#BEWARE HOTAIR

Avoiding hot air in the 2015 Paris agreement

November 2015

What is hot air?

Since carbon markets make it cheaper to reduce emissions, some countries argue that they can take on higher targets if they use carbon markets. But to date this hope has been in vain: carbon markets have not led to higher commitments. On the contrary, mitigation commitments have been woefully inadequate, cap-and-trade systems have been severely oversupplied and offsetting mechanisms have been tarnished by insufficient environmental quality.

The carbon credits resulting from these carbon market design problems are called "Hot Air" because they do not represent real emission reductions. If used by countries to count towards mitigation pledges, they increase overall emissions. Under the Kyoto Protocol, carbon markets have, so far, created an 11 gigatonne "Hot Air" loophole undermining the viability of this international climate treaty.

This is a situation that cannot continue as the need to incentivise real additional climate action at Paris 2015 is of unparalleled importance to help limit global warming below 1.5C. A key consideration for the Paris treaty is, therefore, to incentivise real additional climate action while avoiding the build-up of bogus hot air credits. Failure to address the problem of "Hot Air" will mean that bogus pollution rights continue to increase global emissions and this needs to be confronted in any deal made at COP21.

Examples of hot air

While the hot air units under the Kyoto Protocol will become useless commodities after the second commitment period ends in 2020, there are several other sources of hot air that could severely undermine the environmental integrity of the Paris climate treaty:COP21.

- Surplus allowances from Emission Trading Systems – Practically all carbon markets are oversupplied with emission allowances. The main reason for the existence of these surplus allowances is the adoption of weak climate targets that have been set above business-as-usual emission levels. The problem with these "Hot Air" allowances is that they allow businesses to continue polluting while still achieving their climate targets.

- Double counted emission reductions – Double counting of carbon credits can create hot air when an emission reduction is counted more than once towards mitigation efforts. When emission reductions are double counted the resulting "Hot Air" leads to an increase in global emissions greater than the emissions officially reported.

- Non-Additional Carbon Credits – Carbon credits are often generated from offsetting projects that are not actually achieving real emission reductions. Numerous reports have presented evidence that the Kyoto's offsetting mechanisms may have delivered much fewer emissions reductions than were sold. One study estimates that up to 70% of all offset credits issued from the Clean Development Mechanism (CDM) between 2013 and 2020 may not represent real emissions reductions. Another study finds that carbon offsets issued under the Joint Implementation (JI) offsetting mechanism have increased global emissions by 600 million tonnes CO2 to date.

- Non-permanent carbon offsets (Sinks) – Agriculture and forestry are important sectors in the fight against climate change because they are both, a source for emissions as well as for potential carbon storage. Some have suggested to use soil carbon sequestration projects (i.e. planting trees, improving soil quality) as offsets to sell credits to fossil fuel companies so that they can continue to emit. Such carbon offsets would be "Hot Air" because contrary to fossil fuel emissions that are permanent, trees and soil can only store carbon temporarily. After a while the carbon gets released back into the atmosphere due to natural processes and human intervention.

Recommendations to avoid hot air in the Paris climate treaty

Currently nothing prohibits Parties to use and trade hot air permits to comply with the post-2020 climate commitments submitted to the UNFCCC. To ensure the environmental integrity of carbon markets and avoid hot air trading, the Paris agreement needs to:

- Create rules regulating the use of carbon markets: Only countries with ambitious targets and adequate carbon budgets that do not allow for carry-over of surplus carbon units from the pre-2020 period should be allowed to use international market mechanisms.

- Create a robust international account framework and MRV system, to register and track carbon units and verify transfers of carbon units. This can help avoid double counting emission reductions.

- Move away from carbon offset credits and instead provide financial support for climate mitigation actions in developing countries with emission reductions to stay in the country of origin.

- Do not allow non-permanent land use offsets into carbon markets.

Help the climate superhero CAPMAN to take carbon out of the game

During the climate summit in Paris, Carbon Market Watch will launch a new video game superhero CAPMAN who is the heroic embodiment of real climate action. CAPMAN is promoting actions that will limit emissions of CO_2 and cap global warming at 1.5°C. However, like every superhero, CAPMAN has some evil enemies that are determined to stop him: Various "Hot Air" Challengers threaten CAPMAN's goal of saving the planet. A strong negotiation text will help CAPMAN to get rid of "Hot Air" and take carbon out of the game. Join forces with CAPMAN and work together to promote real climate action! While the four different "Hot Air" baddies are intent on seeing future CO_2 emissions increase, CAPMAN stands defiant in calling for real reductions in carbon emissions. Join CAPMAN in taking carbon out of the game and play CAPMAN online at: www.cap-man.net

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