



Check the pixels, but don't lose sight of the big picture

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Rapidly scaling decarbonisation action must be our mission, as we confront an ever more terrifying climate crisis.

But instead we risk slowing the pace of decarbonisation to an untenable level.

We face this prospect in part because of wavering public confidence in the carbon credits regimes that give businesses the means and the incentive to cut emissions faster, deeper, cooperatively, and across a broader footprint.

Avoidance and removal activities cannot be a substitute for rapid on-site industrial emissions reduction. However rapid decarbonisation requires instruments that maximise the incentive for ambition, and tools like carbon credits can play this role.

When I raise concerns about a potential loss of confidence in carbon credits, I'm certainly not saying we shouldn't be asking any questions about various carbon projects and project types, or about why companies are using credits.

Of course, it's important for those directly involved in projects to explain them and to answer questions about the merits of their projects. And it is crucial to ask emitting businesses, 'why are you using credits to compensate for these emissions? Why can't you cut them now? When will you cut them?'

One day soon, I hope we are asking much different questions - like why businesses aren't making greater use of high-integrity credits to broaden and deepen their efforts to fight climate change, including compensating for things like legacy emissions.

But for now, I'd like to focus on some of the challenges that are standing in the way.

Unfortunately, the current endless search for flaws and failures among various aspects of carbon crediting regimes, although it's a worthy pursuit, is ignoring the potential failure staring us all in the face.

Namely, that carbon crediting regimes are nowhere near delivering at their full potential.

To understand what a potentially dire situation we will be in if high-integrity carbon crediting regimes don't expand quickly, let's remember our task.



We are attempting to pivot the entire global economy very rapidly, pushing at the boundaries of what is technically, economically and politically possible.

In doing so, ensuring fairness is crucial, costs must be kept as low as possible, and social licence must be maintained, even though some changes won't be pain-free.

Winning the battle will require strong legislation and policy, much stronger than we have now. And the Australian organisation I lead, the Carbon Market Institute, will continue to press for much stronger laws and policies to boost investments in climate solutions.

But we need more than good laws and policies. We need to make full use of all the tools at our disposal, in some cases deploying them in a 'learning by doing' way, to avoid needlessly sacrificing momentum.

In the case of carbon credits, integrity and good governance is of course essential from the get-go, but perfection is not, because we can put in place tools to manage project risk.

And we must bear in mind that needlessly delaying the rapid scale-up of high-integrity carbon markets could cruel our chances of limiting temperature rise to 1.5 degrees.

That's because successful, rapid decarbonisation needs a systems approach, which is what high-integrity carbon credits help make possible, by allowing organisations to cooperate by trading abatement effort.

And it's because rapid decarbonisation needs instruments that maximise the incentive for ambition, which is what carbon credits are, because they help clarify for organisations the potential financial cost of their emissions, and the consequential financial savings of reducing them.

In addition, carbon credits can smooth the bumpy ride of organisational decarbonisation and lowering costs, by allowing companies to pay for abatement action elsewhere, supplementing what's possible-in-house.

Carbon credits aren't a silver bullet, but they can be a very efficient and effective part of the policy toolbox.

And yes, it's important to check the pixels. But it's also important not to lose sight of the big picture.

John Connor is CEO of the Carbon Market Institute, an Australian independent member organisation accelerating the transition to net zero emissions. Their flagship event, the [Australasian Emissions Reduction Summit](#) will be held in Sydney, and virtually on September 14 & 15, 2023.