renewable schemes supported by carbon offsetting should therefore be located in the UK.

Therefore we do not believe that any credit whether Kyoto or otherwise, should be allowed as a carbon offset in the context of carbon neutrality.

**Q16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

No. We believe that Government should consider further how domestic offsetting can be allowed under the scheme. Not to do so would result in a missed opportunity to support the growth of the UK renewable energy industry and sacrifice the genuine carbon savings and job creation that would result.

**Q17: Are the draft recommendations on good practice for offsetting clear?**

No. Please see answers to Q14, Q15 & Q16

**Q18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

No. Please see answers to Q14, Q15 & 16

<sup>1</sup>(See chapter 4 of the IPCC 2007 Working Group II report ' Climate Change 2007 - Impacts, Adaptation and Vulnerability' published by Cambridge University Press.)

## Part 8: Other Issues

**Q19: Do you believe that the proposed definition and recommendations can work in practice?**

Yes.

**Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

No. We do not believe the government should regulate the term carbon neutral as to do so would be likely to incur significant administrative cost that would either need to be borne by the Government or the applicant. This cost is likely to outweigh the benefit the regulation would deliver. We believe a better way would be to provide clear guidance to the ASA (Advertising Standards Authority) as to how the term should be communicated.

**Q21: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

No. We believe the measures defined should allow a sufficient level of comparison to be achieved.

**Q22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

We believe an entity should be free to choose the type of verification that is applied. However, it should be a condition of the term's use, that an organisation clearly communicates the verification system/approach that has been used.

**Q23: In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

We have recommended in our answer to Q14 that offsetting should be kept to an absolute minimum, after all on or near carbon mitigation measures have been considered. Therefore Government will need to ensure sufficient information is available through such organisations as the Energy Savings Trust and the Carbon Trust, to enable energy efficiency and renewable solutions to be easily specified.

**Q24: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

We believe good practice should include specific recommendations on how an organisation reviews its carbon neutrality status. Good practice should require an organisation to both review its performance with regard to its carbon neutrality claim and its progress with regard to emissions reduction.

As a minimum, we believe an organisation should be required to review its carbon neutrality status every two years.

**Q25: If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

The recommendations should reflect best practice and be reviewed as and when necessary. We do not believe it is necessary to set a firm review date.

**Q26: Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

Yes. We believe guidelines will be necessary.

Clearly it would be undesirable for Government to discourage the pursuit of carbon neutrality. In general entities should be encouraged to do the right thing. It is unfortunate that this does not always happen in practice. For example companies subject to the Carbon Reduction Commitment and Climate Change Agreement can actually be discouraged from seeking to install on-site renewables

**Q27: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

We are puzzled by this question.

We envisage that the term carbon neutral will be in common use for the foreseeable future. It is hard to see why Government may want to see it phased out, unless the situation persists that there is simply too much confusion surrounding it. Guidelines should help avoid that.

**Q28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

We believe it is impractical to regulate every carbon-related term in a way that is meaningful and useful. Therefore, defining further terms should be limited to situations where a term is linked to a particular service or product e.g. Zero Carbon Homes.

**Q29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes the Government should use the definition, as this will help to ensure wider acceptance in the business world. However, Government needs to lead by example, by ensuring that it sets itself ambitious and transparent carbon neutral targets that concentrate on emission reduction, thus keeping the need to offset to an absolute minimum.

# ROYAL AND SUN ALLIANCE INSURANCE PLC

**Carbonneutrality@decc.gsi.gov.uk**

## **RSA response to the consultation on the term carbon neutral :its definition and recommendations for good practice April 2009**

With an almost 300 year heritage, RSA is one of the world's leading multinational quoted insurance groups. It has the capability to write business in over 130 countries with major operations in the UK, Scandinavia, Canada, Ireland, Asia and the Middle East and Latin America.

Within the UK, RSA is the largest commercial lines insurer, covering the insurance and risk management needs of a significant number of FTSE 100 companies. It has a full multi-distribution capability, writing business through brokers and corporate partners, direct and online. RSA (MORE TH>N) is one of the UK's top three personal motor and household insurers

RSA has been involved in carbon management for a number of years (including reporting and reduction of our footprint) and in 2006 our UK operations went carbon neutral. We have been purchasing more than 30,000 tonnes of VCS carbon credits voluntarily since that time and also offer them to our employees as part of our flexible benefits package. It is our view that carbon neutrality is an engaging term for many people and when coupled with a robust definition can provide a helpful stimulus to voluntary corporate action on carbon.

We feel that it would be useful for the Government to produce a good practice guide on the term carbon neutral, reporting standards, credit standards, assurance best practice and how to apply the term through a wider strategy. We would recommend the production of guidance (rather than direct legislation) to support additional voluntary action and bridge the gap between anticipated standards in this area and ASA guidance.

In terms of the offsets utilised we recognise that use of CDM credits through a QA scheme provider will be most practicable for smaller organisations. Nevertheless we feel strongly that there should be the possibility for larger organisations to be able to use credits such as VCS and Gold Standard, supplemented by additional assurance as required to meet a best practice QA process. Our aim is to undertake action which will support innovation in the voluntary credit market and potentially enable new technologies/approaches to achieve CDM status. In addition we seek additional social benefits which resonate with our employees. RSA has a very strong risk management capability and we also consider our experience in this area could also contribute to the developing processes around appropriate assurance for all credits (including CDM) as a result of our understanding of issues affecting, for example, operation of renewable energy operations.

Correspondence related to our response should be addressed to

Dr Paul Pritchard

RSA

Leadenhall Court

1 Leadenhall Street

London EC3V 1PP

0207 337 5712

[paul.pritchard@uk.rsagroup.com](mailto:paul.pritchard@uk.rsagroup.com)

Our responses to individual questions on which we have a view are shown below

Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?

**Yes**

Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?

**We agree**

Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?

**Yes – GHG protocol is appropriate**

Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organization?

**Flexibility as long as it is transparent is desirable**

Q5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

**Yes they are clear**

Q7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?

**Yes correct and sufficient**

Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

**PAS 2050 should certainly be considered as the basis for products and services**

Q9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

**Reductions are a necessary element of the definition**

Q10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

**Not necessarily – but it should be made clear by the claimant**

Q11: Are the recommendations on good practice for reducing emissions clear?

**Yes**

Q12: Do you agree that emissions reductions can be measured in either absolute or relative terms? If 'no', what would you prefer? If 'yes' do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

**Yes either absolute or relative**

Q13: Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

**Yes**



Q14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

**Yes – offsetting is a fundamental element**

Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

**No – while we have no issue with the use of CDM /QA scheme credits we strongly believe there should be flexibility to use alternatives such as VCS and Gold Standard with additional assurance where appropriate**

Q16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

**Yes – although we would not rule out the possibility of UK based offsets becoming acceptable**

Q17: Are the draft recommendations on good practice for offsetting clear?

**Yes they are clear**

Q18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

**Yes**

Q19: Do you believe that the proposed definition and recommendations can work in practice?

**Yes they can work in practice assuming larger organisations have the opportunity to innovate within the framework, particularly in the possibility of using non-CDM credits**

Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

**No – the guidance should effectively bridge the gap between ASA requirements and any forthcoming standards/PAS**

Q22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

**We believe there should be flexibility in this emerging discipline particularly as it relates to voluntary action**

Q28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

**Related terms including those such as carbon positive, zero carbon and earth neutral should be considered**

13 May 2009

Carbon Offsetting and Neutrality Team  
Department of Energy and Climate Change  
3 Whitehall Place  
LONDON  
SW1A 2HH

E-mail to: [carbonneutrality@decc.gsi.gov.uk](mailto:carbonneutrality@decc.gsi.gov.uk)

Room 509  
Royal Mail  
148 Old Street  
LONDON  
EC1V 9HQ

Tel: 020 7250 2298  
Fax: 020 7250 2279  
Mobile: 07710 015577  
[jonathan.evans@royalmail.com](mailto:jonathan.evans@royalmail.com)  
[www.royalmail.com](http://www.royalmail.com)

**ROYAL MAIL GROUP RESPONSE TO THE DEPARTMENT FOR ENERGY AND CLIMATE CHANGE  
CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION AND RECOMMENDATIONS  
FOR GOOD PRACTICE**

Please find enclosed the Royal Mail Group response to the above DECC consultation on "The Term 'Carbon Neutral': its Definition and Recommendations for Good Practice.

I hope that you find our comments helpful. If you would like to take this forward in any detail please do not hesitate to contact Sylvie Sasaki, Sustainability Advisor in Corporate Responsibility and Engagement Operations, at [sylvie.sasaki@royalmail.com](mailto:sylvie.sasaki@royalmail.com) or on 07841 570136.

Jonathan Evans OBE  
Company Secretary

ROYAL MAIL GROUP RESPONSE TO THE DEPARTMENT FOR ENERGY AND CLIMATE CHANGE  
CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION AND RECOMMENDATIONS FOR GOOD  
PRACTICE

The Royal Mail Group ("Royal Mail") is the operator of the universal postal service. It is under a statutory duty to provide a letter delivery service to each and every address in the United Kingdom at a uniform price, irrespective of the distance carried. The duty also includes an obligation to carry out at least one collection daily from each posting box.

Royal Mail has been working in conjunction with the Carbon Trust for the last two years to develop and implement a holistic Carbon Management Programme. Proactive initiatives include the use of 100% certified renewable energy across our Great Britain property estate (for which we took a policy decision not to claim the carbon savings due to concerns over double counting at a national level), the introduction of double-deck trailers to reduce our nightly distribution mileage by approximately 20%, and the trialing of electric delivery vehicles. Such initiatives have led to a 10% reduction in our direct carbon emissions over the last five years.

**Response to the consultation**

Royal Mail welcomes the opportunity to respond to the Department for Energy and Climate Change's consultation on "The Term 'Carbon Neutral': its Definition and Recommendations for Good Practice ("the consultation"). Royal Mail agrees that there is currently an element of uncertainty and confusion around the term "carbon neutral," and welcomes Government action to help define and avoid accidental or deliberate misuse of the term. Improved clarity in the definition of "carbon neutral" would provide incentives for organisations and businesses to make worthwhile changes to environmental practice, and limit the misleading claims which otherwise damage the credibility of genuine efforts to improve sustainability.

In principle, Royal Mail agrees with the broad approach detailed in this consultation, but feels that guidance in certain areas needs to be developed. Royal Mail believes that there must be an element of flexibility over which emissions to measure, but that minimum standards should exist to make carbon neutral claims meaningful. Royal Mail believes any given organisation should focus on its most relevant emissions, which requires some sector specific guidance. For example, Royal Mail understands from our customers that a CO<sub>2</sub> emissions figure per item of mail is the most meaningful for our business. Similarly, we believe that Publicly Available Standard 2050 should be used as a guide only. We would be concerned that making such standards a requirement may reduce the number of organisations aiming for carbon neutrality and carbon reductions.

Royal Mail agrees that emissions reductions are necessary, but believe that setting a timeframe for emissions reductions would be difficult to implement. Instead, organisations should be allowed to set their own targets and timescales with a transparent explanation alongside any carbon neutral claim. Royal Mail considers the recommendations, as they currently stand, to be somewhat vague: the emissions reduction of a product, service or organisation will only be relevant for a particular moment in time. Therefore, guidance on communicating continual emissions reduction and targets would be welcome. A reduction target could be applied for an organisation, for example Royal Mail is committed to reduce 50% of our absolute emissions by 2015 *before* carbon offsetting. Royal Mail also has concerns about offsetting overshadowing the emissions reduction phase, and the possibility of organisations using offsets as the main route to carbon neutrality. It is right for the Government to recommend carbon neutrality, but the main focus should be the pursuit for energy efficiency and overall emission reductions. A greater emphasis on reducing emissions should therefore be incorporated into the definition guidance, as well as transparency regarding the ratio offsetting against reduction (as outlined in paragraph 5.20 of the consultation document).

Royal Mail has concerns regarding the availability of Kyoto compliant offsets, and we feel there is merit in increasing offset options from other credible sources in the United Kingdom and worldwide. For example, forestry offsets are a key component of our carbon neutral products. We have been working with forestry offsets for a number of years and are currently discussing the issues and concerns around voluntary offsets (such as additionality and leakage) with our current provider, the Woodland Trust. Royal Mail is keen to see a UK voluntary offset standard which will be approved by Government, and we feel our work can help improve confidence in this sector. The following points also outline our reasons for supporting UK offsets:

- We are a company whose environmental impact spreads across the UK, so we feel we need to give our customers the option to offset also within the UK.
- Royal Mail feels forestry projects are a highly relevant way of offsetting our carbon footprint due to the nature of our operations. We move biomass around the country in the form of post and this form of offsetting helps re-instate biomass through tree planting.
- We feel offsetting within the UK helps customers understand the relevance of carbon reduction and their environmental impact better than offsetting in other countries.
- We consider maintaining and enhancing the UK's wooded and forested areas valuable for a number of reasons including; increasing biodiversity, improving health and well-being, and preserving ancient woodland.

Both Parcelforce Worldwide and Royal Mail Letters have 'carbon free' or carbon neutral products which are sold to customers. Despite the difference in terminology, both businesses would consider guidance or recommendations that would fall under the carbon neutral definition to apply to these products. In general, Royal Mail would support any variation of the phrase "carbon neutral" that promoted emissions reductions.

Should you require any further information or wish to discuss any aspect of this submission, please contact Sylvie Sasaki, Sustainability Advisor in Corporate Responsibility and Engagement Operations, at [sylvie.sasaki@royalmail.com](mailto:sylvie.sasaki@royalmail.com) or on 07841 570136.

May 2009  
Royal Mail Group

**RTPI**

mediation of space · making of place

Royal Town Planning Institute  
41 Botolph Lane  
London EC3R 8DL  
Tel +44(0) Insert  
Fax +44(0) Insert

Email [online@rtpi.org.uk](mailto:online@rtpi.org.uk)  
Website: [www.rtpi.org.uk](http://www.rtpi.org.uk)

Registered as a charity in  
England (number 262865) and  
Scotland (SC 037841)

Patron HRH The Prince of Wales KG KT PC GCB

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3 Whitehall Place  
London SW1A 2HH

Email: [carbonneutrality@decc.gsi.gov.uk](mailto:carbonneutrality@decc.gsi.gov.uk)

20<sup>th</sup> May 2009

Dear Sir or Madam,

## **RTPI RESPONSE TO CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION AND RECOMMENDATIONS FOR GOOD PRACTICE**

Thank you for the opportunity to respond to the above consultation. The Royal Town Planning Institute (RTPI) is a membership organisation representing over 22,000 spatial planners. It exists to advance the science and art of town planning for the benefit of the public.

The Institute is currently engaged in the review of its New Vision for Planning (2001) and the need to ensure that climate change is recognised as the fundamental driver behind sustainable development.

### **Response in Principle**

The RTPI acknowledges the need for an appropriate 'kitemark' accreditation for corporate performance in carbon emissions management. The RTPI agrees that this would provide consumers with confidence and help shape investments relating to carbon neutrality. Companies, organisations and products need to have a clear standard to which they can adhere. However, if 'Carbon Neutral' is to be adopted as this standard it needs to be clearly defined, easily understood and comparable, so that the public and consumers can judge performance.

### **Scope of Definition**

The RTPI believes that the definition, based on the GHG protocol, is appropriate and it supports the broad approach outlined in this consultation. However, it is felt that confusion should not be created through references to gradients of minimum and best practice. An appropriate way to address this would be to define performance as Scope 1 Carbon Neutral, Scope 2 Carbon Neutral or Scope 3 Carbon Neutral, ensuring that unless the entity has achieved carbon neutrality with respect to each scope, the performance is qualified.

The RTPI believe emissions reduction must form part of a carbon neutral standard. It is not be acceptable that an entity should be able to achieve the carbon neutral standard solely through measuring emissions and then offsetting, without having implemented measures to reduce emissions. Emissions reductions should be made in absolute rather than relative terms as entities need to manage potential economic growth within this constraint framework.

### **Regulation and Quality Control**

The idea of creating a 3<sup>rd</sup> party verification body would appear to be the best option to quality control carbon neutral claims. This would combine a degree of flexibility for the particular demands of different sectors, organisations and products, with the necessary credibility for the standard. The verification body should establish initial minimum reduction parameter guidelines for different sectors together with minimum timeframes for assessing and improving performance. Entities should be required to set out timeframes for reductions together with measures to maintain and reduce emission levels and demonstrate efforts made to move from offsetting to absolute emissions reductions.

The RTPI agrees that the 'carbon neutral' standard is a transitional process and the need is to move towards increasing reductions in emissions and decreasing carbon offsetting. The 'carbon neutral' standard should be evaluated periodically to reflect advancements and move towards lower carbon standards.

### **Green Site Energy Plans**

Whilst CLG recently launched its consultation on zero carbon non-domestic buildings, this initiative will not address the need to encourage energy efficient working and business practices, the activities identified within the scope 3 category of the GHG protocol. This consultation refers to a standard for corporate performance. However, the RTPI would like to draw the government's attention to the potential to address this in a spatial context through the use of site-level green energy plans. The success of green travel plans should be replicated in the sphere of energy use and carbon emissions. The initiative should be supported by Green Energy Officers to supply a comparable service to Travel Plan Officers providing the expertise and understanding to help companies work to reduce their energy use and carbon emissions. The creation of this capacity within local authorities would also assist the difficulties faced by planning functions in the monitoring and enforcement of environmental sustainability measures in new development. The RTPI calls on the government to provide a clear policy backing and basis, as was provided for Travel Plans in PPG13, for this initiative.

I trust the above comments are useful.

If you require any further assistance or would like to meet to discuss the RTPI's climate change policy work and the relationship between this and your strategy, please contact Luke Dickson, Planning Policy Officer on 0207 929 9494 or email [policy@rtpi.org.uk](mailto:policy@rtpi.org.uk)

Yours faithfully,

A blue ink digital signature of Rynd Smith, consisting of several overlapping, fluid strokes. The signature is positioned above a rectangular box containing the text "DIGITALLY SIGNED BY RYND SMITH" and "not for unauthorised use".

**Rynd Smith**  
**Director Policy and Communications**  
Tel: 0207 929 9494

Enc.

Carbon Neutrality and Carbon Offsetting Team  
Dept of Energy and Climate Change  
3 Whitehall Place  
London SW1A 2HH

Your ref  
Our ref  
Name Chris Harris  
Phone 07989 493912  
Fax  
E-Mail chris.harris@npower.com

21<sup>st</sup> May 2009

Dear Team

**Consultation on the term “carbon neutral”**

Thank you for the opportunity to respond to this consultation.

RWE npower is an integrated energy business, generating electricity and supplying gas, electricity and related services to customers across the UK. We operate and manage flexible, low-cost coal, oil and gas-fired power stations - generating over 10.3 GW of electricity.

We serve around 6.4 million customer accounts and produce more than 10% of the electricity used in England and Wales.

Please find enclosed our response to the consultation.

Please feel free to contact me at any time if you have any questions.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Harris', is positioned to the left of a vertical red line.

Chris Harris  
Head of Retail Regulation  
RWE npower

**RWE npower**

Trigonos  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

T +44(0)1793/87 77 77  
F +44(0)1793/89 25 25  
I www.rwenpower.com

Registered office:  
RWE Npower plc  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 3892782

**DECC Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice - 26 February 2009**

**Response**

<b>Q1</b>	<b>Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?</b>
	<p>Yes</p> <p>The term “carbon neutral”, and its relatives such as carbon-neutral and carbonneutral have been in use for many years, in common speech, the Oxford English Dictionary, in corporate communications, and as a trademark CarbonNeutral®. Similarly, terms such as “zero carbon” and “low carbon” are in common use. In a wider sense, there are similar debates about terms such as “green”, “renewable”, “recyclable”, and “sustainable”. The terms cannot be redefined in a dictionary sense, but it would be helpful if the views of different government departments and agencies were as consistent as possible, and definition of terms may help in this regard.</p> <p>We believe it to be important that the term is usable by the Advertising Standards Authority in making judgements.</p>
<b>Q2</b>	<b>Do you agree with the Government’s broad approach? If not, what alternative would you propose?</b>
	<p>Yes</p> <p>We believe that the clarity of having three distinct scopes is helpful.</p> <p>We believe that the capture of Scope 3 emissions is challenging and will increase over time.</p> <p>We support the efforts by DECC to include local carbon reduction as much as possible, although this inclusion is complicated. We believe that offsetting is a last resort after avoiding consumption, reducing consumption, substituting consumption, using locally sourced renewable energy and using networked renewable energy.</p>
<b>Q3</b>	<b>Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?</b>
	<p>Yes</p> <p>Wherever possible, definitions that have established use in established organisations, minimise the instability and width of interpretation of these definitions.</p> <p>We agree with the principles used in the GHG Protocol Corporate Standard. In particular, that accounting for scope 1 and 2 emissions should be a minimum standard and accounting for scope 3 emissions should remain optional to avoid unnecessary administrative burden involved in a full-blown life-cycle analysis of all products and operations.</p>



	<p>This approach provides flexibility to include scope 3 emissions relevant to an organisation and its goals.</p> <p>It would be best practice to include scope 3 emissions if they are large relative to scope 1 and 2 emissions and are deemed critical by stakeholders.</p>
<b>Q4</b>	<b>Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?</b>
	<p>Yes</p> <p>Provided that the claim made is absolutely clear, then an organisation should be able to claim carbon neutrality for a part of it, or a product produced by it.</p> <p>The inclusion or exclusion of each emission scope should be clear.</p>
<b>Q5</b>	<b>Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?</b>
	<p>No</p> <p>We believe that recommendations are helpful</p> <p>We believe that the measurement of scope 3 emissions is complex and has the potential for considerable discretion. We therefore believe that transparency of scope and method are essential.</p>
<b>Q6</b>	<b>Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO2e) or only emissions of CO2? Or should the definition specify measurement of all Kyoto gases?</b>
	<p>Yes</p> <p>The objective of carbon neutrality is mitigation of climate change, to which all greenhouse gases contribute. "Carbon" is often used as a proxy for carbon dioxide, which itself is often used as a proxy for the 6 main greenhouse gases.</p> <p>The users of the term should be able to choose but be transparent. We believe that it should be possible to offset any GHG with an equivalent CO2e amount of any other GHG gas.</p>
<b>Q7</b>	<b>Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?</b>
	<p>No</p> <p>It is not possible to produce an exhaustive list of scope 3 emissions. What is essential is that the user is transparent about their particular operation and what scope 3 emission is and is not measured and at what stage they are offset (e.g. by purchasing scope 3 products on a carbon neutral basis).</p>

	The full footprint of scope 3 offsets should be clear.
<b>Q8</b>	<b>Do you agree that PAS 2050 (or the full life cycle of the product using ISO14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?</b>
	Yes  This is a suitable standard, but its use should be voluntary.
<b>Q9</b>	<b>Do you agree that emissions reductions form a necessary part of the definition? If not, why not?</b>
	Carbon neutrality is achieved when the offsets at least match the CO2e production. Emissions reduction reduces the amount of offsets required but does not change the definition.  Given that offset is a last resort, but given that it is not appropriate to assign a specific numerical weighting to the reduction, we believe that reductions should be published separately, alongside the carbon neutral declaration where possible.  They should be sufficiently clear that consumers who do not believe in offsets should be able to evaluate as much carbon footprint as possible, and certainly scope 1 and 2.
<b>Q10</b>	<b>Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?</b>
	No  There are numerous initiatives already in place (CCA, CRC, ETS, ESD, etc.). Further requirements could double count or duplicate, or both.
<b>Q11</b>	<b>Are the recommendations on good practice for reducing emissions clear?</b>
	Yes  But this should signpost existing information rather than repeat good practice in detail, with the risk of inconsistency.

<b>Q12</b>	<b>Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no“, what would you prefer? If „yes“, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?</b>
	<p>Both</p> <p>The absolute reduction is required to be consistent with the emissions and offsets.</p> <p>The relative reduction provides the appropriate scaling to the size of the organisation.</p>
<b>Q13</b>	<b>Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?</b>
	<p>No</p> <p>It is important to stress the general concept of transparency, rather than have a prescriptive approach to transparency elements.</p>
<b>Q14</b>	<b>Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?</b>
	<p>Yes</p> <p>Whilst we acknowledge that full carbon neutrality is impossible without offset, offsetting should only be used when methods of absolute reduction of emission have been exhausted. We recognise that there are difficulties in verifying offsets during any review of carbon neutrality, which is why our strategy is to offset as a last resort.</p> <p>We do agree with and support the principle that efficiency improvements are better than offsets and propose a hierarchy as better options: avoid, reduce, substitute and then offset as a last resort.</p>
<b>Q15</b>	<b>Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?</b>
	<p>We support the principles of the Quality Assurance Scheme</p> <p>We would expect the government to vouch for other credits that are consistent with the Quality Assurance Scheme .</p>

<b>Q16</b>	<b>Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?</b>
	<p>It depends</p> <p>Domestic offset in the UK is less remote than sequestration projects in Asia, and the principle of offsetting is that the less remote the offset, the better it is. In addition, “nearby” offsets, such as the carbon reduction by CERT measures undeclared against CERT obligations, tend to be more expensive, and hence less encouraging to offset.</p> <p>However, domestic offset without EUETS retirement risks loss of benefit (as the UK total is unchanged), whilst domestic offset with EUETS retirement risks double count of commitment to GHG producers.</p>
<b>Q17</b>	<b>Are the draft recommendations on good practice for offsetting clear?</b>
	<p>Yes</p> <p>Offsetting always needs rules or guidelines on the relative timing of the production and offsetting of CO2. This can be expressed as banking and borrowing, or more simply as a time limit for bringing the two into balance, and a tolerance limit on imbalance. So, for example, the guideline may state that the offset must be within 10% of the emissions for the period in question, and any surplus/shortfall within the 10% must be balanced within a year.</p>
<b>Q18</b>	<b>Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?</b>
	<p>Yes</p>
<b>Q19</b>	<b>Do you believe that the proposed definition and recommendations can work in practice?</b>
	<p>Yes</p> <p>The caveats on scope 3 have been mentioned</p>
<b>Q20</b>	<b>Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?</b>
	<p>Formal regulation exists, for example in trading and advertising standards, and informal guidance exists, for example in the Green Claims code.</p> <p>The difficulties with scope 3 emissions preclude at this stage the degree of prescription that would be needed for regulation.</p>

	What regulation exists should be clear, and managed by the appropriate body. For example advertising claims should be policed by the Advertising Standards Agency.
<b>Q21</b>	<b>Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?</b>
	Our principle view relates to the provision of networked power and gas. The common umbrella term carbon neutral should be quite clear, and use in different sectors might use the same definition but different particular interpretations.
<b>Q22</b>	<b>Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?</b>
	Yes  Certification/verification is an expensive process, which may hinder well intentioned efforts. The degree of certification should be transparent, and where this is an obvious choice, verification/certification should be used. For example, the claims made by large companies in their corporate responsibility reports are commonly audited by major audit firms. This is inappropriate for smaller companies.
<b>Q23</b>	<b>In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?</b>
	Recommendations on mode of communication would not be helpful  Some guidance of the kind of statements that should and should not be made, may be helpful, as is done in the Green Claims guidelines.
<b>Q24</b>	<b>Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?</b>
	No  The method, extent, and rigour of review and audit is dependent on the nature and size of the organisation. For example, large organisations have externally audited Corporate Responsibility reports.
<b>Q25</b>	<b>If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?</b>
	Should recommendations be appropriate, Best Practice is better

Q26	<b>Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?</b>
	<p>Offset is the only way to achieve neutrality, but government should promote non-offset activities, particularly efficiency measures. It is appropriate for the government to state that offset is the last measure after all other methods have been exhausted.</p> <p>Government should regulate where necessary, and otherwise encourage individuals and businesses to become more efficient in their own right.</p>
Q27	<b>Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?</b>
	<p>Yes</p> <p>Ideally, all emissions are measured, and scope 3 emissions are accompanied by carbon content. The ultimate destination is personal carbon allowances. At the very least, this will be a long time coming.</p> <p>We do believe that the measurement of scope 3 emissions is transitional</p>
Q28	<b>Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?</b>
	<p>It depends on how successful the definition of carbon neutral is.</p> <p>The term Zero Carbon is already in use. Further clarification of this term should be specific to its initial purpose, particularly in buildings. Similarly for Low Carbon.</p>
Q29	<b>Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?</b>
	<p>Yes</p> <p>Use of a different definition by government to the standard definition would undermine the standard definition.</p>



## **Consultation on the term “carbon neutral”: its definition and recommendations for good practice - Consultation repose of The Scotch Whisky Association**

The Scotch Whisky Association (SWA) welcomes this consultation. We believe that a common definition of the term “carbon neutral” should developed at UK-level, and ultimately at a much wider level. This consultation is a useful starting point. The need for a common definition is essential as references to “carbon neutrality” are increasingly used. A common definition should prevent businesses from making false claims which may cause consumer confusion.

Climate change is among the top priorities for the Association. Whilst the industry already has a good track record in reducing its impact on the environment, it is not resting on its laurels. We are due to launch an ambitious industry-wide environmental strategy in the summer which will set demanding goals and targets against a number of key environmental parameters.

### **Consultation questions**

- 1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

Yes.

- 2 Do you agree with the Government’s broad approach? If not, what alternative would you propose?**

On the whole yes, although we are concerned that the consultation does not propose a consistent approach to the scope of emissions covered. For goods and services we agree that the definition is aligned with the scope of PAS 2050. In contrast there is no specified guidance to determine the scope of organisational emissions - this may lead to confusion. We do note that organisations will be required to specify what emissions are included in any claims.

We do agree with the use of off-setting although this should be used as a last resort to help ‘neutralise’ any remaining residual emissions. It might be appropriate to limit the use of off-setting.

- 3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Yes.

- 4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**



No. For organisational emissions there needs to be clear guidance on what emissions should be included. For example, companies A and B claim to be “carbon neutral”. Both A and B distil and mature spirit at their distilleries. Company A owns a separate packaging operation where its whisky is bottled. Company B uses a third-party bottler for its packaging. Both companies claim to be “carbon neutral”. However, the scope of the emissions for company A may be much greater than for company B. Unless clear guidance on making claims is introduced, B may be able to claim carbon neutrality at company level even though the third-party bottler may not be carbon neutral. Even if the good practice is followed, there is scope at the distillery level for companies to select which emissions are included in the measurement, other than those included in the “good practice footprint”. We note that there will be a consultation on guidance for measuring emissions later in the year.

This is will not be an issue for products and services if the term is aligned with PAS 2050.

**5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

We agree with the recommendation to link the definition “carbon neutral” for products and services with PAS 2050. As already stated, we are concerned that at organisational level there is the potential for inconsistencies to emerge between organisations. For example one organisation might include all of the emissions in figure 2 whereas another similar organisation might select only certain emissions therefore creating a very different emissions boundary which ultimately will lead to a different commission footprint.

**6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

No - to help achieve a consistent approach, we believe that the term should apply to all Kyoto greenhouse gas emissions measured in CO<sub>2</sub>e.

**7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Yes- the provisions in paragraph 5.20 should be sufficient. It might also be appropriate to include guidance that organisations should try to avoid changing the scope of emissions over time - an organisation may claim to be carbon neutral by reducing the boundary of its footprint. The size of a footprint may change due to structural change.

**8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you**





propose?

Yes - PAS 2050 is becoming a recognised standard. However, we have concerns as to how the PAS 2050 approach will apply to Scotch Whisky, due to lengthy maturation, extensive inter-company trading of matured spirit prior to blending and to the nature of exports - exports account for 90% of Scotch Whisky sales.

**9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Yes.

**10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

No.

**11 Are the recommendations on good practice for reducing emissions clear?**

No - we do not agree with the recommendation that if emissions reductions are to be expressed in relative terms that they should be done so as per unit of turnover. We recommend that manufacturing industry be permitted to link relevant emission measurements with units of production, for example tonnes CO<sub>2</sub>e per litre of pure alcohol. Other than this we agree with the remaining recommendations in part 6.

**12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

Yes, although as our response to question 11 states, we believe that relative measurements are linked to production units, for example CO<sub>2</sub>e per litre of pure alcohol.

**13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Yes, noting our preference for relevant measurements to be linked to units of production.

**14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Yes as there will always remain a residual level of emissions. Without off-setting



it would be almost impossible to be “carbon neutral”.

- 15** Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

We do not have experience of purchasing credits for off-setting. Restricting the use of off-set credits to the quality assurance scheme may help the integrity of the definition and use of the term “carbon neutral”.

- 16** Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

Yes.

- 17** Are the draft recommendations on good practice for offsetting clear?

No - paragraphs 7.17 and 7.18 appear to contradict one another. Paragraph 7.17 appears to allow organisations to choose between which offsets to use - this therefore opens up the use of credits from sources outside of the quality assurance scheme.

- 18** Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

Yes.

- 19** Do you believe that the proposed definition and recommendations can work in practice?

Yes, noting our comments above.

- 20** Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

No - regulation should not be necessary if detailed guidance on the definition and use of the term is made publicly available, perhaps on the DECC internet site. It might be appropriate to introduce sanctions against any organisations which abuse the definition and its use.

- 21** Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?



As our response to question 4 suggests, we believe that unless clear guidance is given on the definition, it might not be possible to make direct comparisons between organisational emissions due to the selection of which emissions an organisation chooses. Finding a solution to this problem will be difficult due to the diverse nature of organisational structures. This is less of an issue for products and services for which the PAS 2050 approach is recommended.

- 22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

To help consistency and confidence in the scheme it might be appropriate to establish a minimum standard for verification in order to use the term.

- 23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

Yes - recommendations on how the term is communicated will be required. We are concerned that some organisations might choose to use the term “carbon neutral” on packaging or promotional material, particularly at the point of retail sale. The value of including references to “carbon neutrality” is highly questionable especially if organisations are able to select the boundary for their definition. This may also cause consumer confusion as more products adopt the Carbon Trust’s carbon label.

- 24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Yes - organisations should be required to review their “carbon neutral” status every two years in-line with the requirements of PAS 2050.

- 25 If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

- 26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

On the whole Government should encourage the pursuit of “carbon neutrality”. In some instances, Government’s own policies stand in the way of that pursuit. For example, in the Scotch Whisky industry, stand-alone packaging operations are not eligible to enter in to a Climate Change Agreement. Removing that barrier



will help distillers to reduce their emissions as funds will become available, from the reduction in the rate of the CCL, to invest in energy saving technologies.

It might be appropriate for other organisations, such as the Committee on Climate Change, to make recommendations on when and how it would be appropriate to pursue “carbon neutrality”.

**27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

No - although it would be appropriate to ensure that, for example, a business is not able to off-set residual emissions over an extended period of time if cost-effective measures are available to reduce the quantity of residual emissions.

**28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

**29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes.

The Scotch Whisky Association  
20 May 2009



Inveralmond House  
 200 Dunkeld Road  
 Perth PH1 3AQ  
 T: 0207 953 4064  
 Email: [rufus.ford@scottish-southern.co.uk](mailto:rufus.ford@scottish-southern.co.uk)

## Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice

### *Response by Scottish and Southern Energy plc*

<p><b>Q1</b></p>	<p><b>Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?</b></p> <p>There is a clear need in terms of giving the ASA clear guidelines so that complaints are dealt with fairly and consistently.</p> <p>In terms of wider use, there is a real danger that these proposals will not actually make things clearer for consumers (many of whom will not read the detail behind the “Carbon Neutral” label), particularly as no regulation or enforcement is proposed. At the same time, by introducing guidelines Government might be lending weight to the term. Added weight without added clarity could have a negative impact overall.</p> <p>“Carbon Neutral” might imply no impact which is almost certainly not the case even if fossil fuels are avoided altogether. It seems clear from the consultation document that the complexity of the issue cannot be sensibly conveyed in a two word slogan, and therefore it is the background information and transparency requirements that are most important.</p> <p>Finally, this consultation is dealing fundamentally with semantics and perhaps Government (and others’) time would be better spent working towards delivering the urgent action required to reduce GHG emissions.</p>
<p><b>Q2</b></p>	<p><b>Do you agree with the Government's broad approach? If not, what alternative would you propose?</b></p> <p>The broad approach seems superficially reasonable. However the relative proportions of reductions and offsets, and the quality of these, are critical. It is difficult to see how the message will be consistent and how consumers might compare two rival claims without studying the analysis in depth.</p> <p>There are issues with drawing the line between reducing emissions and offsetting. For example Paragraph 2.7, describing reductions, states that “Any reductions made outside the scope of the original footprint should not be allowed to contribute to carbon neutrality.” This is exactly what offsetting is, and offsetting is allowed to contribute to carbon neutrality.</p>

	<p>We are also concerned by Paragraph 2.10, because domestic offsetting (provided it is of high quality) should not be discouraged. It seems strange to use a national target to promote inaction, when its purpose is to drive emissions savings. This is self contradictory because the reductions will happen at home and the national carbon account will not differentiate between a reduction in emissions and a domestic offset. It is also inconsistent with the proposed definition of zero carbon homes, which allow for domestic offsetting in the form of “allowable solutions”.</p> <p>This demonstrates why the definition will not facilitate sensible comparisons between organisations. One organisation might start with a smaller footprint and reduce that footprint substantially at great expense, but not offset and therefore not claim to be carbon neutral. Another organisation might have a large footprint, reduce it by a small amount and offset the rest to claim carbon neutral status. The first organisation can make a strong case for being the better of the two in terms of its approach to climate change.</p> <p>We would question the use of the word “unavoidable” (e.g. in Figure 1). This is subjective, and the proposed methodology does not seek to ensure that only “unavoidable” emissions remain to be offset. Also note that, simplistically, an average of just 20% of emissions can be “unavoidable” if the UK is to achieve an 80% reduction target overall.</p> <p>Some consideration should be given to joined-up thinking, particularly with Ofgem regarding the Green Supply Guidelines. The overlap between carbon neutrality and other policy instruments such as the Carbon Reduction Commitment, EU ETS, the RO, incentives for renewables (FiT and RHI) and so on, which could raise questions about the additionality of activity carried out in respect of “carbon neutral” status. We expect that such overlaps will be disregarded given that “carbon neutrality” is voluntary, but this should be intentional rather than accidental.</p>
<p><b>Q3</b></p>	<p><b>Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?</b></p> <p>Yes</p>
<p><b>Q4</b></p>	<p><b>Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?</b></p> <p>Organisations must make it very clear which part(s) are carbon neutral if pursuing carbon neutrality for part of the organisation. Even then, organisations might choose a part of the organisation with a relatively small footprint, so there is a danger that the “carbon neutral” status implies more action than has actually been done.</p> <p>Note that in Paragraph 5.23 the PAS 2050 approach is recommended partly because “...it would be unhelpful for some parts of the product life cycle to be excluded from the definition, as this could mean that the most carbon-intensive part is not counted...”. The same is true for organisations or individuals.</p>
<p><b>Q5</b></p>	<p><b>Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?</b></p> <p>They are clear. Recommendations are appropriate (with the caveats in the surrounding questions) and necessary if Government wishes to have a “carbon neutral” claim that can state it is based on Government guidance.</p>

<p><b>Q6</b></p>	<p><b>Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?</b></p> <p>No, all Kyoto GHGs should be included. For some organisations GHGs other than CO<sub>2</sub> will dominate their footprint, and they should not be able to exclude the most carbon (equivalent) intensive part for the reasons noted in Q4. An example might be a landfill site, whose dominant emissions would be methane. Furthermore, consumers might not understand the difference between CO<sub>2</sub> and CO<sub>2</sub>e, so a consistent approach will offer better clarity and comparability.</p> <p>Paragraph 5.19 points out that for households CO<sub>2</sub> might be the appropriate measure. This is true, but the guidelines need to be aimed at organisations using the term “carbon neutral” for marketing purposes rather than for individuals who only need to satisfy themselves. Individuals are likely to be a very small part of the market for these guidelines and those individuals who are keen enough to “maintain a carbon neutral household” will probably understand the concept of a basket of greenhouse gases in any case.</p>
<p><b>Q7</b></p>	<p><b>Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?</b></p> <p>Yes, but the problem is that if a consumer sees “Carbon Neutral” as part of branding material they might not read the small print, and the required transparency will have no effect. Given the complexities involved, the small print is necessarily wordy and is the only bit that matters.</p>
<p><b>Q8</b></p>	<p><b>Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?</b></p> <p>Yes.</p>
<p><b>Q9</b></p>	<p><b>Do you agree that emissions reductions form a necessary part of the definition? If not, why not?</b></p> <p>Reducing emissions should be essential for any organisation to make any “green” claims.</p>
<p><b>Q10</b></p>	<p><b>Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?</b></p> <p>No, but organisations should report these numerically alongside any “carbon neutral” claim.</p>
<p><b>Q11</b></p>	<p><b>Are the recommendations on good practice for reducing emissions clear?</b></p> <p>Yes they are clear.</p> <p>One issue with the accounting methodology is that achieving “carbon neutrality” according to the guidance does not mean that optimum emissions savings have been achieved. As noted above, paragraphs 6.7 and 6.8 refer to emissions reductions outside the scope of the footprint. These also cannot be considered offsets according to the proposed guidance if they are achieved domestically. However, these might be better overall in terms of tackling climate change. An organisation making real reductions across many business functions might be making a much greater contribution than another organisation achieving “Carbon Neutral” status in one part of the organisation. In this way, the guidelines and the existence of “Carbon Neutral” status might drive sub-optimal emissions reductions.</p>

<p><b>Q12</b></p>	<p><b>Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no, what would you prefer? If „yes, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?</b></p> <p>The problem with relative terms is that the atmosphere requires an absolute cut in emissions. In some cases, relative emissions reductions might correspond to absolute emissions reductions (e.g. if a company increases market share and reduces emissions per unit turnover then that company’s absolute emissions might rise but the total emissions from that market might reduce). In other cases, a company might increase production and see an increase in absolute emissions but a decrease in relative emissions. Conversely, an organisation might sell part of its operations or downsize in some way so that its absolute emissions reduce but its relative emissions remain the same or even increase. For these reasons, we would prefer reductions to be made in absolute terms, although we can see that adjusting the offsets could maintain “carbon neutrality” according to the proposed approach using either absolute or relative terms.</p> <p>Once again, the key here is in the detail rather than in the headline figures or status.</p>
<p><b>Q13</b></p>	<p><b>Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?</b></p> <p>Yes.</p>
<p><b>Q14</b></p>	<p><b>Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?</b></p> <p>It is unlikely that many organisations will achieve carbon neutral status without offsetting, but not impossible.</p>
<p><b>Q15</b></p>	<p><b>Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?</b></p> <p>The quality assurance scheme is a good starting point, but given the voluntary nature of “carbon neutral” status it would be reasonable to explore other possible offsets such as independently verified VERs.</p>
<p><b>Q16</b></p>	<p><b>Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?</b></p> <p>Domestic offsetting should be allowed and would involve similar measures to the emissions reductions sought as part of achieving “carbon neutral” status, except that the savings will be made outside the scope of the carbon footprint and possibly in an entirely separate organisation. The danger is that, because international offsets are likely to be cheaper than emissions reductions or domestic offsets, organisations will be driven to more offsets and less reductions.</p>
<p><b>Q17</b></p>	<p><b>Are the draft recommendations on good practice for offsetting clear?</b></p> <p>Yes.</p>



<p><b>Q18</b></p>	<p><b>Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?</b></p> <p>There does not appear to be any reference to transparency in the offsetting section of the consultation document. Transparency here should mean that details of the offsets bought in respect of “carbon neutral” status are made available, i.e. the company providing the offsets, details of any quality standards that apply to the offsets, and if possible details of the projects funded as a result of the offsets.</p>
<p><b>Q19</b></p>	<p><b>Do you believe that the proposed definition and recommendations can work in practice?</b></p> <p>Yes, in the sense that the ASA and other interested parties should be able to more clearly assess “carbon neutral” claims due to the transparency requirements. However, the term “carbon neutral” without the underlying analysis falsely implies zero impact, offers no comparability, and the attainment of “carbon neutral” status might drive sub optimal actions by organisations trying to mitigate their climate change impact.</p>
<p><b>Q20</b></p>	<p><b>Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?</b></p> <p>If government wishes to implicitly endorse the use of the term by publishing guidance, then regulation should be considered. Clearly the ASA can provide some enforcement within their remit. Perhaps other bodies such as Trading Standards could provide enforcement in response to specific complaints.</p>
<p><b>Q21</b></p>	<p><b>Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?</b></p> <p>Comparisons can be made by interested parties who analyse the underlying information provided through the transparency requirements.</p>
<p><b>Q22</b></p>	<p><b>Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?</b></p> <p>If external verification is applied, the Government should define suitable bodies to provide this for consistency.</p>
<p><b>Q23</b></p>	<p><b>In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?</b></p> <p>If the term “carbon neutral” is used, then the transparency recommendations are probably sufficient for general communications. However the full details of the analysis underpinning the term should be made available.</p>
<p><b>Q24</b></p>	<p><b>Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?</b></p> <p>Clearly there is scope for misleading claims as a result of claims being outdated. If Government wishes to make recommendations then these could be based on a maximum time period between reviews (noting that external changes might occur such as changes in emissions factors), and trigger events within the organisation e.g. if it moves to a new premises or makes significant changes to a manufacturing process.</p>

Q25	<p><b>If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?</b></p> <p>Government recommendations should be based on best practice in reducing emissions, whether or not this leads to “carbon neutral” status.</p>
Q26	<p><b>Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?</b></p> <p>Government should encourage emissions reductions irrespective of “carbon neutrality”.</p>
Q27	<p><b>Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?</b></p> <p>Producing guidance is likely to prolong the use of the term.</p>
Q28	<p><b>Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?</b></p> <p>The government does not need to define every carbon related term that happens to be in use. However, if the government does need to define the terms, it should be relatively straight forward to do so with reference to any one of the terms:</p> <ul style="list-style-type: none"> <li>• Carbon negative / positive is similar to carbon neutral but with the reductions plus offsets adding up to more than the original footprint, so the guidance and regulation should be essentially the same.</li> <li>• Zero carbon, as proposed for buildings, is similar to carbon neutral but effectively does promote domestic offsetting through the use of offsite allowable solutions.</li> <li>• Low carbon is clearly a relative term, but implies something is inherently low carbon without the need for offsets. This might require some defined threshold that will vary according to the object of the term.</li> <li>• Never heard of “carbon healthy”!</li> </ul>
Q29	<p><b>Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?</b></p> <p>If government goes ahead with producing a definition and guidance for “carbon neutral” status then for consistency it should apply its own rules to itself. However, government should look at optimum carbon savings across its activities rather than trying to make any particular activity “carbon neutral”.</p>

Our Ref:

ORG13-  
A2380/DG/EM/AD/JLR

Your Ref:

Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2HD

by email:carbonneutrality@decc.gsi.gov.uk

21<sup>st</sup> May 2009.

Dear Sir/Madam

**Consultation on the Term “Carbon Neutral”: It’s Definition and Recommendations for Good Practice.**

Thank you for providing the Scottish Environment Protection Agency (SEPA) with the opportunity to comment on the above consultation document.

SEPA’s comments on the proposed definition of the term “Carbon Neutral” are attached as separate documents. As a public body committed to openness and transparency, SEPA feels it is appropriate that this response be placed on the public record. If you require further clarification on any aspect of this correspondence, please contact Jean Le Roux, Principal Policy Officer, at the address shown below.

Yours sincerely



Dave Gorman  
Head of Environmental Strategy

Enc: Annex 1 – General Comment  
Annex 2 - Answers to the questions raised in the consultation document.

**Chairman**  
David Sigsworth

**Chief Executive**  
Dr Campbell Gemmell

**Corporate Office**  
Erskine Court, Castle Business Park, Stirling FK9 4TR  
tel 01786 457700 fax 01786 446885  
www.sepa.org.uk

## **Annex 1 - SEPA's response to the consultation on the term 'carbon neutral': its definition and recommendation for good practice.**

### General comment

The absence of Impact Assessment is an interesting one as the agreement of a definition will probably mean that this definition needs to be enforced. Otherwise, it is quite difficult to see the point of the whole process. Therefore, there are potential consequences for people/ businesses currently using this terminology to promote their products and/or services.

This is confirmed by the following paragraph (p5 consultation document):

*The ASA, which regulates the content of advertisements, sales promotions and direct marketing in the UK, has recently seen a marked increase in advertising complaints about environmental claims. The use of the term carbon neutral has been one of the issues addressed in complaints, and the lack of a definition and boundaries in the use of the term has led to confusion amongst companies, advertisers and the regulators.*

*It seems there will be at some point the possibility to sue companies using the term carbon neutral in an inadequate manner.*

The paragraph below (p10) seems to contradict the ones mentioned here-above:

*The Government cannot see a general justification for regulating the use of the term carbon neutral. However, once the final definition and guidance have been published in 2009, the term will be added to DEFRA's Green Claims Code.<sup>6</sup> The Code, currently under revision, is referred to by the Advertising Standards Authority (ASA) when judging the acceptability of green claims made in adverts with the revised version also seeking to support marketing campaigns at the outset.*

## **Annex 2 - Answers to the questions raised in the consultation document**

### **Proposed definition and transparency requirements**

#### **Question 1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

In the current context, it is both appropriate and important that the term carbon neutral is used in an accurate and well-defined framework. However, it is important to ensure the official definition does not confuse people's mind more than in the current situation.

The consultation document provides a definition of the term, but the purpose of the consultation is very unclear: is it to avoid misleading advertising? or is to ensure companies reduce and offset their emissions as much as possible in order to be carbon neutral?

On the surface the document targets the first aim but is far too technical for this. However it is not complete enough to deal with the second aim.

#### **Question 2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

The approach as laid out in the document is somewhat confusing (see answer to question 1 above). SEPA would support a general approach whereby a clear definition of carbon neutrality is agreed and then enforced. The technical aspects of achieving carbon neutrality can then be dealt with in separate technical guidance.

### **Measuring emissions**

#### **Question 3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

In terms of general approach, basing measurement of emissions on the GHG Protocol is appropriate but it seems very heavy going for a methodology aiming only at defining carbon neutrality. Following the document citation below

*"It is clear that accurately calculating one's carbon emissions is vital both for effective carbon management and emissions reporting and for supporting any claims of carbon neutrality."*, it looks like the report attempts to tackle both objectives in one single approach.

**Question 4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Allowing flexibility to the users of the term carbon neutral will not help improving the general understanding of the concept (by the public in particular).

The key aspects on which there should not be any flexibility are:

- Is it CO<sub>2</sub> only or all GHG?
- Is it CO<sub>2</sub> or CO<sub>2</sub>e?
- What are the conversion factors used?

Flexibility is however possible on some other aspects.

**Question 5: Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

They are but are more suitable for a proper measurement methodology than for an assurance that businesses have undertaken some basic controls before claiming their product/ process/service is carbon neutral.

**Question 6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

No, they should not be able to choose which type of measurement they use as this will only add to the general confusion and will not solve at all the issue of improving consumer's understanding of the "carbon neutrality" of the product.

**Question 7: Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

No and the flexibility allowed does not help regarding that particular aspect.

**Question 8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

PAS 2050 or life cycle assessment may appear somewhat onerous for small companies. But if a company, of any size, is claiming carbon neutrality, then it must be able to demonstrate that it has assessed its carbon emissions and is genuinely carbon neutral. At the current time PAS 2050 and life cycle assessment are the best tools for doing this.

In order to simplify this process for smaller companies it may be worth central government investing further in online tools for SME's to assist in such assessments.

## **Reducing emissions**

### **Question 9: Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Once again, there is the issue here of the unclear aim of this consultation document. If the document is about providing incentives to businesses to be carbon neutral (and therefore to be able to claim it), emissions reductions should form a necessary part of the definition.

However, if this document is only about setting-up conditions for a business to meet before claiming carbon neutrality, offsetting 100% of its emissions, literally speaking, is carbon neutral.

### **Question 10: Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

Not if this document is about conditions to call a production/process/service carbon neutral.

Yes if this document is about recommendations to businesses to reach a carbon-neutral stage for a longer term approach.

### **Question 11: Are the recommendations on good practice for reducing emissions clear?**

Not really for someone who does not know anything about the existing tools, there is no link to PAS 2050 methodology for example.

There should an annex in the document presenting all the methodologies, organisations which can help with all the links required.

### **Question 12: Do you agree that emissions reductions can be measured in either absolute or relative terms? If „no“, what would you prefer? If „yes“, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

No, if the term is to be widely understood by a non-technical audience then it must be one or the other.

### **Offsetting residual emission:**

**Question 14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

No comment.

**Question 15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

No but the conditions that the non-compliant scheme should meet should be much more clearly explained and detailed. In particular, there is a duty from the regulatory or policy body (DECC in this case) to provide an exhaustive list of existing schemes. Putting the responsibility on businesses to check if the scheme they intend to use for offsetting is valid or not is asking for trouble as most of them probably do not have the expertise to assess their legitimacy and efficiency anyway. This could potentially lead to more confusion from the general public if it occurs in a couple of years time that some businesses which claimed carbon neutrality actually were not so whereas they complied with the definition stated in this consultation document.

**Question 16: Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Domestic offsetting is a positive action under some conditions (SEPA for example as an organisation, does offset a part of its emissions domestically).

The bigger picture is needed here: basically, it is better to have a company offsetting domestically and reaching carbon neutrality like this instead of not making the required efforts because they are too dissuasive. This should be clearly stated in the document.

**Question 17: Are the draft recommendations on good practice for offsetting clear?**

The general principles about offsetting are clear but it is very unlikely they will help a business operator trying to ensure its approach is carbon neutral. The references, in particular to non-compliance offsetting schemes are very unclear.

There is a need either for a technical guidance in the very near future for all businesses aiming at achieving carbon neutrality or this document is clearly incomplete and not clear enough.

**Question 18: Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

No, much more explanation is needed with relevant sources to be mentioned.

The quote below illustrates the stage of general confusion:

*Recommendations on best practice for carbon neutrality have not been made at this stage since it is felt that best practice in many of these areas has not yet been established p33.*



## **Other issues:**

### **Question 19: Do you believe that the proposed definition and recommendations can work in practice?**

Only if it is clear what the definition is for, and if assessment of the carbon status of a company is tightly defined. This document is ambiguous on both counts.

It is unclear if it is intended to avoid misleading advertising or is to ensure companies reduce and offset their emissions as much as possible in order to be carbon neutral. Basic questions such as which emissions to be measured, if left open to choice will only confuse the issue and potentially make any enforcement impossible.

### **Question 20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

Yes, the term must have some statutory basis if there is to be any confidence in marketing or advertising claims. Otherwise this is a pointless exercise. How this can be done has to a point been answered in the document itself, (p10), *“the term will be added to DEFRA’s Green Claims Code.6 The Code, currently under revision, is referred to by the Advertising Standards Authority (ASA) when judging the acceptability of green claims made in adverts”*. However the term has to be given sufficient status that Trading Standards Authorities are able to enforce it as well as the ASA.

### **Question 21: Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

Yes it should be possible to compare the claims of one company against those of a competing company.

If all decisions on systems boundaries, types of offset etc are left to individual companies it will only add to the confusion in the public's mind. PAS 2050 goes some way to standardising the approach, but a tightly defined process, specifically for the purpose of claiming carbon neutrality, is required if the public in particular are going to have confidence in any claims made.

### **Question 22: Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

Flexibility is possible in this area. But some guidance on the type of organisation which can undertake such a review should be provided by the Government. No self-verification should be permitted

**Question 23: In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

The transparency statements should be sufficient. Any further communications should be for the individual companies to decide.

**Question 24: Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

Yes. At the very least an annual review should be undertaken to decide whether circumstances have changed sufficiently to warrant a full carbon assessment. Any significant changes in processes, suppliers should require a full assessment.

**Question 25: If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

On an issue as important as climate change the Government should always advocate best practice. The guidance should be updated in light of significant developments in technologies, methodologies etc, and at a minimum reviewed every 2 to 3 years.

**Question 26: Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

The Government should always encourage individuals, communities, organisations to pursue carbon neutrality.

**Question 27: Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

There is no reason why this should be considered at least for the foreseeable future.

**Question 28: Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

It is almost inevitable that if a definition of carbon neutral is agreed, less scrupulous groups or organisations will try to avoid the definition by changing the terminology they use. So while at the present moment no further definitions may be required it is an issue that must be kept under constant review.

**Question 29: Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

Yes. If for no other reason than for public confidence. If the Government applies different definitions to its own operations than to the private sector confidence will inevitably be damaged. The benefits of Government providing a lead on this issue should not be underestimated.

## **RESPONSE FROM SITA UK TO THE CONSULTATION ON THE TERM “CARBON NEUTRAL”**

### **General Comments**

SITA UK Limited (SITA UK) is pleased to respond to this consultation on the meaning and interpretation of the term “carbon neutral”. As one of the largest waste and resource management operators in the UK, generating renewable energy and recycling waste materials is the mainstay of our business. Waste policy is intimately linked with policy on climate change, with convergent objectives in terms of environmental outcomes – a reduction in landfilling, offset by increases in recycling and in energy recovery. The Stern Review explicitly acknowledges the role of waste management and of energy recovery in particular, in helping to reduce greenhouse gas emissions:

*“Reusing and recycling lead to less resources being required to produce new goods and a reduction in associated emissions. Technologies such as energy-recovering incinerators also help to reduce emissions... [50% of waste activities’ annual greenhouse gas contribution] could be saved in 2020, of which three quarters could be achieved at negative cost.”*

SITA UK has been reporting on its greenhouse gas emissions since 2002, when we committed to report annually on the Green Alliance indicators of environmental performance through our sectoral trade body the Environmental Services Association (ESA). In 2007 our parent company SUEZ Environnement commenced reporting GHG emissions according to the EpE protocol, a scheme which was subsequently adopted by the ESA for the reporting of GHG emissions from the UK waste management sector.

We welcome the effort by DECC to clarify the meaning of carbon neutrality. We share the consultation document’s concern over the lack of clarity when organisations use this term, especially when it is confused with other concepts such as “zero carbon”. In the longer term, we recommend that “trading” in carbon, both domestically and internationally, be permitted, but that the term “carbon neutral” should be discontinued. An organisation may say that its residual GHG emissions were at a certain level, and that it “traded” an additional tonnage of GHG equivalent to its residual emissions.

Our detailed comments are presented below.

***Part 4, Q 1&2. Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term ? Do you agree with the Government's broad approach ?***

Most current environmental reporting standards are defined through voluntary schemes (PAS 2050, the EpE protocol adopted by the waste management sector), or formal systems that are nevertheless voluntary in their application (ISO 14064). In the present case, the issues are how the claim of carbon neutrality is viewed by Government (in the sense of whether it materially impacts on the veracity of carbon accounting at a national level), whether Government itself intends to avail itself of carbon offsetting in meeting its own climate change obligations, and whether Government intends in due course to formalise company reporting on carbon.

We will touch on these issues below, but in response to the question, we believe that although other courses of action are available (eg the PAS or ISO route), Government action on defining the term “carbon neutral” is appropriate and necessary. We also agree on the Government’s broad approach as presented in the consultation document, though we would wish to see over terms (such as “zero carbon”) specifically disallowed when describing a situation that is technically carbon neutral.

See also our response to Question 14.

***Part 5, Q 3. Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate ?***

Given the wide acceptance and application of the GHG Protocol, we agree that measurement of emissions should be scoped on the basis of this Protocol.

***Part 5, Q 4. Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure ? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation ?***

If organisations are given flexibility over exactly which emissions to measure (a proposal with which we agree), then by definition they have also been given some flexibility over which parts of the organisation they choose to put up for carbon neutrality. For example, a transport company might want to confer carbon neutrality on emissions from its fleet of vehicles, which would then exclude the administrative aspects of its organisation.

As the consultation document rightly notes, a transparent reporting system is an essential prerequisite for claims of neutrality to be accurately assessed. We comment on this in our response to Question 7.

***Part 5, Q 5. Are the proposed recommendations on good practice for measuring emissions clear and appropriate ? Are recommendations necessary ?***

We agree with the general principles presented in paragraphs 5.15 – 5.21, but see the need for a far more detailed measurement protocol. We await the publication of the guidance mentioned under paragraph 5.21, while we acknowledge the “concept note” recently issued by Defra.

***Part 5, Q 6. Do you believe that users of the term should be able to choose whether to measure all Kyoto GHG in CO2 equivalents or only emissions of CO2 ? Or should the definition specify measurement of all Kyoto gases ?***

For some types of operations (for example, landfills, where the dominant emission is methane) limiting the accounting of greenhouse gas to only carbon dioxide would be wholly inappropriate. For the avoidance of doubt, we recommend that the definition should specify measurement of all relevant Kyoto gases.

We should note, however, that there is uncertainty over the global warming potential of some of the non-CO2 gases. For example, while methane is currently assigned a global warming potential of 21 relative to carbon dioxide, there are discussions as to whether this factor should be raised, in effect doubling a landfill company’s emissions when expressed as carbon dioxide equivalents.

***Part 5, Q7. Do you believe the transparency elements on measuring emissions to be correct and/or/sufficient ?***

We believe the transparency elements on measuring emissions to be correct, but not sufficient. If measurements are being undertaken with a view to claiming carbon neutrality, we would prefer to see the entire carbon disclosure system integrated into corporate reporting guidance, specifically in the narrative reporting guidance for the Business Review and in stock market listing requirements.

We would also wish to see this type of reporting formalised within the Financial Reporting Manual that applies to Government.

***Part 5, Q 8. Do you agree that PAS 2050 or ISO 14044 should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes ?***

We agree with the principle, but would wish to see further guidance on issues such as the handling and reporting of avoided carbon. In the EpE protocol, waste management companies are required to take ownership of their direct (process) and indirect emissions, and to calculate emissions avoided elsewhere as a result of activities such as recycling and energy generation. The EpE protocol does not permit companies to net off direct against avoided emissions. Whether this convention is accepted by other sectors (or by Government) is not known - clearly a common position on this and possibly other carbon accounting issues needs to be defined.

***Part 6, Q9 & !0. Do you agree that emissions reductions form a necessary part of the definition ? Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emission reductions ?***

We agree that emissions reductions should precede any attempt by the organisation to “buy” carbon neutrality. If this were not so, programmes such as the Carbon Reduction Commitment would be unworkable and meaningless. If the organisation falls within a formal scheme such as the EU ETS or the CRC, then these schemes will themselves stipulate the quanta and timeframes for emissions reductions, along with penalties if these requirements are not respected – buying carbon neutrality must not jeopardise these aspirations.

We agree with the sentiment in paragraph 6.10 that Government cannot specify a one-size-fits-all reduction requirement applying across the entire UK industry. Good practice recommendations should state that each organisation must specify its own reduction requirement and timeframe. In some cases this will be underpinned by a formal scheme such as the CRC, but in all cases a formalised and auditable company reporting system should be mandated (see our response to Question 7).

***Part 6, Q11, 12, 13 & 18. Are the recommendations on good practice for reducing emissions clear ? Do you agree that emissions reductions can be measured in either absolute or relative terms ? Do you believe the transparency elements on reducing emissions to be correct and/or sufficient ? Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient ?***

While we agree that Government cannot be too specific as to what constitutes genuine reduction before offsetting is invoked, there is also a danger that too loose a framework can encourage an organisation to prefer offsetting to emissions reduction because of cost considerations. If this is not the intention of Government, and offsetting is not allowed as the primary means of meeting an emissions reduction target, then there needs to be some indication in guidance as to what will be taken to constitute a genuine programme of emissions reduction. Together with transparency of reporting, we also point to our response to Question 7 where we call for a formal, auditable system of reporting in line with the requirements for financial reporting.

We agree that reductions can be expressed in absolute or relative terms.

***Part 7, Q14 and Part 8, Q26 & 27. Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status ? Should Government encourage or discourage the pursuit of carbon neutrality ? Should carbon neutrality be viewed as a transitional terms to be phased out over time ?***

We agree that *trading* is a fundamental element of achieving emissions reductions, but not that carbon offsetting as described in the consultation document is necessarily a fundamental element of neutrality.

The issue turns on what the true value to the host organisation is, of claiming to be carbon neutral. If the value is in technical terms cosmetic (in that real reductions are masked or offset emissions are illusory/short-term) then there is no reason why offsetting should be permitted if it only confers a spurious impression of positive action (Questions 26 and 27). Because emissions reductions occur elsewhere, the organisation itself is not “carbon neutral” in any technical sense.

In the longer term, we recommend that “trading” in carbon, both domestically and internationally, be permitted, but that the term “carbon neutral” should be discontinued. An organisation may say that its residual GHG emissions were at a certain level, and that it “traded” an additional tonnage of GHG equivalent to its residual emissions.

***Part 7, Q15. Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits, should the definition only include the use of such credits ?***

We agree with this proposal.

***Part 7, Q 16. Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral ?***

We agree with this proposal.

***Part 8, Q29. Do you agree that Government should apply this definition to [its own] targets ?***

We agree with this proposal.

Gev Eduljee  
SITA UK LTD

19 May 2009

## Soil Association response to consultation on the term 'carbon neutral'

### Introduction to the Soil Association

The Soil Association exists to achieve sustainable and healthy food by organic farming. We are the main organisation and certifier for organic food and farming in the UK, certifying about 70% of the organic food sold in the UK.

Organic farming is the most sustainable farming system. It is a management-based approach based on using natural ecological and biological processes *in situ* on the farm, rather than using synthetic chemical inputs which have to be manufactured and transported from elsewhere (the basis of non-organic agriculture). This approach avoids or reduces many of the environmental problems of non-organic farming systems. The Sustainable Development Commission has called organic farming the "gold standard" for agricultural sustainability.

Because of its proven environmental benefits the Government wishes to expand organic farming. DEFRA adopted an action plan for organic food and farming in 2002, with a target that 70% of the UK organic food market should be supplied by UK farmers by 2010, and for public food procurement to involve the purchasing of organic food. Organic farming now accounts for 4% of UK farmland. There is enormous potential for the expansion of organic farming in this country and globally, with considerable benefits for mitigating and adapting to climate change.

### Response to consultation

*Key point.* In assessing carbon neutrality of anything to do with food and farming, or connected with land use and production from the land, it is vital that soil carbon sequestration and losses are taken into account. Unless this happens, the term carbon neutral should not be applied.

*Q1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?*

Yes

*Q5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?*

Recommendations are necessary, but those proposed are not sufficient to cover the food industry, where fossil fuel use and transport can represent a small proportion of the enterprise's ghg emissions. Those from fertilizer manufacture/use and livestock (nitrous oxide and methane), as well as soil carbon losses and gains, are significant and are not included in the current good practice recommendations. Along the same lines, when producing recommendations for individuals wishing to reduce their carbon footprints, it should be acknowledged that food makes up around one third of an individual's Ce footprint. Guidelines on climate-friendly food purchasing may therefore be appropriate for both individuals and companies.

*Q6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?*

For the term to be meaningful, it must cover all Kyoto greenhouse gases. For example, food businesses that report only carbon would be ignoring the very much larger emissions of nitrous oxide and methane that are emitted at the production stage, and misleading the consumer as to their true impact on the climate.

*Q8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?*

A serious problem with using PAS 2050 to calculate the carbon footprint of agricultural products and enterprises connected with land use, is its failure to take into account soil carbon losses and sequestration. Studies are showing that this factor could account for a very significant proportion of a product's carbon footprint. For example, recent research from Germany has calculated that the soil carbon sequestered through organic farming can offset up to 12 – 80% of the organic food product's total carbon footprint. In contrast, carbon losses from intensively farmed peat soils, such as those in the Fens,



are very large and would increase the carbon footprint of a product or farming business growing here. It would be inaccurate to use the term carbon neutral without taking into account soil carbon losses or gains.

*Q9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?*  
Yes

*Q16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?*

There is significant potential for taking carbon out of the atmosphere and putting it back into agricultural soils in the UK. According to Professor Pete Smith, lead author of the IPCC Agriculture Group, through soil carbon sequestration measures, the agricultural sector offers major opportunities for greenhouse gas mitigation that are cost-competitive with those in other sectors such as industry, housing, transport and energy. - Cropland management offers the greatest potential at the current low carbon price, as measures are cheaper to implement and offer significant soil carbon gains. Organic farming is a way to achieve this.



[www.stopstanstedexpansion.com](http://www.stopstanstedexpansion.com)  
[info@stopstanstedexpansion.com](mailto:info@stopstanstedexpansion.com)

PO Box 311  
Takeley  
Bishops Stortford  
Herts CM22 6PY  
Tel: 01279 870558  
Fax: 01279 870786

20 May 2009  
by post and email

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3-8 Whitehall Place  
London SW1A 2HH

Dear Sirs

**Consultation on the term 'carbon neutral': its definition and recommendations for good practice**

Stop Stansted Expansion ('SSE') welcomes the opportunity to respond to the above consultation. SSE represents 7,500 members and registered supporters including some 150 parish and town councils, residents' groups, national and local environmental groups and other organizations.

You will see below that we are not responding to all of the questions raised in your consultation. A nil response should be taken to mean that either we do not have a strong view or we do not have the necessary expertise to offer a valuable response.

**Q1: Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term?**

Yes.

**Q2: Do you agree with the Government's broad approach? If not, what alternative would you propose?**

Yes, but it is vital that the process is transparent.

**Q3: Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

Yes, but see our comments on Q6.

**Q4: Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

Yes, organisations should be able to pursue carbon neutrality for only certain parts of the organisation, but again this needs to be clear and transparent. For example it should not be possible for an airport to claim to be carbon neutral if it excludes the greenhouse gas emissions from aircraft using the airport.

**Q6: Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

The definition should specify the measurement of all Kyoto gases. The appropriate measure should be carbon dioxide equivalent (CO<sub>2</sub>e) and should include the radiative forcing effect.

*Patron: Terry Waite CBE*

*Stop Stansted Expansion is a working group of the North West Essex and East Herts Preservation Association*

**Q8: Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes?**

Yes.

**Q9: Do you agree that emissions reductions form a necessary part of the definition?**

Yes.

**Q14: Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

Our view is that offsetting should either not be considered as an element in achieving carbon neutral status or, if allowed, should be restricted to a maximum percentage (e.g. 20%).

**Q15: Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

Only Kyoto-compliant credits should be considered.

**Q20: Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

Yes, we believe that the use of the term should be regulated because, otherwise, there is the risk of abuse whereby the term would quickly become discredited. We expect that a statutory regulation would be necessary, defining the criteria to be met before the term 'carbon neutral' could be used.

We hope you find our comments helpful.

Yours faithfully

Mike Young  
Climate Change Advisor

## DECC – Consultation on the Definition of Carbon Neutrality

*SDC response – June 2009*

### Introduction

The Sustainable Development Commission welcomes the Government's initiative to define the term "carbon neutrality". A well-thought out definition of the term - alongside definitions of related terms such as 'low carbon' and 'zero carbon' – has the potential to encourage more thoughtful consideration of carbon emissions management by organisations throughout the UK.

It should be emphasised, however, that the term is only helpful insofar as it promotes absolute reduction of carbon emissions, not simply payments to have them offset. **Therefore, Government should make it clear in its definition that carbon neutrality is only meaningful within a larger carbon management hierarchy which seeks to continually reduce carbon emissions to make a material impact toward combating climate change.** In addition, given that neutrality rests on the ability to offset residual emissions, it is essential that offsetting practices are robust and actually achieve the aims they seek to. As a result, views on carbon neutrality cannot be separated from views on the adequacy of offsetting principles and practices.

### Response to specific questions

1. The term "carbon neutral" provides one means by which organisations can be held accountable for their carbon impacts. Accountability only operates effectively within a strong governance system, and Government should adopt a definition of the term (and related guidance on use) that reduces the risk of it being misunderstood or misused.
2. The SDC broadly agrees with the approach outlined in the consultation with one important exception. Figure 1 (pg 13) presents the definition in a linear fashion with the implication of this being that offsetting is an end point which grants carbon neutrality status. A condition of carbon neutrality is that it occurs within a managed process of continuous and progressive carbon reduction. Figure 1 should be presented as a cycle with no end point, and the cyclical nature of carbon neutral status should be reflected in the text.
3. Yes, this is in line with other carbon measurement work across Government.
4. Some flexibility should be allowed. However, there must be transparency on exactly which emissions are included and excluded from any "carbon neutral" claim (for example if only part of an organisation is covered). The requirement to specify exactly what percentage of organisational carbon is being made 'neutral' would be one way to increase transparency. For example, it could be that 50% of the organisation is covered before the term can be used for any part of its business. Setting a de minimis standard of this kind could reduce the risk of the term being misused.
5. Yes.
6. The SDC believes users of the term should not be able to choose whether or not to measure all Kyoto gases. Rather, the standard should be developed on the basis of CO<sub>2</sub>e, in line with Kyoto GHG protocols.
7. In principle, the transparency elements are correct. However, these principles may prove difficult to implement in practice and guidance should be provided to ensure full and accurate carbon disclosure.
8. Yes, PAS 2050 is an acceptable basis to use to calculate the carbon footprint of products for carbon neutrality purposes.
9. As stated previously, we believe that carbon neutrality is only a valid concept if it contributes to carbon reduction, i.e. it should be "used only as a part of an integrated strategy for carbon management".<sup>1</sup> Therefore, evidence of carbon reduction must be apparent before any claims of neutrality can be allowed. Equally, evidence of progressive carbon reduction should be apparent in order to maintain the use of the term. Evidence of reductions should be

- appropriately verified (e.g. Carbon Disclosure Project protocols and/or EU ETS verifications processes).
10. The definition for good practice should include a programme of continuous annual reduction in line with the Climate Change Act commitment for 80% reductions by 2050, measured in absolute terms.
  11. Yes, but it should also be made clear up-front that carbon neutrality is not an end in itself, but a state within a wider process of continual carbon reduction (see response to Q2).
  12. For carbon neutrality purposes emissions reductions should be measured in absolute terms.
  13. Please see response to Q7.
  14. Yes, offsetting is a valid part of the carbon management hierarchy in that it makes future reductions more likely by placing a financial cost on emissions. However, any definition of carbon neutrality must make clear that an over-reliance on offsetting is not compatible with carbon neutrality status. In addition, the robustness of the Government's position on carbon neutrality is intimately linked to the credibility of its position on offsetting. Carbon offsetting can be defined as the process of cutting emissions through indirect action i.e. the mitigation of greenhouse gas emissions by the investment in emission reductions elsewhere. These reductions can be achieved through investment in cleaner technologies, energy conservation and efficiency, renewable energy or carbon sequestration and capture.
  15. Noting our concerns about the quality of offsetting, this position seems to be a sensible one. It does, however, introduce the possibility that this approach creates a de facto situation where offsetting policy is being set. The Government should think carefully about the implications of that.
  16. In principle, and following on from the position in Q15 above, it is difficult to see how domestic offsets could be included. This position, however, will have impacts within the UK and especially will affect the relative viability of afforestation programmes (maybe in particular at the smaller scale). As a result, while the principle is correct we would be keen for Government to have a better view of what the implications of applying this principle may be as there could be dysfunctional effects.
  17. Yes. However some mention should be given to the use of the Government Carbon Offsetting Fund for central government organisations.
  18. Yes, the transparency requirements appear appropriate.
  19. Yes, subject to the conditions outlined above.
  20. Some existing regulation should be properly enforced, particularly in advertising so that consumers seeking to make sustainable choices are not misled (e.g. using the Advertising Standards Agency).
  21. The Government should provide the context within which the range of practices that can be called "carbon neutral" should be narrowed. This consultation is one element in the process of achieving such an outcome but (as noted, for example, in Q16) the implications of the narrowing should be investigated carefully.
  22. A standard for verification should be developed, applied and enforced.
  23. Yes, the Government should regulate the provision of information in this context. Since our responses to some questions rely on good quality information being provided to understand and verify claims about carbon neutrality, the need for information to be regulated is self evident. Even with increased transparency, we suspect that some claims will be confusing and anticipate that information requirements will need to be refined over time.
  24. Carbon neutral status should be subject to renewal (for example, every 3 years) to ensure that there is an active programme of management to reduce carbon. The Carbon Trust Standard (where reduction trajectories are built into keeping the standard) offers a potential model.
  25. Government should make clear what minimum acceptable standard must be met in order to achieve carbon neutral status. However, a best practice standard should also be recommended to ensure that organisations who wish to do more than the minimum are given the framework necessary to make more ambitious progress.

26. Government must make position carbon neutrality as a part of an integrated strategy for carbon management which seeks continuous and progressive carbon reductions.
27. Given the restrictive nature of what is being proposed in the consultation it is possible that very few organisations could claim carbon neutral status. Interest in the term may wane as more products, processes and organisations become low carbon (without residual offsetting) and zero carbon.
28. Government should make clear the differences between 'carbon neutrality', 'low carbon' and 'zero carbon' status. These terms are often confused and used interchangeably without proper definition.
29. Yes, this definition should apply to Government's own carbon neutral targets, demonstrating its commitment to lead by example on sustainable operations. However, Government should work out any confusion between multiple targets for carbon neutrality on the office estate and for ICT use across Whitehall.

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<sup>1</sup> Pg. 18, Sustainable Development in Government (SDiG) 2008, Sustainable Development Commission

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3-8 Whitehall Place  
London  
SW1A 2HH

21<sup>st</sup> May 2009

Dear Sir/Madam,

**Consultation on the term ‘carbon neutral’: its definition and recommendations for good practice**

I am pleased to respond to this consultation on behalf of The Chartered Institution of Building Services Engineers. CIBSE exists to promote the art, science and practice of building services engineering for the benefit of all, and the advancement of education and research in building services engineering. CIBSE is dedicated to the development of better buildings by maintaining an active role in contributing to the development of government regulations and legislation. The Institution has 20,000 members employed in all aspects of the design, installation, maintenance and manufacturing of the energy systems within buildings.

The Institution is committed to tackling climate change and through its professional Code of Conduct requires its members to ‘have due regard to environmental issues in carrying out their professional duties.’ Our membership is therefore at the forefront of delivering low and zero carbon buildings. Our members will therefore take a very keen interest in the adoption of a definition of zero carbon buildings which is robust and achievable in day to day practice. CIBSE is actively engaged with the wider construction industry in work to improve and decarbonise the existing building stock.

CIBSE runs a certification scheme for energy assessors and air-conditioning inspectors under the Energy Performance of Buildings Regulations and also a scheme for “Low Carbon Consultants” – consultants that are trained and accredited to design and operate buildings that perform to a higher level of efficiency than that required by regulation.

CIBSE has run a successful campaign for the last three years to encourage companies to save carbon by behavioural change and ‘quick win’ improvements entitled “100 Days of Carbon Clean-up” for the first two years and in 2008 “100 Hours of Carbon Clean-up”. These campaigns enabled participants to save significant amounts of carbon through simple activities such as putting equipment on powersave mode and turning off lights and encouraged further investment through the provision of advice from professionals.

We now address the consultation questions in order.

**Q1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?**

It is appropriate for the term to be defined as it is already in common use – as the consultation points out, often meaninglessly for pr and marketing purposes. At present there are too many variables and choices as to what individuals and businesses choose to measure and therefore the term ‘Carbon Neutral’ will not be consistent across sectors or even like for like businesses.

CIBSE also believes that the term 'Carbon Neutral' should be developed in concert with the work being done by CLG on 'Zero Carbon'. DECC recognizes the various terms in existence in Section 8.15 but there is already a perception of inconsistent government thinking across departments that may need to be addressed.

**Q2 Do you agree with the Government's broad approach? If not, what alternative would you propose?**

In principle we support the approach proposed. However, it is difficult to comment on some aspects at this stage without the consultation paper giving details of the process.

Will enforcement of the application of the definition be entirely up to the Advertising Standards Authority? 'Protection' of the term 'Carbon Neutral' is a step in the right direction but may provide an incentive for companies to find ever more imaginative ways to 'greenwash', using terms such as 'carbon positive'.

There will be a PR exercise needed to establish 'Carbon Neutral' as meaningful and the 'term to look for' on the part of customers.

**Q3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

The ultimate aim is to reduce emissions damaging to the atmosphere so, so it is appropriate to follow the GHG protocol.

**Q4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?**

The trouble with retaining flexibility is that it gives people loopholes which inevitably will be exploited. This requires great care and must be fully addressed in guidance. The approach that CIBSE takes is that emissions and energy use must be measured to be managed and we therefore welcome this element of the definition. We do want to see offsetting featuring as a 'last resort' once all emission reduction opportunities have been exhausted.

In the spirit of encouraging companies to engage in carbon emissions reduction there is an argument for allowing companies to declare quick wins and therefore to decide which emissions are to be included. The worked example demonstrates the transparency of this approach by requiring explanations (eg "we are carbon neutral in terms of our ..."). The danger is that without reporting guidelines it may be difficult for customers to understand quickly how 'carbon friendly' one company is compared to another.

The process followed when calculating emissions is not currently prescribed and we note that the Government will be issuing guidance for organisations, especially companies, to follow in measuring and calculating their emissions for the purposes of reporting them, later this year. We look forward to seeing the consultation on that guidance in early summer as this will probably enable CIBSE to take a more informed view on the general approach. We would recommend that the process be as simple as possible with as few options for reporting as possible. This will allow the term 'Carbon Neutral' to become established and understood by the public. In the same way that an A-Level can be passed with grades A to E (an E grade is still a pass, but not a very good one) it is



probably best to have just a few options and guidance as to what is ideal to report and when it is reasonable to omit something due to the lack of availability of data at reasonable cost.

Companies should not be free to pick and choose reporting methods and selection of options – they should be reporting savings based on the same variables and calculation methods each time they make a declaration.

**Q5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

CIBSE would argue that best practice and recommendations do not go far enough. A requirement to measure emissions across the board and declare them would perhaps have an effect. Given that significant numbers of companies are beginning to report carbon, this should not be discouraged as it will help this practice become the norm but this must not be so compromised or overly complex variables as to become meaningless.

**Q6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

As has already been said, too many variables provide loopholes and opportunities for a company to report so that it looks good. Options to include all the Kyoto gases present another variable. There should be a policy decision – is this about CO<sub>2</sub> or GHG? Is “carbon neutral” understood as GHG neutral?

As carbon dioxide is rapidly becoming recognised as **the** ‘emission reduction’ indicator, it might be best to stick to Carbon. Companies could be given extra ‘credit’ for reducing emissions over and above carbon.

Different goods, services and processes may produce different proportions of gases and it may be fairer to credit them for their efforts to attain ‘emission neutrality’. A saving factor could be introduced into the process to encourage companies to concentrate on their actual emissions rather than just carbon. However, this complicates the presentation of the whole scheme to the general public.

**Q7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?**

Transparency will be crucial, especially if there are a number of options for measurement. As mentioned in Section 3.12 CIBSE is probably one of the stakeholders that would support a “stronger approach to the use of the term either by regulating use of the definition or by seeking to develop a formal standard or by adopting a more detailed definition”.

**Q8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?**

No. PAS 2050 is not currently a British Standard. It is a PAS because it has been developed through a fast track process that stops short of the full consensus building procedures of a formal British Standard. If PAS 2050 is to be used, then it is important that it is developed as a full British Standard as quickly as BSI procedures permit.

PAS2050 is not the only BSI document relating to GHG emissions. There are ISO standards in the areas of life cycle analysis and supporting product category rules for the detailed carbon and sustainability impact of construction products. These are also being adopted in parallel CEN standards. It is important that Defra takes account of these sectoral standards recognising that where properly adopted they may have equal or greater impact to PAS 2050. It will be a serious flaw in the overall scheme if Defra does not acknowledge these standards in the resulting guidance, since at present they are full standards and not just a PAS.

There are potential procurement issues if this guidance, applied in the public sector, requires suppliers who already meet a full standard to additionally adopt a PAS in order to use the term carbon neutral. This will cause serious industry resistance, as well as potentially damaging the image of the scheme. This is all avoidable with care in the references made to standards, and judicious use of the concept of “equivalence”. Furthermore, if the standard complied with is a national standard in another member state, say for example France had an AFNOR equivalent of PAS 2050, then again public procurement rules would almost certainly require the guidelines in England to recognise equivalent standards within the EU.

The draft Construction Product Regulations introduce requirements relating to sustainability. It is vital that these requirements, which will be linked to the regulatory requirement for CE marking, are compatible with any national carbon related initiative, otherwise there is a serious risk of hindering the competitiveness of UK based producers.

**Q9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

Reductions should be part of the process so that it can be a tool for Companies to report improvements, much in the way Energy Performance Certificates and Display Energy Certificates provide an indication of improvements.

**Q10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

Since Government itself has a timetable for delivering national emission reductions this does seem like a good idea. However, it should be done with great care that it is realistic.

**Q11 Are the recommendations on good practice for reducing emissions clear? They are clear as far as they go, but will need to be developed for wider application.**

**Q12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

If the target is carbon neutrality. Reductions will relate to the product and the starting point, and will be relative. The key issue is that reductions are always preferred to offsets, which in the extreme are little better than the medieval practice of indulgences and achieve no real emissions reductions.

**Q13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?**

Transparency is vital. In the draft definition it would be good to emphasise the word, and perhaps to set out that transparency involves clear identification of the scope of the product or service which is carbon neutral, as well as the standard against which that neutrality has been assessed.

**Q14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?**

We recognise that it will be very difficult if not impossible for some companies to achieve carbon neutrality without being able to offset, and the inability to offset may result in declarations on smaller proportions of the business. However, CIBSE is firmly of the view that reductions are far preferable to offsetting and would welcome any element of the process that encouraged reduction over offsetting, so that year on year more was saved and less offset.

**Q15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

There needs to be strict control over what is allowed to prevent abuse and cheating.

**Q16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

Again, there needs to be very strict control. What is the value of “carbon neutrality” that is ultimately bought by paying for offsets? This is a very slippery path to tread.

**Q17 Are the draft recommendations on good practice for offsetting clear?**

Broadly yes. It is vital to maintain high levels of assurance. If in doubt, keep it out should be the watchword.

**Q18 Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?**

It is not clear to what this question relates, so the answer must be no, since they are not even clear (or transparent).

**Q19 Do you believe that the proposed definition and recommendations can work in practice?**

As long as the working arrangements are robust and it is assumed that if people can cheat then some will cheat, then the current proposals appear to be reasonable, but there is more detail, in which lies considerable scope for manipulation, to be provided in a number of areas.

**Q20 Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?**

No, keep it voluntary and within the scope of the ASA.

**Q21 Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?**

Not initially.

**Q22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?**

If they are to be taken seriously external verification should be an integral part of the process but this would add cost and possibly result in 'cowboy' verification bodies if not regulated.

**Q23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?**

There is a requirement for Display Energy Certificates to be displayed where the public can see them. Carbon Neutrality statements may be displayed willingly because they are a company's voluntary activity and for pr purposes it would be silly not to display them and promote them in other ways – e.g. in annual reports. However the problem comes if a calculation one year produces a worse result than the year before. Will a company be as willing to display this result?

**Q24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?**

It should be annual – things can change that quickly.

**Q25 If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?**

This might be difficult to enforce but some monitoring of the voluntary participation would be helpful. Action taken by the ASA should be reported.

**Q26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?**

Carbon Neutrality has as much chance of reducing emissions than the EPB Regulations because it works in the same way – measure carbon and leave it up to the market to stimulate savings. In the future a legislative expectation to improve on savings would be desirable.

**Q27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?**

It is easy to demonstrate that a key objective of some processes should be their own redundancy but until the state of being carbon neutral is easier than being in the state of not carbon neutral this is not the case for carbon neutrality so it is difficult to envisage a scenario where it should be phased out.

**Q28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?**

Where certain terms exist now new terms will be invented tomorrow – it would be better to run a pr campaign on which terms are meaningless – similar to the campaigns to discredit misleading food labeling. You can't ban terms but you can discredit them.

Also, as mentioned earlier if government becomes a procurer of products that are 'carbon neutral' this term will more rapidly become not just a recognized term but one that carries meaning and can be relied upon to 'do what it says on the tin'.

**Q29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?**

If I can provide you with any further information in support of the answers to the questions or on the CIBSE 100 Days and 100 Hours of Carbon Clean-up please contact me or the CIBSE Policy, Consultation and External Relations Manager, Samantha McDonough [smcdonough@cibse.org](mailto:smcdonough@cibse.org) .

Yours faithfully,

Dr Hywel Davies  
Technical Director

[hdavies@cibse.org](mailto:hdavies@cibse.org)



The Royal Academy  
of Engineering

## Consultation on the term 'carbon neutral': its definition and recommendations for good practice

Response from The Royal Academy of Engineering to the Department of Energy and  
Climate Change

May 2009

This response has been prepared with the contributions of Fellows of the Royal Academy of Engineering. The Academy would be pleased to engage further with Government and other relevant bodies on the topic of carbon neutrality.

## **1. Summary**

- 1.1 The Academy believes that there are difficulties with the Government's proposed definition of 'carbon neutral':

“Carbon neutral means that – through a transparent process of measuring emissions, reducing those emissions and offsetting residual emissions – net calculated carbon emissions equal zero.”

- 1.2 Our concern centres on the inclusion of offsetting as a way of achieving net carbon emissions of zero. In our view, offsetting is not credible as an integral part of any process towards making products or services carbon neutral. This is because of the difficulties of auditing the amount of carbon that is offset, the inability of offsetting to prove additionality (see below) and our doubts that offsetting schemes operate at a scale required to make a difference.
- 1.3 Offsetting is also problematic because it may be regarded as a substitute or diversion from genuine reduction of emissions. The focus should be on efforts to ensure that, through the measurement and reduction of emissions, all products, services and processes are as 'low carbon' as possible rather than 'carbon neutral'. Publicly Available Standard 2050 (PAS 2050)<sup>1</sup> was developed for the measurement of carbon emissions of products and services and is therefore particularly useful for comparing the carbon intensity of otherwise similar products and services. In our view therefore, no new standards are required.

## **2. Offsetting**

- 2.1 Offsetting schemes do not reduce the carbon emissions of any processes. It would be impossible to devise a scheme with widespread impact on reducing net global atmospheric carbon, primarily because they are not effective on a large enough scale. They frequently bring problems with additionality<sup>2</sup>, i.e. whether the scheme purports to save carbon that would, in fact, not have been emitted anyway. There are also concerns over the practicality of and impartiality in auditing. In formulating policies, the Government should recognise the limitations of offsetting.
- 2.2 The proposed definition of “carbon neutral” (para. 4.1 of the consultation) currently relies on robust and auditable carbon offsetting which, although an attractive concept, is unachievable in practice.
- 2.3 We recommend that efforts should be redirected towards measuring and reducing carbon intensity as far as possible, i.e. to aim for 'low carbon' rather than 'carbon neutral' products, services and processes.

## **3. PAS 2050**

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<sup>1</sup> [www.bsi-global.com/en/Standards-and-Publications/Industry-Sectors/Energy/PAS-2050/](http://www.bsi-global.com/en/Standards-and-Publications/Industry-Sectors/Energy/PAS-2050/)

<sup>2</sup> Voluntary Offsets For Air-Travel Carbon Emissions: Evaluations and Recommendations of Voluntary Offset Companies, Anja Kollmuss, Benjamin Bowell, Tufts Climate Initiative, December 2006, Revision 1.3; April 5 2007

- 3.1 A lifecycle approach should be taken in measuring and reducing carbon intensity. Publicly Available Standard (PAS) 2050, recommends a lifecycle approach in measuring and reducing carbon emissions. The standard was developed through a careful process involving wide consultation and is already endorsed by Defra. PAS 2050 works well for products and services across different sectors and is now being adopted in several countries.
- 3.2 PAS 2050 is sufficient to cover the measurement and reduction of carbon emissions. Because offsetting claims are often not properly validated and additionality cannot be proved beyond doubt, PAS 2050 specifically disallows offsetting claims when calculating and reporting carbon footprints. Therefore the Academy strongly supports the recommendation in the consultation document that the PAS 2050 approach be followed.
- 3.3 The Greenhouse Gas (GHG) Protocol, which groups emissions according to their sources, loosely incorporates a lifecycle approach in Scope 3 (other indirect emissions). A lifecycle approach allows Scope 3 to naturally encompass Scope 1 (direct greenhouse gas emissions) and Scope 2 (indirect emissions which one consumes but are generated elsewhere).

#### **4. Marketing and advertising**

- 4.1 The assertion that a company or product is 'carbon neutral' has marketing appeal, both to companies and consumers. However, companies should be incentivised to compete on maximising carbon reductions and there should be far less focus on the almost impossible goal of carbon neutrality. Categorising products or services as either carbon neutral or non-carbon neutral can mask real carbon efficiencies or inefficiencies.
- 4.2 A scaled labelling system may be effective in helping to provide incentives, although developing this system would be a complex process. Even the model of energy efficiency ratings given to white goods only accounts for energy use in operation, not embedded energy or energy relating to disposal. A similar carbon labelling system could only be accurate if a lifecycle approach were taken.
- 4.3 Use of the term 'carbon neutral' in advertising and corporate promotions may be unverified and therefore misleading. Government should ensure that claims that are neither valid nor credible are outlawed/ruled out. We are pleased to note that the Advertising Standards Agency (ASA) is being consulted and that the results of this consultation will feed into Defra's revised Green Claims Code.

**Submitted by:**  
Philip Greenish CBE  
Chief Executive  
The Royal Academy of Engineering  
21 May 2009

**Prepared by:**  
Xameerah Malik  
Policy Advisor  
The Royal Academy of Engineering





**Department for Energy and Climate Change  
Consultation on the definition of  
'Carbon Neutral'**

**SMMT Response**

**May 2009**

SMMT is the leading trade association for the UK automotive industry, providing expert advice and information to its members as well as to external organisations. It represents more than 500 member companies ranging from vehicle manufacturers, component and material suppliers to power train providers and design engineers. The motor industry is a crucial sector of the UK economy, generating a manufacturing turnover of £51 billion, contributing well over 10% of the UK's total exports and supporting around 800,000 jobs.

SMMT welcomes the consultation on the definition of 'carbon neutral' and government's efforts to provide more clarity in the different types of emissions included by users of the term carbon neutral to ensure that the use of the term is accompanied by a transparent process.

The automotive industry has been at the forefront of developing the necessary technology to reduce carbon emissions from vehicles as well as reducing carbon emissions in its own industrial practices. Industry has also been proactive and continues to do so, in promoting voluntary actions to minimise the environmental impact of its products and of its manufacturing facilities and in working in close contact with government. SMMT is a member of the LOWCVP, established in 2003 to take a lead in accelerating the shift to low carbon vehicles and fuels in the UK. SMMT is also working to ensure industry promotes its products responsibly and consumers make informed choices when purchasing and driving a vehicle.

As early as 1 December 1999, the SMMT launched an industry-wide environmental label for new cars, thus underpinning the strategy of the industry in gaining full commitment to its targets to reducing carbon dioxide (CO<sub>2</sub>) levels of new passenger cars. In January 2000 the European Commission adopted Directive 1999/94/EC relating to the availability of consumer information on fuel economy and CO<sub>2</sub> emissions. The SMMT participated in the development of UK regulations implementing the directive. A new colour-coded environment label for all new cars began appearing in UK car showrooms from July 2005, with most vehicle manufacturers having adopted the new label from 1 September 2005. The colour coded banding system for the label took into consideration the 6 Vehicle Excise Duty (VED) bandings, from 'A to F'. The label has been recently revised to take into account the changes in VED bands.

SMMT publishes every year a CO<sub>2</sub> Report to monitor industry progress in cutting CO<sub>2</sub> emissions and a Sustainability Report which covers vehicles' environmental performance, safety-related statistics and the measures in place to enhance sustainability in the future. These two reports monitor industry progress in cutting emissions from both vehicles' use and production. In the past ten years industry has significantly cut the average fuel consumption and CO<sub>2</sub> emissions of new passenger cars – the average model is now emitting just 158.0gCO<sub>2</sub>/km, lowered

emissions and waste output from the manufacturing process and established a network of authorised centres to recycle end of life vehicles.

The automotive industry, through SMMT, was one of the sectors to set up climate change agreements (CCA) in 2001. SMMT is also involved with government over the formation of the Carbon Reduction Commitment (formerly known as the Energy Performance Commitment), which aims to encourage large energy using organisations outside the CCA and EU ETS remit to reduce their energy use.

DECC's proposal for a 'carbon neutral definition is:

***"Carbon neutral means that – through a transparent process of measuring emissions, reducing those emissions and offsetting any unavoidable emissions – net calculated carbon emissions equal zero."***

SMMT has only answered questions relevant to its members and where the sector can make an informed contribution:

Q2. *Do you agree with the Government's broad approach? If not, what alternative would you propose?*

SMMT appreciate the need for establishing the precise definition of the term 'carbon neutral' to ensure consistent use of the phrase across varied sectors, products and services.

The definition should be very simple and transparent. SMMT is concerned that DECC's proposal for 'carbon neutral' is more complex and leaves more room for manoeuvre than the common understanding of the term:

emissions – offsets = zero

The common understanding of the term carbon neutral does **not** imply a further reduction of emissions and SMMT recommends that this element should be removed from the proposed definition. It is not immediately obvious how rigorous this reduction must be to qualify and it is subjective.

Perhaps a reduction requirement could be held as a good practice recommendation and when achieved could be marked as "carbon neutral+".

Furthermore, SMMT is concerned that DECC considers that "using the term carbon neutral is to show additional effort ... above the legal requirement." DECC consider that this needs to be *beyond* the already ambitious national and international emission reduction targets such as CCL (CCA) CRC, EU ETS. SMMT considers that this is unfairly restricting the use of the term carbon neutral and further reinforces our concerns over the inclusion of a reduction element in the definition.

Q15. *Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?*

SMMT recommends that both Kyoto compliant **and other** credits should count as offsets as they can all stimulate the development and uptake of low carbon technologies across the world. Offsets should comply with three basic criteria:

- additionality to ensure that offset project would have not happened anyway;
- third-party verified emission reductions;

- separation of verification and approval process - Executive Board to approve the verification process.

*Q27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?*

SMMT does not consider 'carbon neutral' to be a transitional term, but a permanent feature to encourage companies to account for their carbon emissions. Again, SMMT considers that limiting the use of the term to a transitional phase would be a missed opportunity. Using the term carbon neutral can increase awareness of carbon accounting, which will be beneficial in the longer term and encourage engagement and contributions from companies not already covered by reduction targets or where the costs of taking direct action to reduce emissions are high.



Consultation on the term 'carbon  
neutral': its definition and  
recommendations for good practice

DECC consultation 2009

Response of  
The Trading Standards Institute

May 2009



Ron Gainsford  
Chief Executive  
Trading Standards Institute  
1 Sylvan Court, Sylvan Way  
Southfields Business Park  
Basildon, Essex, SS15 6TH  
Telephone: 0845 608 9402  
Mobile: 07786 066 814  
E-Mail: [rong@tsi.org.uk](mailto:rong@tsi.org.uk)

BY EMAIL

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2HH

21 May 2009

Dear Sirs

Thank you for the opportunity to submit our comments on the consultation on the term 'carbon neutral': its definition and recommendations for good practice.

The Trading Standards Institute is the professional body for Trading Standards professionals working in the private and public sectors.

It is the national body responsible for representing, supporting, lobbying, and championing Trading Standards to a range of stakeholders including government, business, consumers, and the media.

We look to provide innovative solutions across the regulatory arena; to administer and award professional qualifications; to accredit and certify training and ensure the ongoing competence of members; and to influence and lobby on behalf of the profession as a whole.

We aim, through our actions and our members' actions, to empower consumers and reputable business to contribute to a vibrant economy.

We strive to eliminate rogue traders and unfair trading practices from the marketplace, to promote environmental sustainability, and to make an

effective contribution to the health and social wellbeing of citizens and communities.

Turning to the consultation, TSI endorses the attached TSSE (Trading Standards South East) response.

The author of the TSSE response, Greg Nelson, is also the TSI Spokesperson for Green Claims. If you require clarification on the TSI stance in this matter, please do not hesitate to contact Greg at email [greg.nelson@rbwm.gov.uk](mailto:greg.nelson@rbwm.gov.uk) or by telephone on 01628 683561.

In conclusion, please note that TSI does not regard its views as confidential and is happy for them to be published.

Yours faithfully



Ron Gainsford  
Chief Executive

The Trading Standards Institute is a  
company limited by Guarantee.  
Registered in England and Wales.  
Register Number 38769.  
Registered office:  
1 Sylvan Court, Sylvan Way  
Southfields Business Park  
Basildon, Essex SS15 6TH

# Trading Standards

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## South East Ltd

TSSE is a partnership of 19 local authority Trading Standards services in the South East of England operated by TSSE Ltd, a limited liability company.

18<sup>th</sup> May 2009

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy & Climate Change  
3-8 Whitehall Place  
LONDON  
SW1A 2HH

**Re: Consultation on the term “carbon neutral” : its definition and recommendations for good practice**

Thank you for the opportunity to comment on the above consultation. I am responding on behalf of TSSE, a partnership between 19 Local Authority Trading Standards Services from the following councils: Bracknell Forest, Brighton & Hove, Buckinghamshire, East Sussex, Hampshire, Isle of Wight, Kent, Medway, Milton Keynes, Oxfordshire, Portsmouth, Reading, Slough, Southampton, Surrey, West Berkshire, West Sussex, Royal Borough of Windsor & Maidenhead, and Wokingham.

Q1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?

**Yes, TSI welcomes the introduction of a definition of “carbon neutral” but is aware that, as a voluntary measure, its use is open to abuse.**

**A business would be able to claim to be “carbon neutral” without complying with the requirements of this definition. This could be achieved by simply buying carbon offsets with no attempt to reduce emissions, thus one of the core aims of the definition, the reduction of emissions, could be ignored.**

Q2 Do you agree with the Government’s broad approach? If not, what alternative would you propose?

**Yes, the broad approach is helpful to the widest audience, including the public, and should be flexible enough to absorb technical changes and future innovations.**

Q3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?

**Yes, and it should be stated that if any other methods are used the user should be able to clearly demonstrate equivalence.**

Q4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?

**Yes, flexibility should be retained as some measurement and reduction is preferable to none. However clarity and transparency as to what is being claimed and its overall effect are essential to maintain the integrity of the definition**

Q5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

**They appear to be so, and will ensure uniformity of approach to the measurement of emissions.**

Q6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

**There is no reason why users should not have the option, as long as the difference is clear. Whilst the public will be more familiar with CO<sub>2</sub>, the option of using CO<sub>2</sub>e allows users a greater flexibility to reduce a range of emissions whilst presenting the results in a manner which the public will understand.**

Q7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?

**Yes, such transparency is essential.**

Q8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

**Yes as PAS 2050 is publicly available and accessible. Other methods should not be discounted but if used should have equal availability and accessibility**



Q9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

**Yes, but as stated in answer to Q1, actual carbon neutrality can be achieved with no attempt to measure or reduce emissions. This is potentially a fatal flaw in the proposed definition which could be overcome if the use of the term “carbon neutral” was regulated in such a manner that it could only be used if based upon the definition proposed in this consultation. This could be supported with a requirement that the user be required to provide technical information on how it has been achieved to a regulatory body.**

Q10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

**The recommendations as set out, i.e. without specified reductions and time frames are flexible and accessible for users so should be retained. The one caveat to this is that users should not be able to continue to make a carbon neutral claim after the claim ceases to be true for the user’s current goods, services and operations.**

Q11 Are the recommendations on good practice for reducing emissions clear?

**Yes.**

Q12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

**The important issue here is clarity if the definition is to have public understanding and support. Relative terms would be more readily understood by the layman whereas absolute terms would not allow a ready understanding of the claim in respect of the user’s overall operation.**

Q13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

**Transparency would be supported if technical information was provided by the user to an independent third party to allow verification of the claims made.**

Q14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

**Yes as it is extremely unlikely that emissions reductions alone would achieve carbon neutrality.**

Q15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

**At present it appears that only the Kyoto-compliant credits are reliable, however the door should be left open for the inclusion of other types of credit to be recognised under the QA Scheme if they can demonstrate the same properties as the Kyoto credits.**

Q16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

**We have no comment on this question.**

Q17 Are the draft recommendations on good practice for offsetting clear?

**They appear to be so.**

Q18 Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

**Please refer to the answer to question 13.**

Q19 Do you believe that the proposed definition and recommendations can work in practice?

**Yes, but see the answers to questions 1, 9 and 20.**

Q20 Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

**If the use of the term is only governed on a voluntary basis it will be open to abuse and will therefore lack integrity, public support and understanding, and ultimately will not achieve its primary aims of measuring, reducing and offsetting emissions.**

**Whilst the Green Claims Code is laudable it is only voluntary. Action taken by the Advertising Standards Authority (ASA) is retrospective and not legally enforceable.**

**On page 5 of the consultation document under the heading “background” is stated ;**

**“At the same time, extra clarity on what carbon neutrality means should help protect consumer rights, avoid public cynicism about climate change because of spurious carbon-related claims and help companies get “carbon value-for-money” for investments made to achieve carbon neutrality.”**

**TSI are of the opinion that use of the term “carbon neutral”, or any claim likely to have the same meaning, should be regulated such that it should only be used if it complies with the requirements of the definition set out in this consultation document. Its use otherwise should be subject to criminal penalties. As has been suggested earlier, this should be supported by a requirement that the user of the term should be required to maintain a technical file to support such use, to which enforcement agencies have access.**

**There are regulations (the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) ) which allow enforcement authorities to take action, including immediate injunctive action, against businesses that use unfair, misleading or aggressive commercial practices.**

**These regulations contain, in Schedule 1, a list of commercial practices which are in all circumstances considered unfair. This could be amended to include the use of the term “carbon neutral” and analogous words and phrases, unless the user complies with this proposed definition, as its use otherwise would give the user an unfair competitive advantage and would be a deliberate attempt by the user to unfairly influence consumers.**

**If the use of the term “carbon neutral” is not seen as falling within the area of fair trading then separate regulations based on a similar model to the CPRs could be adopted.**

**Similar provisions could be adopted in the Business Protection from Misleading Marketing Regulations 2008.**

**Both the CPRs and BPRs are enforced by local authority trading standards services which have great experience of working with local businesses to ensure that regulations are understood and complied with.**

Q21 Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

**We have no comment on this question.**

Q22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

**As stated in paragraph 8.7 of the consultation document, “The PAS notes that public claims of conformity are most likely to gain consumer confidence if they have independent third-party verification”**

**TSI agree with this statement. There are already a number of regulations which require the keeping of technical files for inspection by an enforcement or regulatory body, this approach could be adopted for the use of the term “carbon neutral”**

Q23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

**The recommendations are helpful but, as stated earlier, transparency would be supported if technical information was provided by the user to an independent third party to allow verification of the claims made.**

Q24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

**See answer to question 10.**

Q25 If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

**See answer to question 20. Current “environmental” legislation directly relating to consumer products (Packaging (Essential Requirements) Regs, various energy efficiency labelling regulations) is largely unenforceable and therefore does not play the role that it should in reducing climate change.**

**For example, in the Packaging (Essential Requirements) Regulations there is a requirement for packaging to be minimised, subject to a number of relevant performance criteria. These include “consumer acceptance” and “product presentation and marketing”. These terms are extremely subjective and poorly defined and as such can be used by packers as a barrier to effective enforcement of the regulations.**

**The various energy efficiency labelling regulations are virtually unenforceable because the standard testing required to determine the energy efficiency class of an appliance is extremely complex, repetitive, costly and time consuming (and so beyond the budgets of most enforcement bodies) ; the results of this testing allow for such wide variations within the parameters of each class of energy efficiency (i.e. the A to G range) that they are often meaningless ; even if an offence could be established (i.e. it could be proved that the declared energy efficiency class was inaccurate) the enforcing agency has to prove that this was the case when the product was “placed on the market”. This date is often impossible to establish, or it may have occurred more than three years previously and therefore prevents a prosecution from being mounted due to the statutory time limits on such action.**

**If the use of “carbon neutral” and other key language is to maintain integrity then robust, effective protection of its use should be considered, possibly in the form of regulation as suggested in Q20. Without this, asking whether compliance with an agreed definition should be “good practice” “best practice” is meaningless.**

Q26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

**We have no comment on this question.**

Q27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

**We have no comment on this question.**

Q28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

**If other terms are not protected or defined in the same way as “carbon neutral” then they will be used instead, undermining the whole purpose of the definition. One suggestion would be for the definition to refer to 'or any claim likely to have the same meaning', the approach taken with nutrition and health claims.**

**The Government should press for a European wide definition of “carbon neutral” to ensure uniformity and to prevent UK businesses being put at a competitive disadvantage.**

**Government should consider wider access to and use of the 14000 range of ISO standards ;**  
**- ISO 14020 - Environmental labels and declarations – General Principles**  
**- ISO 14021 - Environmental labels and declarations – Self-declared**

- environmental claims (Type II environmental labelling)**
- ISO 14024 - **Environmental labels and declarations - Type I  
Environmental Labelling - Principles and procedures**
- ISO 14025 - **Environmental labels and declarations – Type III  
environmental declarations - Principles and procedures**

Q29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

**The Government's activities should have the same transparency as those to be used by businesses, organisations and individuals if the Government wishes to demonstrate the same level of transparency and integrity.**

Greg Nelson – chair of the TSSEL Environment Focus Group  
Royal Borough of Windsor & Maidenhead Trading Standards  
01628 683561  
[greg.nelson@rbwm.gov.uk](mailto:greg.nelson@rbwm.gov.uk)

12 May 2009

# Trading Standards

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## South East Ltd

TSSE is a partnership of 19 local authority Trading Standards services in the South East of England operated by TSSE Ltd, a limited liability company.

18<sup>th</sup> May 2009

Carbon Neutrality and Carbon Offsetting Team  
Department of Energy & Climate Change  
3-8 Whitehall Place  
LONDON  
SW1A 2HH

**Re: Consultation on the term “carbon neutral” : its definition and recommendations for good practice**

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Q1 Is it appropriate for Government to produce a definition of the term carbon neutral and recommendations on using the term? If not, why not?

**Yes, TSI welcomes the introduction of a definition of “carbon neutral” but is aware that, as a voluntary measure, its use is open to abuse.**

**A business would be able to claim to be “carbon neutral” without complying with the requirements of this definition. This could be achieved by simply buying carbon offsets with no attempt to reduce emissions, thus one of the core aims of the definition, the reduction of emissions, could be ignored.**

Q2 Do you agree with the Government’s broad approach? If not, what alternative would you propose?

**Yes, the broad approach is helpful to the widest audience, including the public, and should be flexible enough to absorb technical changes and future innovations.**

Q3 Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?

**Yes, and it should be stated that if any other methods are used the user should be able to clearly demonstrate equivalence.**

Q4 Do you agree that users of the term carbon neutral should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue carbon neutrality only for certain parts of the organisation?

**Yes, flexibility should be retained as some measurement and reduction is preferable to none. However clarity and transparency as to what is being claimed and its overall effect are essential to maintain the integrity of the definition**

Q5 Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?

**They appear to be so, and will ensure uniformity of approach to the measurement of emissions.**

Q6 Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?

**There is no reason why users should not have the option, as long as the difference is clear. Whilst the public will be more familiar with CO<sub>2</sub>, the option of using CO<sub>2</sub>e allows users a greater flexibility to reduce a range of emissions whilst presenting the results in a manner which the public will understand.**

Q7 Do you believe the transparency elements on measuring emissions to be correct and/or sufficient?

**Yes, such transparency is essential.**

Q8 Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for carbon neutrality purposes? If not, what alternative(s) would you propose?

**Yes as PAS 2050 is publicly available and accessible. Other methods should not be discounted but if used should have equal availability and accessibility**

Q9 Do you agree that emissions reductions form a necessary part of the definition? If not, why not?

**Yes, but as stated in answer to Q1, actual carbon neutrality can be achieved with no attempt to measure or reduce emissions. This is potentially a fatal flaw in the proposed definition which could be overcome if the use of the term “carbon neutral” was regulated in such a manner that it could only be used if based upon the definition proposed in this consultation. This could be supported with a requirement that the user be required to provide technical information on how it has been achieved to a regulatory body.**

Q10 Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?

**The recommendations as set out, i.e. without specified reductions and time frames are flexible and accessible for users so should be retained. The one caveat to this is that users should not be able to continue to make a carbon neutral claim after the claim ceases to be true for the user’s current goods, services and operations.**

Q11 Are the recommendations on good practice for reducing emissions clear?

**Yes.**

Q12 Do you agree that emissions reductions can be measured in either absolute or relative terms? If “no”, what would you prefer? If “yes”, do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?

**The important issue here is clarity if the definition is to have public understanding and support. Relative terms would be more readily understood by the layman whereas absolute terms would not allow a ready understanding of the claim in respect of the user’s overall operation.**

Q13 Do you believe the transparency elements on reducing emissions to be correct and/or sufficient?

**Transparency would be supported if technical information was provided by the user to an independent third party to allow verification of the claims made.**

Q14 Do you agree that carbon offsetting is a fundamental element of achieving carbon neutral status?

**Yes as it is extremely unlikely that emissions reductions alone would achieve carbon neutrality.**

Q15 Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?

**At present it appears that only the Kyoto-compliant credits are reliable, however the door should be left open for the inclusion of other types of credit to be recognised under the QA Scheme if they can demonstrate the same properties as the Kyoto credits.**



Q16 Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming carbon neutral? If not, why not? Can you suggest other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?

**We have no comment on this question.**

Q17 Are the draft recommendations on good practice for offsetting clear?

**They appear to be so.**

Q18 Do you believe the transparency elements on carbon offsetting to be correct and/or sufficient?

**Please refer to the answer to question 13.**

Q19 Do you believe that the proposed definition and recommendations can work in practice?

**Yes, but see the answers to questions 1, 9 and 20.**

Q20 Do you believe the Government should regulate the use of the term carbon neutral? If so, why and how? How could regulation be enforced?

**If the use of the term is only governed on a voluntary basis it will be open to abuse and will therefore lack integrity, public support and understanding, and ultimately will not achieve its primary aims of measuring, reducing and offsetting emissions.**

**Whilst the Green Claims Code is laudable it is only voluntary. Action taken by the Advertising Standards Authority (ASA) is retrospective and not legally enforceable.**

**On page 5 of the consultation document under the heading “background” is stated ;**

**“At the same time, extra clarity on what carbon neutrality means should help protect consumer rights, avoid public cynicism about climate change because of spurious carbon-related claims and help companies get “carbon value-for-money” for investments made to achieve carbon neutrality.”**

**TSI are of the opinion that use of the term “carbon neutral”, or any claim likely to have the same meaning, should be regulated such that it should only be used if it complies with the requirements of the definition set out in this consultation document. Its use otherwise should be subject to criminal penalties. As has been suggested earlier, this should be supported by a requirement that the user of the term should be required to maintain a technical file to support such use, to which enforcement agencies have access.**

**There are regulations (the Consumer Protection from Unfair Trading Regulations 2008 (CPRs) ) which allow enforcement authorities to take action, including immediate injunctive action, against businesses that use unfair, misleading or aggressive commercial practices.**

**These regulations contain, in Schedule 1, a list of commercial practices which are in all circumstances considered unfair. This could be amended to include the use of the term “carbon neutral” and analogous words and phrases, unless the user complies with this proposed definition, as its use otherwise would give the user an unfair competitive advantage and would be a deliberate attempt by the user to unfairly influence consumers.**

**If the use of the term “carbon neutral” is not seen as falling within the area of fair trading then separate regulations based on a similar model to the CPRs could be adopted.**

**Similar provisions could be adopted in the Business Protection from Misleading Marketing Regulations 2008.**

**Both the CPRs and BPRs are enforced by local authority trading standards services which have great experience of working with local businesses to ensure that regulations are understood and complied with.**

Q21 Do you believe the Government should develop a definition of carbon neutral that would allow more direct comparison between uses of the term? If so, what means of delivering this would you propose?

**We have no comment on this question.**

Q22 Do you agree that users of the term carbon neutral should retain the flexibility to decide what type of verification is applied? Or should the Government make recommendations on external verification? If so, what should they be?

**As stated in paragraph 8.7 of the consultation document, “The PAS notes that public claims of conformity are most likely to gain consumer confidence if they have independent third-party verification”**

**TSI agree with this statement. There are already a number of regulations which require the keeping of technical files for inspection by an enforcement or regulatory body, this approach could be adopted for the use of the term “carbon neutral”**

Q23 In addition to any guidance offered by Government under the Climate Change Act later in 2009, should the Government make recommendations on how to communicate carbon neutrality statements? Or are the transparency recommendations made in Parts 5, 6 and 7 sufficient?

**The recommendations are helpful but, as stated earlier, transparency would be supported if technical information was provided by the user to an independent third party to allow verification of the claims made.**

Q24 Should Government make specific recommendations for good practice on reviewing carbon neutrality status? If so, what would you propose?

**See answer to question 10.**

Q25 If you agree that Government should make recommendations on carbon neutrality (see Q1), should they tend towards good practice or best practice? How often should recommendations be reviewed?

**See answer to question 20. Current “environmental” legislation directly relating to consumer products (Packaging (Essential Requirements) Regs, various energy efficiency labelling regulations) is largely unenforceable and therefore does not play the role that it should in reducing climate change.**

**For example, in the Packaging (Essential Requirements) Regulations there is a requirement for packaging to be minimised, subject to a number of relevant performance criteria. These include “consumer acceptance” and “product presentation and marketing”. These terms are extremely subjective and poorly defined and as such can be used by packers as a barrier to effective enforcement of the regulations.**

**The various energy efficiency labelling regulations are virtually unenforceable because the standard testing required to determine the energy efficiency class of an appliance is extremely complex, repetitive, costly and time consuming (and so beyond the budgets of most enforcement bodies) ; the results of this testing allow for such wide variations within the parameters of each class of energy efficiency (i.e. the A to G range) that they are often meaningless ; even if an offence could be established (i.e. it could be proved that the declared energy efficiency class was inaccurate) the enforcing agency has to prove that this was the case when the product was “placed on the market”. This date is often impossible to establish, or it may have occurred more than three years previously and therefore prevents a prosecution from being mounted due to the statutory time limits on such action.**

**If the use of “carbon neutral” and other key language is to maintain integrity then robust, effective protection of its use should be considered, possibly in the form of regulation as suggested in Q20. Without this, asking whether compliance with an agreed definition should be “good practice” “best practice” is meaningless.**

Q26 Should Government make recommendations on when and how it would be appropriate for individuals, communities, organisations to pursue carbon neutrality? Should Government encourage or discourage the pursuit of carbon neutrality?

**We have no comment on this question.**

Q27 Should carbon neutrality be viewed as a transitional term to be phased out over time? If so, how might this be achieved?

**We have no comment on this question.**

Q28 Are there any additional carbon-related terms that you believe the Government should define? If so, what approach should Government take i.e. recommendations on good practice or regulation?

**If other terms are not protected or defined in the same way as “carbon neutral” then they will be used instead, undermining the whole purpose of the definition. One suggestion would be for the definition to refer to 'or any claim likely to have the same meaning', the approach taken with nutrition and health claims.**

**The Government should press for a European wide definition of “carbon neutral” to ensure uniformity and to prevent UK businesses being put at a competitive disadvantage.**

**Government should consider wider access to and use of the 14000 range of ISO standards ;**  
**- ISO 14020 - Environmental labels and declarations – General Principles**  
**- ISO 14021 - Environmental labels and declarations – Self-declared**

- environmental claims (Type II environmental labelling)**
- ISO 14024 - Environmental labels and declarations - Type I  
Environmental Labelling - Principles and procedures**
- ISO 14025 - Environmental labels and declarations – Type III  
environmental declarations - Principles and procedures**

Q29 Although the carbon neutral targets set by Government for its own purposes are not the subject of this consultation, do you agree that Government should apply this definition to those targets? Are there other issues relating to those targets for Government to consider?

**The Government's activities should have the same transparency as those to be used by businesses, organisations and individuals if the Government wishes to demonstrate the same level of transparency and integrity.**

Greg Nelson – chair of the TSSEL Environment Focus Group  
Royal Borough of Windsor & Maidenhead Trading Standards  
01628 683561  
[greg.nelson@rbwm.gov.uk](mailto:greg.nelson@rbwm.gov.uk)

12 May 2009



21 MAY 2009

## **RESPONSE DOCUMENT ON THE DEPARTMENT OF ENERGY AND CLIMATE CHANGE'S CONSULTATION ON THE TERM 'CARBON NEUTRAL': ITS DEFINITION AND RECOMMENDATIONS FOR GOOD PRACTICE**

### **INTRODUCTION**

1. The UK Environmental Law Association (**UKELA**) aims to make the law work for a better environment and to improve understanding and awareness of environmental law. UKELA's members are involved in the practice, study and formulation of environmental law in the UK and the European Union. UKELA attracts both lawyers and non-lawyers and has a broad membership from the private and public sectors.
2. UKELA prepares advice to government with the help of its specialist working parties, covering a range of environmental law topics.
3. UKELA Climate Change Working Party makes the following comments on the Consultation.

### **PART 4**

#### **QUESTION 1. IS IT APPROPRIATE FOR THE GOVERNMENT TO PRODUCE A DEFINITION OF THE TERM CARBON NEUTRAL AND RECOMMENDATIONS ON USING THE TERM? IF NOT, WHY NOT?**

It is appropriate for the two reasons implicit in the consultation document:

- (i) the Government uses the term itself and needs to give clarity as to what its own targets mean;
- (ii) the term is increasingly used by companies and individuals without any clear or common understanding of what the term means.

'Carbon neutral' is a nebulous term. Consumers will naturally assume that a product, service, company or activity described as 'carbon neutral' is genuinely beneficial for the environment (or at least benign and not harmful). If this turns out not to be the case, and all sorts of products and activities are described as carbon neutral, then, in addition to potential misrepresentation and possible trade misdescription, people will grow apathetic to the term and assume it is 'greenwash'.

It is valuable that consumers are given information about carbon impacts in order to make informed choices – provided that they can have confidence in the reliability of that information.

Promoting a common approach, at the very least, enables consumers to have something akin to a benchmark against which the difference between a representation and a misrepresentation can be assessed.

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**QUESTION 2. DO YOU AGREE WITH THE GOVERNMENT'S BROAD APPROACH? IF NOT, WHAT ALTERNATIVE WOULD YOU PROPOSE?**

The approach is too broad and does not go far enough to ensure that consumers are given sufficiently 'accessible' information to guide their choices.

There is clearly a balance to be drawn between promoting simplicity in the presentation of information and ensuring that the underlying methodology is sound and is capable of allowing comparisons to be made between products, services, etc. A traffic light system, for example, akin to that used for food labelling, could radically simplify the communication of information relevant to carbon footprint. The groundwork for such a scheme appears to have already been laid with the development of PAS 2050 methodology. However, for such a system to work in this context, it would need to be based on a universally applied methodology to assessment (including in terms of 'boundaries' – i.e. the extent to which the assessment looks up the supply chain and down into use and disposal).

Although some consumers are competent in assessing detailed information about a particular carbon footprint, most would be bewildered by the complexity of that information and would not possess broad enough knowledge of comparators. Consequently, the proposed broad approach – which does not appear to be advocating a common system of upstream (let alone downstream) assessment may lead to no less confusion – simply greater accuracy. Ensuring that information is accurate, without ensuring that it is clear and comparable, is unlikely to lead to any reduction in carbon emissions.

**PART 5**

**QUESTION 3. DO YOU AGREE THAT BASING THE MEASUREMENT OF EMISSIONS, INCLUDING RECOMMENDATIONS ON GOOD PRACTICE, ON THE GHG PROTOCOL IS APPROPRIATE? IF NOT, WHAT ALTERNATIVE(S) WOULD YOU PROPOSE?**

The GHG Protocol would make a good starting point that could be refined over time, as appropriate. In light of the issues raised in our response on question 2, Scope 3 appears to offer the greatest value.

**QUESTION 4. DO YOU AGREE THAT USERS OF THE TERM CARBON NEUTRAL SHOULD RETAIN FLEXIBILITY OVER EXACTLY WHICH EMISSIONS TO MEASURE? SHOULD ORGANISATIONS BE ABLE TO PURSUE CARBON NEUTRALITY ONLY FOR CERTAIN PARTS OF THE ORGANISATION?**

Organisations should be free to pursue carbon neutrality for certain parts of the business provided that they do not make misleading claims about their carbon credentials. Following Scope 3 of the GHG Protocol would appear to reduce the scope for misleading claims provided the part of a business making the claim would have to account for related activities 'outsourced' whether to another part of, or outside, the business group.

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**QUESTION 5. ARE THE PROPOSED RECOMMENDATIONS ON GOOD PRACTICE FOR MEASURING EMISSIONS CLEAR AND APPROPRIATE? ARE RECOMMENDATIONS NECESSARY?**

The recommendations are necessary, are reasonably clear and are a good starting point. They ought to be developed over time as measuring becomes easier and available for a greater variety of activities.

**QUESTION 6. DO YOU BELIEVE THAT USERS OF THE TERM SHOULD BE ABLE TO CHOOSE WHETHER TO MEASURE ALL KYOTO GHGS IN (CO<sub>2</sub>E) OR ONLY EMISSIONS OF CO<sub>2</sub>? OR SHOULD THE DEFINITION SPECIFY MEASUREMENT OF ALL GHGS?**

The full range of Kyoto greenhouse gases should be included in the definition of carbon neutral, because:

- (i) a consistent standard should be adopted by users of the term - a 'pick and choose' system is inappropriate, particularly when the term is used for branding purposes;
- (ii) this is in line with the Climate Change Act, the Kyoto Protocol and the UNFCCC; and
- (iii) the emphasis should be on reducing overall GHG emissions and this is necessary if the UK is to make deep emissions cuts.

**QUESTION 7. DO YOU BELIEVE THE TRANSPARENCY ELEMENTS ON MEASURING EMISSIONS TO BE CORRECT AND/OR SUFFICIENT?**

There should be one consistent and objective standard that applies to all organisations making these claims. The fact that the means, timescale and size of the footprint are made publicly available will not necessarily give consumers sufficient information on which to base their purchasing decisions. In order to inform consumers and enable informed choice, this requires consumers to have access to comparable information in relation to each purchasing option.

If the transparency requirements on measuring emissions are not binding on organisations which use the term, then they are not sufficient, and will not enable comparisons to be made.

**QUESTION 8. DO YOU AGREE THAT PAS 2050 (OR THE FULL LIFE CYCLE OF THE PRODUCT USING ISO 14044) SHOULD BE USED AS THE BASIS FOR CALCULATING THE CARBON FOOTPRINT OF PRODUCTS FOR CARBON NEUTRALITY PURPOSES? IF NOT, WHAT ALTERNATIVE(S) WOULD YOU PROPOSE?**

Agree. PAS 2050 appears to be a robust standard for measuring the carbon neutrality of products. But the Government should go farther and require companies to give consumers more information about the greenhouse gas intensity of all products – potentially, using the traffic light system outlined at 2.

**PART 6**

**QUESTION 9. DO YOU AGREE THAT EMISSIONS REDUCTIONS FORM A NECESSARY PART OF THE DEFINITION? IF NOT, WHY NOT?**

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Emissions reductions should form a necessary part of the definition, and this accords with common sense. Although a unit of CO<sub>2</sub> saved has the same climate change benefit wherever it occurs in the world, there may be a greater degree of confidence in the robustness of domestic emissions reductions. Emissions reductions at home show good carbon management and demonstrate that the UK is taking leadership on climate change.

**QUESTION 10. SHOULD THE GOVERNMENT DEFINITION AND/OR GOOD PRACTICE RECOMMENDATIONS SPECIFY A REDUCTION REQUIREMENT AND/OR TIMEFRAME FOR DELIVERY OF EMISSIONS REDUCTIONS? IF SO, WHAT WOULD YOU PROPOSE?**

Probably, yes, for the reason given at 9. Following the same logic, emissions reductions should probably account for a high percentage of the definition. There should also be a timeframe for delivery of additional emissions reductions. This would help organisations to plan and focus their efforts. However, different timeframes may be more or less suitable for different organisations depending on size/sector/etc.

**QUESTION 11. ARE THE RECOMMENDATIONS ON GOOD PRACTICE FOR REDUCING EMISSIONS CLEAR?**

For the reason given at 9, the proposal - to deliver an emissions reduction (without specifying a target or what measures should be used or a timeframe for delivery) - is too broad to be meaningful. On this basis, a company could claim to be carbon neutral even though it may have reduced emissions by less than 1% and offset the rest. Of course, a minimum percentage of domestic emissions reductions would avoid this.

If companies are making carbon neutral claims as part of marketing material, they should also be made to display information about the basis of that claim in a prominent place so that consumers are able to access it quickly and easily. The information should be presented plainly. It should not form part of 'the small print' in a hard-to-access part of the website.

**QUESTION 12. DO YOU AGREE THAT EMISSIONS REDUCTIONS CAN BE MEASURED IN EITHER ABSOLUTE OR RELATIVE TERMS? IF 'NO', WHAT WOULD YOU PREFER? IF 'YES', DO YOU SUPPORT THE USE OF THE RELATIVE MEASURES RECOMMENDED (PER UNIT OF TURNOVER, PER REVENUE EXPENDITURE AND PER FUNCTIONAL UNIT) OR WOULD YOU PROPOSE OTHER SPECIFIC MEASURES?**

The UK needs to make deep cuts in emissions. Therefore, the focus should be on making absolute cuts in emissions because, even if emissions are decreasing in relative terms, they may still be growing overall if organisations are expanding. However, the concept of relative cuts recognises, for example, that a successful company which is carbon efficient (in relative terms) may increase its market penetration even though its absolute emissions may rise. Overall, an environmental benefit may be gained the more efficient producer displaces products or services provided by a less efficient (in relative terms) competitor. Consequently, there is a need to recognise emissions per unit of output. By the same token, a company that is carbon inefficient should not be seen as environmentally preferable simply

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because absolute emissions have fallen where the reason is loss of market share and not increased efficiency.

In our view, there is merit in reporting both absolute and relative emissions.

**QUESTION 13. DO YOU BELIEVE THE TRANSPARENCY ELEMENTS ON REDUCING EMISSIONS TO BE CORRECT AND/OR SUFFICIENT?**

See comments above at 10 - 12.

**PART 7**

**QUESTION 14. DO YOU AGREE THAT CARBON OFFSETTING IS A FUNDAMENTAL ELEMENT OF ACHIEVING CARBON NEUTRAL STATUS?**

For most organisations, offsetting is currently essential for achieving carbon neutrality. The risk is that too heavy reliance on offsetting diverts attention away from the deep cuts that need to be made in the UK, sending a message that business as usual is acceptable provided that you pay a small sum of money. Therefore, there is clear benefit in including a minimum domestic reductions % (or maximum offsetting) – per our response to question 10.

**QUESTION 15. GIVEN THAT THE GOVERNMENT CURRENTLY ONLY FEELS ABLE TO VOUCH FOR THE QUALITY OF KYOTO-COMPLIANT CREDITS UNDER THE QUALITY ASSURANCE SCHEME, SHOULD THE DEFINITION ONLY INCLUDE THE USE OF SUCH CREDITS? OR WOULD YOU PROPOSE OTHER TYPES OF RESTRICTIONS ON THE TYPES OF CREDITS ALLOWED?**

There needs to be confidence in any offsetting allowed into the definition. The Quality Assurance scheme is one approach although currently restricted to compliance units. If the Quality Assurance scheme is used as the reference point, then, as the scheme considers and expands to good quality VERs, the carbon neutral definition should follow. Offsetting also provides an important opportunity to finance projects that contribute not only to GHG reductions but also broader sustainability (per the CDM process, although capable of improvement), including assisting those most likely to be worst affected by climate change, in the developing world.

**QUESTION 16. DO YOU AGREE THAT, BECAUSE OF THE DIFFICULTIES INHERENT WITH DOMESTIC OFFSETTING, SUCH OFFSETTING SHOULD NOT TEND TO BE PURSUED AS PART OF BECOMING CARBON NEUTRAL? IF NOT, WHY NOT? CAN YOU SUGGEST OTHER WAYS OF SUPPORTING AND ENCOURAGING VALUABLE DOMESTIC ACTION THAT DOES NOT QUALIFY AS CARBON OFFSETTING?**

See our response to 15. It seems logical that, if there is sufficient confidence in VERs (including domestic) to recognise them in the Quality Assurance scheme, they should be allowed into the carbon neutral definition.

**QUESTION 17. ARE THE DRAFT RECOMMENDATIONS ON GOOD PRACTICE FOR OFFSETTING CLEAR?**

See comments above re offsets.

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**QUESTION 18. DO YOU BELIEVE THE TRANSPARENCY ELEMENTS ON CARBON OFFSETTING TO BE CORRECT AND/OR SUFFICIENT?**

See comments above re offsets. Adopting the Quality Assurance reference point allows a degree of confidence in the compliance units or, in the future, VERs. The key is to ensure that whatever assurance scheme is referenced, it provides a high level of confidence in true additionality. There is clearly scope for improvement and a need for continuing work in this regard.

**PART 8**

**QUESTION 19. DO YOU BELIEVE THAT THE PROPOSED DEFINITION AND RECOMMENDATIONS CAN WORK IN PRACTICE?**

Yes, and it is appropriate that the Government take action now 'carbon neutral' claims are increasing common and increasingly confusing and unreliable. However, as described above, the current definition requires additional content in order to help consumers make informed judgements as to environmental claims.

**QUESTION 20. DO YOU BELIEVE THE GOVERNMENT SHOULD REGULATE THE USE OF THE TERM CARBON NEUTRAL? IF SO, WHY AND HOW? HOW COULD REGULATION BE ENFORCED?**

A regulated approach may be appropriate. It could be regulated by a Government body or an independent body. Alternatively, there could be a model similar to the Soil Association. The Soil Association is a UK membership body which certifies products as organic. The latter model seems preferable as it reduces the need for State involvement.

It is important that there is some kind of regulation or oversight/certification of the term when businesses use it for marketing reasons.

**QUESTION 21. DO YOU BELIEVE THAT THE GOVERNMENT SHOULD DEVELOP A DEFINITION OF CARBON NEUTRAL THAT WOULD ALLOW MORE DIRECT COMPARISON BETWEEN USES OF THE TERM? IF SO, WHAT MEANS OF DELIVERING THIS WOULD YOU PROPOSE?**

Yes, absolutely. Consumers should be able to make simple decisions based on the greenhouse gas intensity of the consequence of their decision.

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**QUESTION 22. DO YOU AGREE THAT USERS OF THE TERM CARBON NEUTRAL SHOULD RETAIN THE FLEXIBILITY TO DECIDE WHAT TYPE OF VERIFICATION IS APPLIED? OR SHOULD THE GOVERNMENT MAKE RECOMMENDATIONS ON EXTERNAL VERIFICATION? IF SO, WHAT SHOULD THEY BE?**

There should be an objective and rigorous verification process. Users of the term should not be able to decide what this is. See answer at 20. A UK membership body could be set up to monitor standards.

**QUESTION 23. IN ADDITION TO ANY GUIDANCE OFFERED BY GOVERNMENT UNDER THE CLIMATE CHANGE ACT LATER IN 2009, SHOULD GOVERNMENT MAKE RECOMMENDATIONS ON HOW TO COMMUNICATE CARBON NEUTRALITY STATEMENTS? OR ARE THE TRANSPARENCY RECOMMENDATIONS MADE IN PARTS 5, 6 AND 7 SUFFICIENT.**

Government should ensure that statements made relating to carbon neutrality are not misleading. Information as to what the claim is based on should be easily accessible, concise and drafted in plain English.

**QUESTION 24. SHOULD THE GOVERNMENT MAKE SPECIFIC RECOMMENDATIONS FOR GOOD PRACTICE ON REVIEWING CARBON NEUTRALITY STATUS? IF SO, WHAT WOULD YOU PROPOSE?**

Reviews should be carried out to ensure that a organisation claiming to be carbon neutral genuinely is carbon neutral. For example, the Soil Association inspects farms to test that they meet organic standards on an annual basis, spot checks and unannounced visits are also carried out. The same model could work for users of the term carbon neutral.

**QUESTION 25. IF YOU AGREE THAT THE GOVERNMENT SHOULD MAKE RECOMMENDATIONS ON CARBON NEUTRALITY, SHOULD THEY TEND TOWARDS GOOD PRACTICE OR BEST PRACTICE? HOW OFTEN SHOULD THE RECOMMENDATIONS BE REVIEWED?**

It would seem sensible to review the recommendations on an annual basis, with a view to improving standards over time.

**QUESTION 29. ALTHOUGH THE CARBON NEUTRAL TARGETS SET BY GOVERNMENT FOR ITS OWN PURPOSES ARE NOT THE SUBJECT OF THIS CONSULTATION, DO YOU AGREE THAT THE GOVERNMENT SHOULD APPLY THIS DEFINITION TO THOSE TARGETS? ARE THERE ANY OTHER ISSUES RELATING TO THOSE TARGETS FOR GOVERNMENT TO CONSIDER?**

Yes. It would seem sensible that the Government use the same standard, or a more rigorous standard.

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**Contacts:**

**Tom Bainbridge**

*Joint Convenor, Climate Change Working Party*  
Head of the Climate Change and Energy group at Nabarro  
Telephone: 0207 524 6144  
Email: t.bainbridge@nabarro.com

**Stephen Hockman QC**

*Joint Convenor, Climate Change Working Party*  
Head of chambers at Six Pump Court  
Telephone: 0207 797 8400  
Email: qc@shed31.demon.co.uk

**Michael Woods**

*Joint Convenor, Climate Change Working Party*  
Partner, Eversheds  
Telephone: 0845 497 4928  
Email: MichaelWoods@eversheds.com

Thank you for letting us respond to the Department of Energy and Climate Change Consultation on Carbon Neutrality. We would be happy to be involved more in this consultation going forward.

Special thanks to Melanie Strickland for all her work on this response.

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# **CONSULTATION ON THE TERM "CARBON NEUTRAL": ITS DEFINITION AND RECOMMENDATIONS FOR GOOD PRACTICE**

## **Response from WRAP (Waste & Resources Action Programme)**

### **Executive Summary**

WRAP welcomes the opportunity to respond to the *Consultation on the Term "Carbon Neutral": its Definition and Recommendations for Good Practice*, launched on 26 February 2009 by the Department of Energy and Climate Change (DECC).

In summary, our three key points are as follows:

- WRAP welcomes the efforts that the newly created DECC is making to move towards a strong carbon accounting system.. However, we believe that the Government should enforce a standardised universal "carbon neutral" definition.
- Also, WRAP would like to ensure that, as well as encouraging businesses and products to be more environmentally friendly, DECC promotes the reduction of emissions, since we believe that offsetting emissions should be the second preferred option.
- WRAP strongly believes that the effect of other gases in the environment should be taken into consideration and included in the final definition of 'carbon neutral'. This would allow compatibility with the Climate Change Act.

### **Introduction to WRAP**

1. WRAP (the Waste & Resources Action Programme) is a not-for-profit UK company providing recycling and resource efficiency programmes for Defra, the Scottish Government, the Welsh Assembly and the Northern Ireland Assembly. The organisation was formed in 2000 to implement a number of the actions set out in the Government White Paper *Waste Strategy 2000*<sup>1</sup>.

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<sup>1</sup> Department of the Environment, Transport and the Regions (2000), *Waste Strategy 2000 for England and Wales*, Parts 1&2, Cm 4693-1&2, London: Stationery Office.

2. WRAP works in partnership to encourage and enable businesses and consumers to be more efficient in their use of materials, and to recycle more things more often. This helps to divert waste from landfill, reduce carbon emissions and improve our environment.

3. From April 2010, WRAP will be responsible for the delivery of resource efficiency programmes and initiatives, as announced by Defra on 25 March 2009. Defra is bringing together a range of bodies under WRAP's leadership to provide a one-stop shop to help businesses, organisations and households to become more resource-efficient.

4. Since its creation, WRAP's work has contributed to reductions in greenhouse gases, by decreasing the amount of waste (and, in particular, biodegradable waste) going to landfill, promoting recycling, creating markets for recycled materials and encouraging waste minimisation.

5. This consultation is, therefore, highly relevant to our work.

#### **PART A: GENERAL COMMENTS**

6. WRAP welcomes the efforts that the newly created DECC is making to move towards a strong carbon accounting system. We applaud the challenging measures proposed as a key commitment from the Government and DECC to tackling climate change.

7. However, we believe that the Government should enforce a standardised universal 'carbon neutral' definition. We believe that the consultation should mention the standards that DECC will be using from now on.

8. Also, WRAP would like to ensure that, as well as encouraging businesses and products to be more environmentally friendly, DECC promotes the reduction of emissions, since we believe that offsetting emissions should be the second preferred option.

#### **PART B: DETAILED ANSWERS TO THE CONSULTATION QUESTIONS**

9. We have set out below our answers to thirteen of the consultation questions.

##### **Q1. Is it appropriate for Government to produce a definition of the term 'carbon neutral' and recommendations on using the term? If not, why not?**

10. WRAP would like to highlight that the definition of 'carbon neutral' proposed in the consultation document does not necessarily include CO2 equivalent gases.

WRAP strongly believes that the effect of other gases in the environment should be taken into consideration and included in the final definition of 'carbon neutral'. This would allow compatibility with the Climate Change Act.

11. WRAP's evidence shows that waste that decomposes in landfill emits methane as well as CO<sub>2</sub>. Methane is 25 times more damaging than CO<sub>2</sub><sup>2</sup>. Organic waste may be processed in such a way that CO<sub>2</sub> emissions are minimised by converting CO<sub>2</sub> to methane. Since not all methane from landfill is captured, this would have adverse effects on climate change.

**Q2. Do you agree with the Government's broad approach? If not, what alternative would you propose?**

12. WRAP agrees with the Government's broad approach. WRAP believe that any claims to carbon neutrality should be clearly related to the subject of the claim, which may be a companies activities, a project (e.g. an event such as the Olympic Games) or a product (either a good or a service).

**Q3. Do you agree that basing the measurement of emissions, including recommendations on good practice, on the GHG Protocol is appropriate? If not, what alternative(s) would you propose?**

13. WRAP does not agree with basing the measurement of emissions on the GHG Protocol alone. Use of ISO 14064-1, 14064-2 and 14064-3 supplemented by the GHG Protocol would provide stronger guidance tailored to the object of the carbon neutral aspirations.

**Q4. Do you agree that users of the term 'carbon neutral' should retain flexibility over exactly which emissions to measure? Should organisations be able to pursue 'carbon neutrality only for certain parts of the organisation?**

14. WRAP does not agree with having a flexible 'carbon neutral' concept, since it would confuse the consumer and help to allow companies to make erroneous environmental claims.

15. WRAP understands the pressure that businesses are under in order to respond to the customers' demands for more environmentally friendly services and products. However, having a flexible 'carbon neutral' term would not increase the trust that customers put in companies and products, since it would confuse them.

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<sup>2</sup> <http://www.ipcc.ch/ipccreports/assessments-reports.htm>

16. Finally, having a flexible 'carbon neutral' term would contribute to the emergence of environmental claims by companies and products. Although these claims would be technically correct, we think that there are other factors that may not be taken into account when these statements are made.

**Q5. Are the proposed recommendations on good practice for measuring emissions clear and appropriate? Are recommendations necessary?**

17. We believe that the proposed recommendations are clear.

**Q6. Do you believe that users of the term should be able to choose whether to measure all Kyoto greenhouse gases (in CO<sub>2</sub>e) or only emissions of CO<sub>2</sub>? Or should the definition specify measurement of all Kyoto gases?**

18. WRAP strongly believes that the 'carbon neutral' term must encompass all Kyoto greenhouse gases or the basket of greenhouse gases specified in the Climate Change Act 2008 (in CO<sub>2</sub>e).

19. For clarity purposes, we believe that the definition must specify measurement of all Kyoto gases and the latest conversion factors published by the Intergovernmental Panel on Climate Change.

**Q8. Do you agree that PAS 2050 (or the full life cycle of the product using ISO 14044) should be used as the basis for calculating the carbon footprint of products for 'carbon neutrality' purposes? If not, what alternative(s) would you propose?**

20. WRAP agrees that PAS 2050 and ISO 14044 should be used as the basis for calculating the carbon footprint of products for 'carbon neutrality' purposes.

21. We would like to take this opportunity to emphasise that the use of PAS 2050 on its own, as suggested in paragraph 5.23, is not enough. While PAS 2050 is a useful method for measuring the embodied GHG emissions from goods and services, sectoral agreements are still required to ensure consistency in similar goods (e.g. when calculating the greenhouse gas emissions of a T.V., agreeing how long it will be on for during one year). WRAP considers that the guidance should also reference ISO 14040 and ISO14044 which provide further guidance.

**Q9. Do you agree that emissions reductions form a necessary part of the definition? If not, why not?**

22. WRAP believes that emissions reductions are an essential part of the definition. Indeed, WRAP strongly advises that the Government should make it



very clear that before requiring businesses to offset their emissions, the reduction of GHG is recommended.

**Q10. Should the Government definition and/or good practice recommendations specify a reduction requirement and/or timeframe for delivery of emissions reductions? If so, what would you propose?**

WRAP considers that although national targets are provided by the Climate Change Act, companies and individuals will not necessarily relate their activities to these targets, and may not feel able to take actions to support these. The provision of good practice recommendations and other support could be used to reduce greenhouse gas emissions associated with a sector.

**Q11. Are the recommendations on good practice for reducing emissions clear?**

23. WRAP believes that the recommendations are not clear as to what best practice is or how to identify such practices.

**Q12. Do you agree that emissions reductions can be measured in either absolute or relative terms? If "no", what would you prefer? If "yes", do you support the use of the relative measures recommended (per unit turnover, per revenue expenditure and per functional unit) or would you propose other specific measures?**

24. Emissions reductions measured in relative terms allow for absolute growth in greenhouse gas emissions. This is clearly not in the spirit of a commitment to reduce global levels of atmospheric greenhouse gases. WRAP consider that there is a need to assess both absolute and relative emissions to ensure that perverse outcomes do not occur.

**Q15. Given that the Government currently only feels able to vouch for the quality of Kyoto-compliant credits under the Quality Assurance Scheme, should the definition only include the use of such credits? Or would you propose other types of restrictions on the types of credits allowed?**

25. WRAP believe that the scheme should be open to other types of credit in the future, and should allow domestic schemes of equivalent quality to be part of attempts to become carbon neutral.

**Q16. Do you agree that, because of the difficulties inherent with domestic offsetting, such offsetting should not tend to be pursued as part of becoming 'carbon neutral'? If not, why not? Can you suggest**

**other ways of supporting and encouraging valuable domestic action that does not qualify as carbon offsetting?**

26. Although there is potential for double counting, WRAP believes that domestic offsetting should be allowed. Domestic action, as abroad, has additional benefits, which may include job creation and pollution reduction. So long as national governments did not also attempt to claim credit for such measures, these could be valid means of reducing emissions.

**Submitted by:**

Ariadna Janariz-Rodrigo

Policy Officer

WRAP

The Old Academy, 21 Horse Fair, Banbury OXON OX16 0AH

[Ariadna.janarizrodrigo@wrap.org.uk](mailto:Ariadna.janarizrodrigo@wrap.org.uk)

Direct line: 01295 817878

[www.wrap.org.uk](http://www.wrap.org.uk)

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