

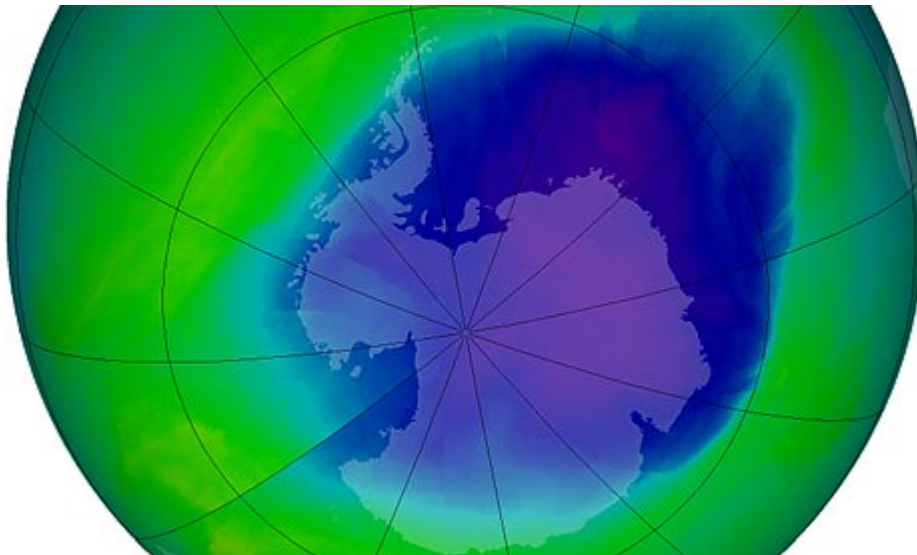
guardian.co.uk

UN considers review of alleged carbon offset abuses

Clean Development Mechanism carbon offset scheme faces fresh criticism over dubious emission reduction projects

Andrew Donoghue for **BusinessGreen**, part of the **Guardian Environment Network**
guardian.co.uk, Wednesday 16 June 2010 09.53 BST

A [larger](#) | [smaller](#)



A Nasa graphic showing the extent of the ozone hole over Antarctica - critics of the UN's carbon offsetting scheme say it is increasing ozone-depleting chemicals.

The UN has confirmed that it is considering a formal review of its Clean Development Mechanism (CDM) after a new report leveled fresh criticism at the high profile carbon offsetting scheme.

A coalition of green groups working under the banner CDM Watch yesterday tabled a formal request calling on the UN's climate change secretariat to overhaul the CDM and crack down on alleged "gaming" of the system that has allowed some firms to benefit from increasing their greenhouse gas emissions.

The controversy surrounds companies which currently receive carbon credits for capturing and destroying the powerful greenhouse gas HFC-23 - a by product resulting from the production of the refrigerant gas HCFC-22.

CDM Watch has alleged the way the CDM is structured means that chemical gas manufacturers based in China and India and South and Central America have been incentivised to increase the production of HCFC-22 and HFC-23 as they can then earn Certified Emissions Reductions (CERs) carbon credits, which can be sold into carbon markets such as the EU Emissions Trading Scheme.

Lambert Schneider, a former member of the UN climate change secretariat's Methodologies Panel and one of the original designers of the CDM system, has joined the ranks of its critics. "The amount of HCFC-22 production and HFC-23 generation appears to be mainly driven by the possibility to generate offset credits rather than other factors," he said.

Speaking to BusinessGreen.com, CDM Watch director Eva Filzmoser said the CDM initiative was creating perverse incentives that ran counter to its original goals of promoting more sustainable activities.

"The essence of our complaint is that we accuse the CDM Project of massively inflating HCFC-22 production," she said. "We would like to see the UN respond to this concern by amending the methodology that is in place at this stage."

According to Filzmoser the CDM is not the right place to deal with the destruction of HFC-23. "We think it should all be dealt with under the Montreal Protocol [covering ozone depleting gases]," she said. "Until this happens we think the CDM incentives need to be lowered as they are much too high at the moment."

The Montreal Protocol dates back to 1987 and aims to phase out the use of ozone depleting chemicals, including several groups of halogenated hydrocarbons.

David Abbass, public information officer at the UN Framework Convention on Climate Change secretariat, told BusinessGreen.com that the UN is considering the evidence of abuse of the CDM system and will adjust its safeguards if necessary,

"A request for revision of the methodology used in these projects is now with the CDM Executive Board's Methodologies Panel," he said.

He added that there were already safeguards in the existing CDM project assessment methodology designed to prevent abuse of the system. "Specifically, no new plants can qualify to earn credits and the amounts that can qualify are pegged to historic production levels," he said. "The question now is whether the safeguards need to be adjusted or added to. That's what the Board will be looking at."

The CDM board is due to discuss the issue at its next meeting from the 26 to 30 July.

However, CDM Watch maintains that the abuse of the system is widespread and

endemic and will not be easy to correct. "There might be some projects out there that are not flawed but they are hardly even countable let's say," said Filzmoser. "If a rule incentivises abuse you are much more likely to see that abuse than if the framework tries to set in place measures that would avoid gaming the system. Unfortunately industry always wants to get more money."

guardian.co.uk © Guardian News and Media Limited 2010