



THE STATUS OF CARBON OFFSETTING PROGRAMS IN NORTH AMERICA

Carbon offsetting is a controversial practice to reduce one's carbon footprint, however this practice has spread worldwide in the last decade. Offsetting attempts to counteract the impact of carbon emissions by drawing carbon out of the atmosphere and/or reducing emissions produced elsewhere. There are many methods of offsetting available, from planting trees (biological sequestration) to renewable energy production (such as wind farms). A commercial market has emerged to provide offsetting services to businesses and individuals, where consumers need only pay the offset provider, who then finances offsetting projects. However, not all types of offset projects are equally effective and each offset purchase must be 'additional' to ongoing offsets. In the current unregulated offset market, these issues of 'permanence' and 'additionality' are difficult to ensure. Several voluntary standards and certifications have been introduced by the offset industry attempting to ensure sound offsetting practices, but even these standards are controversial. The highest or most reputable voluntary standard is the UNIPCC Gold Standard. Lack of education on offsetting, lack of transparency within the market and skepticism about the effectiveness of carbon offsetting; create confusion for consumers and businesses to explore carbon offsetting.

A 2010 study by Dodds, R., Bessada, T., Garcia-Arredondo, J., McDougall, A., and Thiesen, N. "Carbon Offsetting Programs in North America: Assessing the Involvement of the Hospitality and Tourism Industry" assessed the current marketplace for carbon offsetting providers in North America, and the adoption of offsetting by the hospitality industry. The study identified and contacted 50 carbon offset providers operating in North America. Of the 50 providers, 20 respondents participated in a telephone interview. This study sought to determine 1) the status of the voluntary carbon offset market in North America and 2) the current involvement of the hospitality and tourism industry in mitigating climate change.

Key Findings of the Study

Offsetting and the Hospitality Industry

The study found that overall the hospitality industry was the most predominant industry utilizing offset providers, representing 19% of all offset business. Among hospitality and tourism sectors:

- Festivals and Events represented the largest share of offsetting services, representing 5% of all offsetting business;
- Cruises were the least prominent sector of the hospitality industry, representing a statistically insignificant 0.2% of the client base.

Fifteen percent of respondent offset providers report that Hospitality represented 3/4th or more of their client base, however, 32% of all respondent offset providers did not have any clients among the tourism and hospitality industry.

Respondents most often identified cost (40%) and lack of education (40%) as the barriers to buy in by the hospitality industry and 85% of all respondents strongly agreed that there is confusion in the marketplace regarding carbon offsetting.

Offset Provider Practices

Renewable Energy and Biological Sequestration were the most common offset project types undertaken by offset providers, tied for 65%. Other common project types were:

- Energy Efficiency projects (30%)
- and Methane Capture (40%)
- Half of respondents identified Biological Sequestration as the most popular project type among clients

The study also found that there are numerous standards and certifications and the respondents identified 14 different ones in use. The most commonly used standard was the Voluntary Carbon Standard (VCS) and The Gold Standard, the world's best know, was adhered to by four Respondents. When asked about which was the most credible method, respondents felt that 'additionality' was best ensured by standards (67%) and 3rd Party Verification (44%).

Implications of the Study

The findings indicate that the hospitality and tourism Industry is beginning to take action on the issues of climate change. Though the festival and events sectors is a leader in adopting the carbon offsetting practices, more efforts are needed to mitigate climate change, especially the transportation sector. The study concluded that it is not clear whether the industry is purchasing offsets based on concern for climate change or in response to consumer demand, nor is it clear whether the industry is supporting the highest standard of offset providers or less reliable offset providers.

The recent economic downturn has demonstrated that the industry is highly sensitive to price and costs associated with adopting carbon offsetting practices were identified as a major barrier to buy-in for the hospitality industry.

Based on these survey findings, Dodds et al. (2010) call for more government regulation in the voluntary offsetting market to provide clearer standards of practice and a higher level of accountability. Further education regarding climate change and carbon offsetting within the Industry is required as lack of education was a common theme among respondents (40%), yet many offset providers have not incorporated client education into their business practices. Some airlines have begun to provide carbon offset credits at the point of purchase, however too few consumers are aware of the concept and workings of carbon offsetting.

As demand for offsetting is likely to increase as consumers become better acquainted with the practice, there is a need for regulation and education. Should trustworthy regulation from governments be provided, consumers will become more confident in the value of their offset credits. In the absence of government regulation, a number of

recommendations could be considered and the hospitality and tourism industry should use discretion when adopting carbon offsetting practices. It is important to select offsetting providers that can produce transparent accounting of their methods and offset projects. Familiarize yourself with the various offsetting methods, issues such as additionality and permanence, and look for the most trustworthy standards.

Industry should note that carbon offsetting is not a solution to the issues of climate change, but rather it is one part of a holistic strategy to mitigate your impact. Offsetting should be incorporated into a system-wide carbon mitigation strategy, and supported by rigorous climate change education.

For more information on climate change and the tourism industry, or to find out how your organization can cut its carbon emissions, visit The Icarus Foundation's website: www.theicarusfoundation.com

