



LEARNING FROM THE CARBON NEUTRAL PUBLIC SERVICE PROGRAMME

Managing Organisational Carbon Emissions

The Ministry for the Environment, through its role in centrally coordinating the Carbon Neutral Public Service (CNPS) programme, and providing advice on business opportunities created by climate change, is often asked for guidance on how best to effectively manage organisational carbon emissions. This factsheet is intended to provide a simple response to such queries.

WHAT IT WILL DO:

Provide guidance to New Zealand businesses on what they can do now to manage their carbon emissions.

Explain how the Carbon Neutral Public Service programme leads by example in providing a best-practice response to carbon management and mitigation; and the tools for other public and private sector agencies to follow that example.

WHAT IT WILL NOT DO:

Attempt to give detailed answers to complex policy questions regarding project offset creation under a compliance scheme within New Zealand.¹

The Carbon Neutral Public Service programme aims to lead by example by centrally coordinating the measurement, reduction, and offsetting of the carbon emissions of the 34 core central government agencies in New Zealand.

More information can be found at:
www.mfe.govt.nz/issues/sustainability/public-service-carbon-neutrality.html

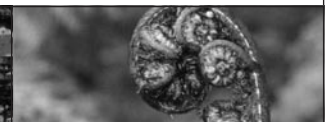
It is important to note the difference between carbon *management*, and carbon *neutrality*. The latter is a more absolute target, generally embarked upon by those wishing to claim carbon neutrality for their product or service for marketing or public relations reasons.

It is essential that any carbon management exercise be carried out within a wider sustainability programme. Carbon management in itself is not the be-all and end-all of sensible environmental practice; all parts of an organisation's operations and strategy should be analysed to consider its long-term ecological viability and impacts.

Carbon management, as with any environmental sustainability strategy, is about influencing behaviour change. You should start by assessing your organisation's carbon footprint, then identifying and implementing actions to reduce that footprint in an ongoing manner.

Measuring your organisation's carbon footprint can seem a complicated and time-consuming task. But we have had overwhelming feedback that those who have gone through the process feel that they have a much better understanding of their business processes, and in doing so, have identified cost-saving measures across the organisation.

¹ This may form the basis of a later factsheet, however.



*The Greenhouse Gas Protocol*² defines best-practice methodology in measuring your business's carbon footprint. The Ministry for the Environment has developed New Zealand-specific guidance on measuring greenhouse gas emissions, including emissions factors, available at www.mfe.govt.nz/publications/climate/guidance-greenhouse-gas-reporting-apr08/index.html. Simply put, the steps towards measurement are:

1. Select a base year

It is important you choose a base year that has complete and robust data.

2. Define the scope of your emissions

There are two categories of emissions generated in the course of conducting business:

- *direct* emissions – those that are generated from on-site production or direct combustion of fossil fuels through owned facilities, vehicles and equipment
- *indirect* emissions – which are divided into two categories called Scope 2 (electricity consumption) and Scope 3 (other indirect sources). Scope 2 emissions are generated through the consumption of electricity (kWh) to light and power offices and operations. Scope 3 includes business travel, employee commuting, and outsourced activities.

3. Define your organisational boundary

The Greenhouse Gas Protocol provides two methods for defining organisational boundaries and therefore what should be included in your inventory. Organisational boundaries can be set using either an **equity** or **control** approach. Using the equity method you account for the percentage of GHG emissions as a percentage of your ownership. Using the control approach you account for all GHG emissions if you have “operational” or “financial” control of the company, subsidiary, or facility.

Having identified your business's carbon footprint, or emissions inventory, you can now implement changes which will **reduce** your emissions over time. Examples of such reduction activities can be found across the 34 core government agencies under the CNPS programme; all 34 agencies have publicly released their 2006/2007 emissions inventories and reduction plans. See, for example, the Ministry for the Environment's reduction plan at: www.mfe.govt.nz/publications/sus-dev/carbon-neutral-public-service-reduction-plan-apr08/, or the Ministry of Economic Development's reduction plan at: www.med.govt.nz/templates/StandardSummary___34456.aspx

CLAIMING CARBON NEUTRALITY

You may wish to take the further step to be able to claim **carbon neutrality**. There is no internationally-accepted definition of what ‘carbon neutrality’ means, but it is generally understood to involve the following steps:

- **measure** your emissions (as above, according to ISO14064 and the GHG Protocol)
- **reduce** those emissions as much as is cost effectively possible, and
- **offset** the residual emissions through investment in credible and verifiable offsets or offset credits.

The validity of any carbon neutrality programme depends on the credibility of the offsets purchased under the third stage of the above-mentioned process. Investment in tree-planting projects, for instance, may have positive environmental benefits, but will not constitute a carbon offset credit until, and unless, the carbon abatement as a result of that project has been quantified and verified.

The definition of a quality offset credit (according to United Nations' rules under the Clean Development Mechanism) is one which has been verified real, additional and permanent.

² *The Greenhouse Gas Protocol (GHG Protocol)* is the most widely used international accounting framework for government and business leaders to understand, quantify, and manage their emissions. It was developed by a broad international coalition of businesses, non-governmental organisations, government and inter-governmental organisations to proactively define a uniform approach.

CHOOSING YOUR OFFSETS

You may choose to invest in offsets available under either the **compliance** (or mandatory) carbon market, or the **voluntary** carbon market. Investment in voluntary market credits (such as Voluntary Emission Reductions or Voluntary Carbon Units) cannot be counted towards New Zealand's Kyoto Protocol obligation or liability. The CNPS programme has chosen to invest in domestic carbon abatement projects and credits only.

It is vital that you are transparent as to the type of credits you have invested in, and the reasons behind that decision.

Blanket "green" claims should not be made unless they are true, verified, and accurate. For example, if you have paid to offset the manufacturing operations of your business only, be clear on exactly that, rather than claiming you are a "carbon neutral" company, or produce "carbon neutral" products. For further advice on what constitutes a valid "green" claim, please contact the Commerce Commission Fair Trading Branch.

The quantification of those emissions already considered "carbon neutral" within your supply chain can be tricky and requires careful consideration. Our advice is to carefully consider your supplier's "green" claims against your own methodology, and account for them accordingly. For example, if your company has decided to invest in only New Zealand-based compliance offsets, and one of your suppliers claims carbon neutrality because they have invested in offshore voluntary credits, you should consider whether (or how) to account for that proportion of your emissions profile within your own carbon neutrality claim.

VERIFYING YOUR CARBON NEUTRALITY

You may choose to have your carbon neutrality claims verified and certified by a third-party verification agency, such as the carbonZero programme³, SGS Ltd⁴, or Offset the Rest⁵, for example.

³ More information may be found at www.carbonzero.co.nz/

⁴ More information may be found at www.climatechange.sgs.com/carbon_neutrality_label_climatechange.htm

⁵ More information may be found at www.offsettherest.com/

Offsets purchased towards carbon neutrality should then be retired, or cancelled, within a **registry**, so that you can be sure they are not on-sold to another buyer. Carbon registries (such as the NZEUR, TZ1⁶ or Regi⁷) provide reassurance to purchasers of credits that their offsets have not been double-counted.

FURTHER INFORMATION

For further information and guidance, please contact the Ministry for the Environment at cnps@mfe.govt.nz

Some useful links may be found at:

- *The Greenhouse Gas Protocol* at ghgprotocol.org
- The Ministry for the Environment's *Guidance for Voluntary, Corporate Greenhouse Gas Reporting*, at www.mfe.govt.nz/publications/climate/guidance-greenhouse-gas-reporting-apr08/index.html
- New Zealand Business Council for Sustainable Development guidance, at <http://nzbcsc.org.nz/emissions/content.asp?id=432>
- *Getting to zero: defining corporate carbon neutrality*, at www.forumforthefuture.org.uk/node/4190
- *TZ1's Beginners' guide to the voluntary carbon market: Q&A*, at www.nzx.com/asset/TZ1Beginnersguide_VCM.pdf
- *The Carbon Trust three stage approach to developing a robust offsetting strategy*, at www.carbontrust.co.uk/publications/publicationdetail?productid=CTC621
- Energy Efficiency and Conservation Authority's EnergyWise programme: www.energywise.org.nz/

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⁶ More information may be found at www.tz1market.com/registry.php

⁷ More information may be found at www.regi.co.nz/regPublic/registry.mt_public.home



MORE INFORMATION

Contact the Ministry for the Environment by phoning (04) 439 7608 or emailing gerri.ward@mfe.govt.nz or check out our website: www.mfe.govt.nz