

Carbon pricing, carbon offsets and green wash

As we near a final text from COP 26 it appears the main producers of CO2 in the world are wedded to their fossil fuel economies and most plan to produce more CO2 over the next few years. China is planning more coal power stations, Germany is keen to keep hers at least for this decade, India thinks she needs to burn more fossil fuels to grow her way to better prosperity. There will be no new Treaty out of Glasgow. The idea was to flesh out the Paris Agreement with detailed national plans and targets, and to move towards more global enforcement of action through sharing information and applying moral pressure to countries that are falling short. There was never any plan to have an EU like structure with enforcement in court and with sanctions against non compliance.

Meanwhile the rich and powerful of the world turn to carbon offsets to allow themselves to enjoy private jets, air conditioned hotels, grand meat meals and the rest. Faced with charges of hypocrisy when they lecture the rest of us on stopping travel by passenger jet or diesel car, and criticising our reliance on gas boilers and meat from the supermarket, they tell us they have offset their more extravagant carbon based lives by buying pardons. They identify an investment in trees or windfarms or solar panels somewhere and claim that part investment as an offset for their carbon generation. The offset market can grow massively, as there is a plentiful supply of potential projects that some agency will rate as suitable as an offset.

The EU has also established a system of carbon permits. If a company wishes to burn fossil fuels to make steel or cement, it needs to buy or be granted carbon permits to allow it to burn the necessary fossil fuels in the process. There is much discussion about what the price of the carbon permits should be. The market in them has recently driven the price up to Euros 60 a tonne of carbon. This is now a substantial added cost on industrial activities that require a substantial fossil fuel input.

I would be interested in your reactions to this activity. There is a need to avoid scams and greenwashing. There has to be an understanding that this will make things dearer as the cost of carbon taxation enters the industrial calculations.

I was talking to a London taxi driver yesterday about the new electric cabs. He pointed out that they also contain a 1.5 l petrol engine which can be turned on to keep the battery charged. Apparently to get the range for a day's work the petrol engines are much used. Such developments need to be taken fully into account when trying to work out how to decarbonise transport.