

Press Release

New offset credit data shows record use of dubious carbon credits; Norway backs away from wind and hydro offset credits

8 May 2013, Brussels – Last week, the European Commission released data about the 2012 use of offset credits in its Emission Trading Scheme (EU ETS). A large part of offset credits are from heavily criticised Joint Implementation projects and large-scale power plants under the Clean Development Mechanism. Carbon Market Watch calls for use restrictions of substandard carbon credits. Norway has been the first country to announce transitioning away from wind and hydro projects this year.

The European Commission data shows that in 2012 offsets accounted for one third of companies' compliance commitments compared to 13% in the previous year. 2012 was the first year when offset credits from Joint Implementation (JI) surpassed the use of credits from the Clean Development Mechanism (CDM). Out of the total 503 million offset credits used for 2012 emissions, 284 million were JI credits and 219 million CDM credits.

"95% of all JI offset credits issued to date originate from JI track one which is notorious for its weak environmental integrity and lack of international regulatory oversight" said Carbon Market Watch Director Eva Filzmoser *"The use of these credits further weakens the ability of the EU-ETS to protect the climate because substandard offset credits increase global emissions."*

A large number of CDM projects have also been criticised for their lack of environmental integrity. Research carried out under the CDM Policy Dialogue concluded last year that large-scale power projects in the CDM are likely not to lead to real emission reductions. These projects account for more than 65% of all CDM credits expected to be issued until 2020. Large-hydro and coal CDM projects, mostly located in China and India, have also been singled out in the Commission's own Study on the Integrity of the CDM as having low environmental integrity.

Yesterday, Point Carbon, a news agency, reported that Norway, a major buyer of offset credits, will stop buying offsets generated by wind and hydro projects this year. According to Point Carbon, Sigurd Klakeg, deputy director general at the Economic Policy Department of Norway's Ministry of Finance, said *"Other revenues for wind and hydro projects are so high that operational costs are covered without carbon revenues. Investment expenditures are sunk cost, and we think such projects will continue without revenues from carbon credits"*

"This is further evidence that large-scale power plants in the CDM do not depend on CDM financing and that offsets from such projects do not represent real emissions reductions" commented Filzmoser. *"Urgent action by both, Member States and the European Commission is needed to avoid the use of substandard carbon credits. Use restrictions of offsets credits with compromised environmental integrity would increase the EUs credibility as a climate leader and may help stabilize prices."*

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More Information:

[Offset credit data released by the European Commission, Cumulative compliance data 2008 to 2012](#)

[“Assessing the impact of the Clean Development Mechanism”](#) Report Commissioned by the High-Level Panel on the CDM Policy Dialogue

[Study on the Integrity of the CDM](#) Commissioned by the European Commission

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