

Net zero aligned offsetting

LSA Webinar

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Oxford Principles

Motivation:

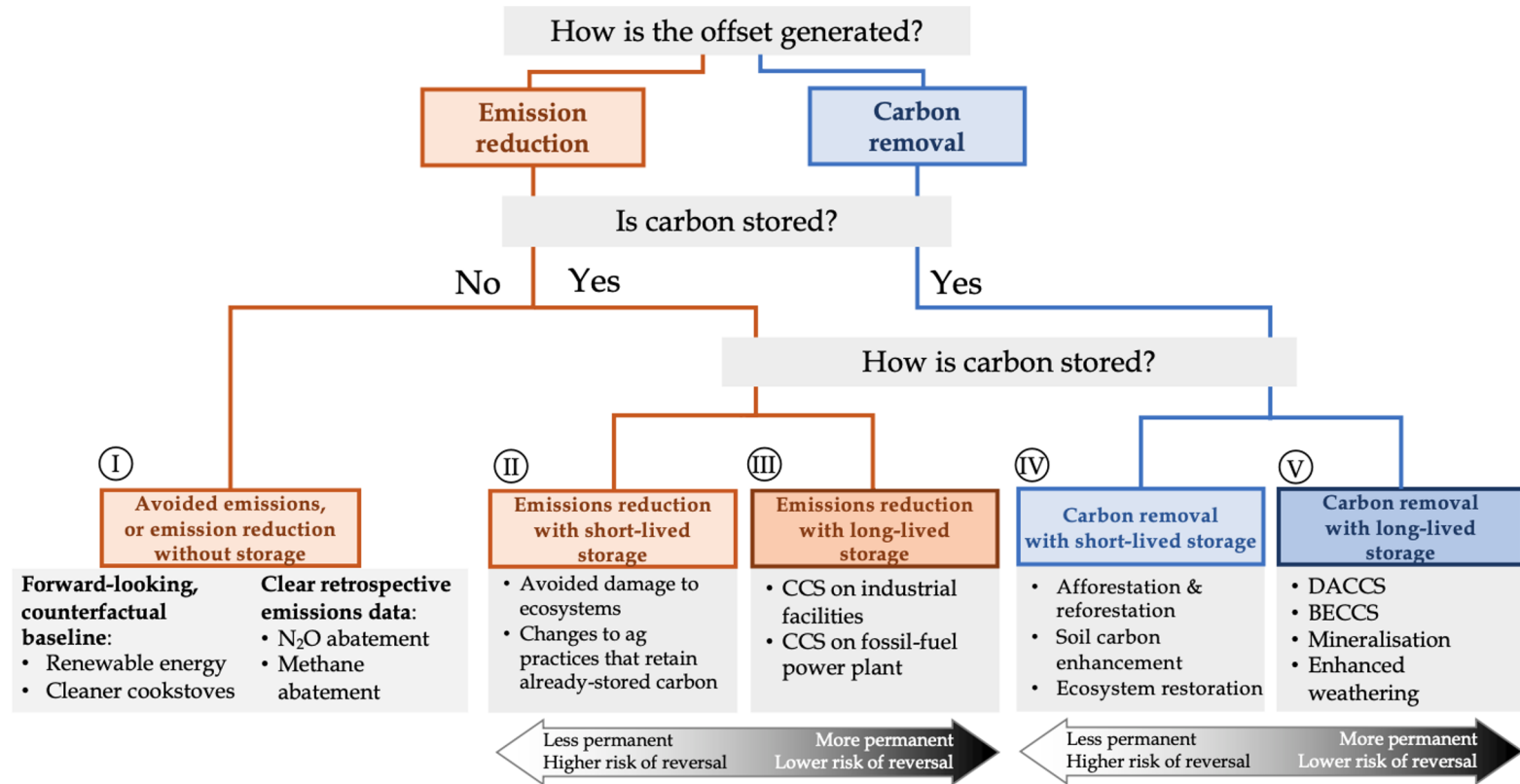
- Acceleration of net zero commitments
- What role for offsets in “net zero”?
- Confusion over carbon credit taxonomy
- The need to establish a shared destination; details of journey flexible



**The Oxford Principles for Net Zero Aligned
Carbon Offsetting**

September 2020

What are carbon offsets?





Principle 1

**Cut emissions, use high quality offsets,
and regularly revise offsetting
strategy as best practice evolves**

- Prioritise reducing your own emissions
- Ensure environmental integrity of any offsets
- Maintain transparency





Principle 2

Shift offsetting towards **carbon removal**



Principle 3

Shift offsetting towards **long-lived storage**





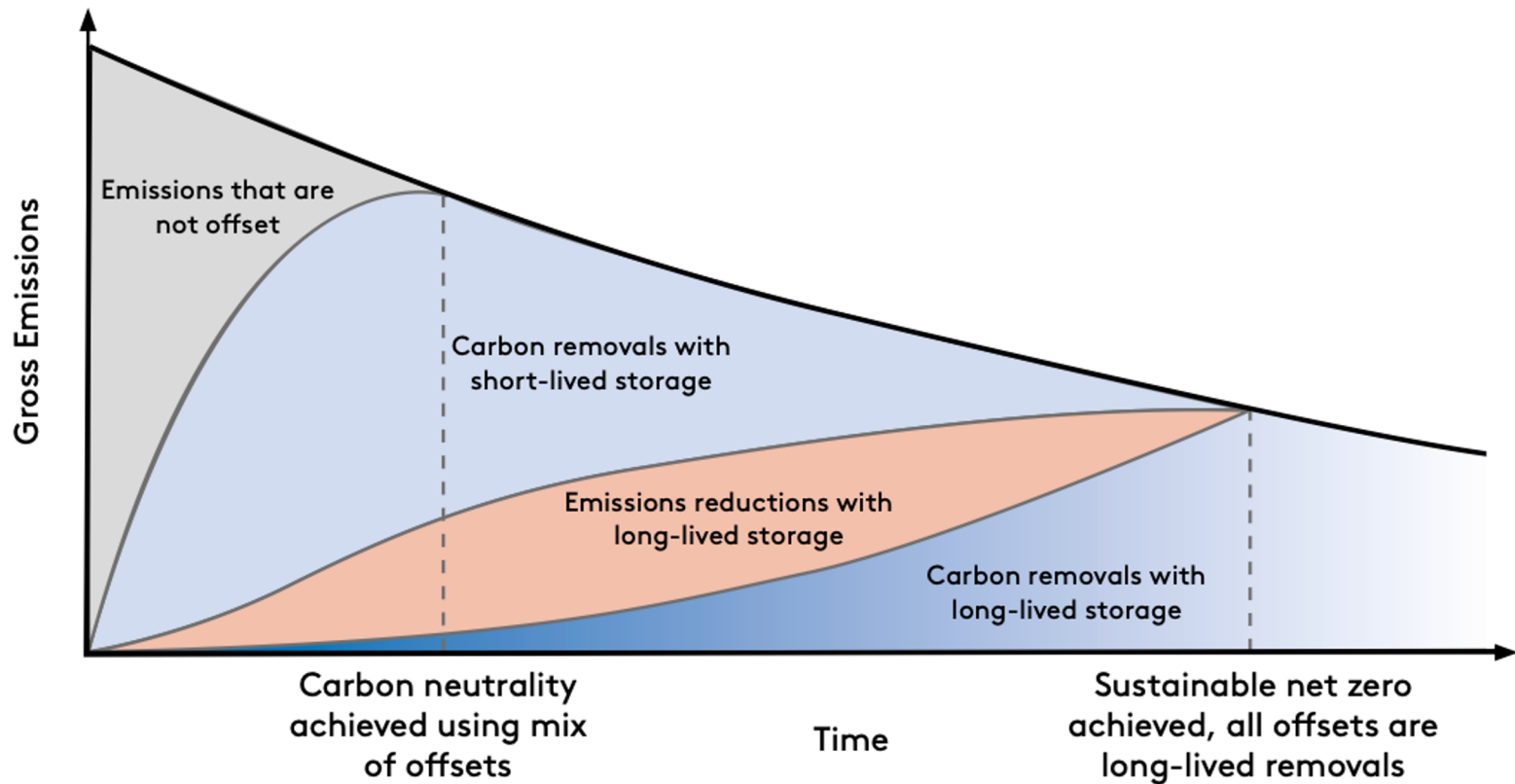
Principle 4

Support the development of net zero aligned offsetting

- Set up long-term agreements
- Form alliances and aggregate supply & demand
- Support nature preservation & restoration in its own right
- Adopt and publicise these Principles



Putting it all together...



The response...

- Widely positive, concepts incorporated into SBTi, Race to Zero criteria, TSVCM...
- “Don’t rush away from avoided-emission offsets”
- “Don’t ignore multiple other benefits of some projects”
- “Is offsetting ever a solution?”
 - ...In the short term?
 - ...In the long term?

What's happened since?

- Big oil & gas backs nature...
**should “fossil” sources be balanced with
“fossil” sinks?**
- “net zero” is under attack, risks being diluted...
**vigorous defense from scientific
community**

bp buys majority stake in Finite Carbon



Mark Carney walks back claim Brookfield has reached net-zero after criticism

Backlash from climate experts hinged on Carney's use of 'avoided emissions,' in which a company takes credit for refraining from high-polluting actions



Bloomberg News
Jess Shankleman and Akshat Rath

Feb 25, 2021 • February 26, 2021 • 4 minute read • [Join the conversation](#)



Where are we going?

By COP26, we hope consensus will begin forming around:

- Net zero means balancing remaining emissions with **removals**, offsets that represent carbon removal can therefore be a net-zero aligned instrument
- Offsetting must shift toward **longer-lived, lower-risk storage**
- We must support the restoration & preservation of nature in its own right
- Industry-specific offset "buyers clubs" critical to financing projects

Getting practical

- **Microsoft** completed largest ever carbon removal offset purchase (1.3 million tons CO₂)
- **Carbon Direct** evaluated 79 projects. 26 ultimately selected



Microsoft

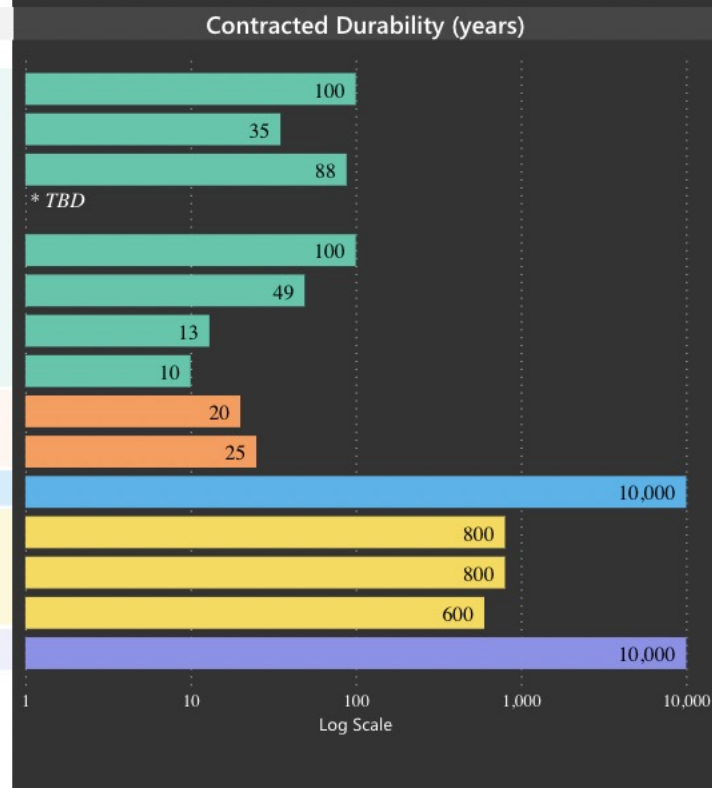
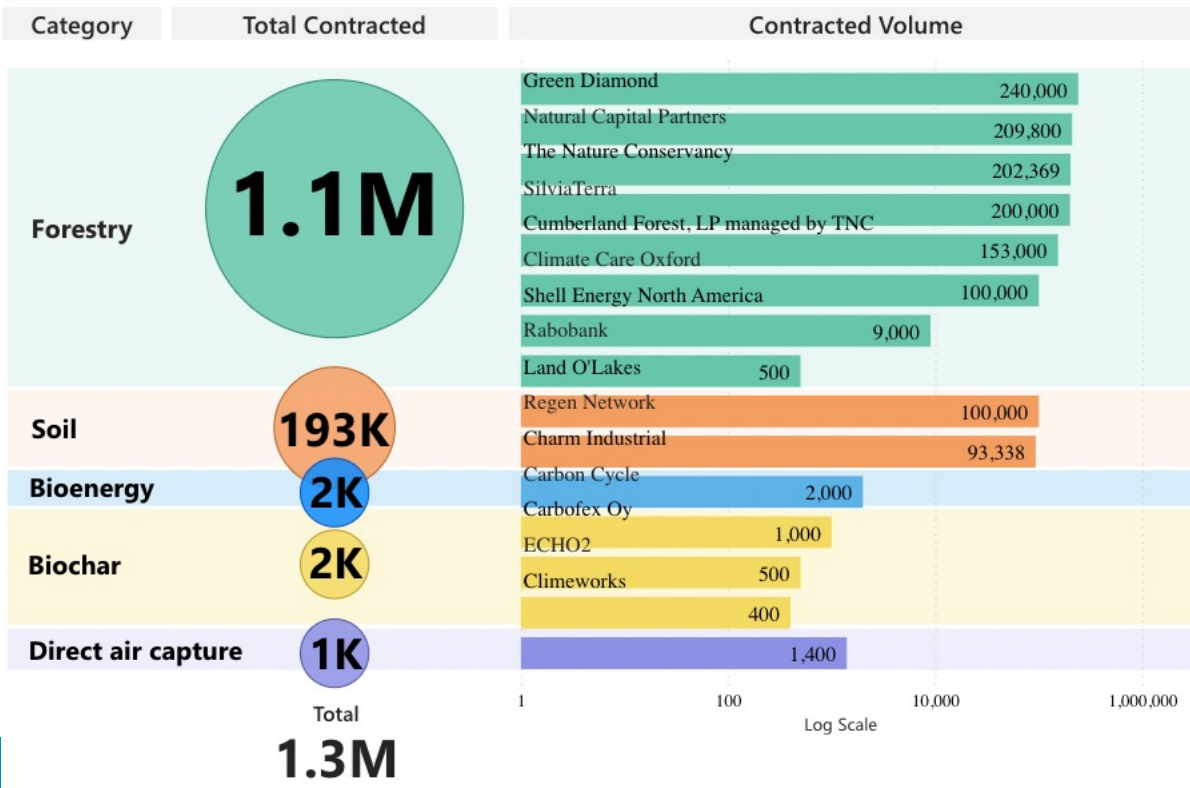


CARBON
DIRECT



Microsoft's FY21 Carbon Removal Portfolio

Carbon negative	Contracted projects	Worldwide map	Project details
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THANK YOU

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[@elimlarson](https://twitter.com/elimlarson)

Why removals?

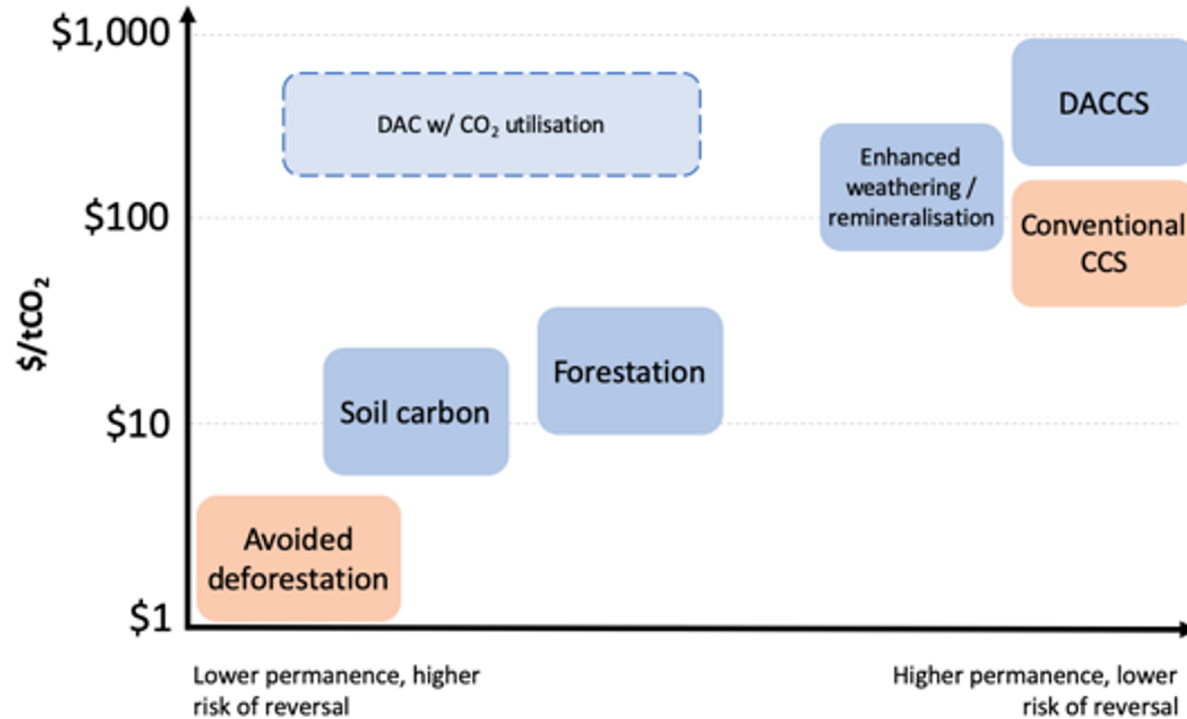
Challenges

- Most offsets are avoided emissions, not removals...
- Common forms of removals face credibility challenges
- Nascent, high-credibility removals are supply-constrained and expensive

Advantages

- Removals tell a clearer story
- Multiply your impact
- **Removals are the future, support now helps mainstream and bring down costs**

Appendix



My journey to carbon management



My journey to carbon management

