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Another Blow To International Offsets

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A United Nations (UN) climate panel has suspended an emissions validator of international clean energy projects and partially suspended another, a development that presents a further challenge to the integrity of the international emissions offset market that companies in the U.S. have argued is essential to keeping costs down under a domestic cap-and-trade program. Both companies perform audits of clean energy projects that qualify under the Clean Development Mechanism (CDM), which allows companies to receive offset credits under the Kyoto Protocol in exchange for investments in clean energy projects. The CDM is also utilized in the European Union's emissions trading scheme.

Late last week, the UN climate panel suspended TUEV SUED -- Germany's second largest emissions validator -- after finding procedural breaches at the companies' offices, *Reuters* reports, noting that the suspension is the third of its kind in the last 15 months. In issuing the suspension, the UN panel that oversees the CDM said the firm had issued positive assessments of offset projects "even though it had concerns about additionality" -- that is, whether a project actually reduces greenhouse gases relative to a business-as-usual scenario. The panel also partially suspended the smaller Korea Energy Management Corporation.

The news come after Sen. John Kerry (D-MA) recently reaffirmed that climate and energy legislation he's developing alongside Sens. Lindsey Graham (R-SC) and Joseph Lieberman (I-CT) will allow companies to comply with greenhouse gas (GHG)-reduction targets with international carbon offsets.

An EPA analysis of the House-passed climate bill stated that barring international offsets from a domestic cap-and-trade scheme would increase carbon allowance prices 89 percent.

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