

Creating a user-friendly voluntary carbon offset system

'Carbon Neutral New Zealand'

(as at 29th January 2016)

To: The Ministry for the Environment

By: 

on behalf of Wendekreisen Travel Ltd

## Table of Contents

1	Introduction .....	3
2	Background .....	4
3	The Initiative - Carbon Neutral New Zealand.....	5
3.1	Coordinator .....	6
3.2	Website Design - <a href="http://www.carbonneutral.co.nz">www.carbonneutral.co.nz</a> .....	6
3.3	Emission Research.....	6
3.4	Marketing.....	6
3.5	The EnviroLogo - A recognisable image .....	7
3.6	Participants .....	7
3.6.1	Wendekreisen Travel Ltd .....	7
3.6.2	Government .....	7
3.6.3	Industry .....	8
3.6.4	Carbon Broker .....	8
3.6.5	Carbon Suppliers .....	9
3.7	Expansion of the project .....	9
4	Conclusions .....	10
5	Recommendations .....	11

## **1 Introduction**

Climate change has, without doubt, become one of the most debated topics in recent times. Benchmarks for environmental pollution (CO2 emissions in particular) have now reached critical levels and are pressing humanity to take action.

Although New Zealand has an emissions trading scheme (ETS) in place, our organisation has encountered many difficulties when engaging voluntary carbon offset efforts in the past. There are very few commercial offset providers available and the process to voluntarily offset CO2 emissions is extremely labour intensive.

We noticed that private carbon offset organisations quoted very high membership and administration fees. This greatly discouraged participation with these organisations. We also noticed that there were no not-for-profit nor government run alternatives on the market.

As a result, Wendekreisen Travel Ltd (WTL) had contacted the Ministry for the Environment and asked for advice. The Ministry was extremely helpful and provided the contact of [REDACTED] (a carbon forest specialist) who in turn helped to liaise a simplified offset system between the New Zealand Native Forest Restoration Trust and WTL. The system works cost effective with little effort and ensures that financial resources are directly transferred to the supplier of gold standard PFSI carbon credits without high fees.

We would like to propose a new initiative which aims to provide simplified processes and cost effective offsetting strategies to encourage more small to medium business participation by 2020 and beyond.

Government assistance is needed in many areas and this document will highlight some key recommendations which would allow this project to commence.

**Please also regard this document as a written submission supporting the review of the New Zealand Emissions Trading Scheme (NZ ETS). This project can be expanded and may help to improve the effectiveness and operation of the NZ ETS to 2020 and beyond.**

## 2 Background

Our business, Wendekreisen Travel Ltd (WTL), is a family owned and operated rental company offering campervans and cars to travellers in New Zealand. We have been operating since 1990 and see ourselves as a social business by taking a sustainable approach in regard to our customers, staff, suppliers and the natural environment. Wendekreisen currently employs 18 full time staff members.

At the beginning of 2014, WTL decided to offset carbon emissions generated by its 2 X branches in Auckland and Christchurch. We found that there are very little cost effective gateways to offset carbon emissions in New Zealand. For example, WTL contacted a range of reputable carbon offset schemes to participate in well known environmental certification programmes. At this stage, WTL found the cost of membership and ongoing fees extremely disproportionate to the cost of CO2 credits. One scheme provided the following quotation on fees, excluding an approximate 70 metric tonnes of carbon offsets for our 2 branches in Auckland and Christchurch. The fees were stated as follows,

Description	Amount
Annual membership fee	7,500.00
Design of lifecycle specification and calculator (one off fee)	4,500.00
Annual certification fee	3,200.00

Given the above fee structure, one may argue that offsetting carbon emissions through privately run profit schemes is neither feasible nor affordable to small or medium sized businesses. Moreover, current offset schemes are fairly labour intensive and require regular data input by the offsetting participant. The data is required to assess the actual true tonnage of carbon emission generated by the participant.

However, WTL was determined to offset its carbon emissions and contacted the Ministry for the Environment for advice. [REDACTED] of the Ministry kindly pointed us in the right direction by referring us to [REDACTED] of Carbon Forest Services Ltd and Permanent Forests NZ Ltd, a well known carbon forest specialist.

WTL communicated a preference for New Zealand generated credits which comply with principles of permanence and additionality. The NZ Native Forest Restoration Trust emerged as one entity able to supply credits with these criteria. We then set off to research approximate emissions of our fleet and branches. Ollie supplied the cost per metric tonne of CO2, helped us to set up a carbon account with the NZEUR, liaised between the NZ Native Forest Restoration Trust and provided much other info necessary to complete a legally binding document and contract. The absence of disproportionate administration fees allowed WTL to grow the project significantly. As a result, WTL was able to extend the project from offsetting 70t/CO2 annually to offset 2,392 metric tonnes in CO2 emissions between 1st April 2014 and 31st March 2015 alone.

WTL achieved this result by introducing a calculator to its booking system which offsets 54kg per rental day of any vehicle hire. WTL does not charge customers for the offsets and the total annual cost of this project is not much higher than offsetting 70t/CO2 in privately organised profit certification schemes (due to fees). The system requires minimal input by owners. To date, WTL has offset a total of 4460 metric tonnes of CO2 emissions in this way. The project started on 1st April 2014.

### **3 The Initiative - Carbon Neutral New Zealand**

Given the information above, Wendekreisen Travel Ltd (WTL) would like to propose a new initiative to improve how carbon credits are communicated and sold to the private sector. The New Zealand Native Forest Restoration Trust and Carbon Forest Services Ltd are also supporting this submission and the initiative. The initiative will promote a simplified carbon offset system that is more cost effective and less labour intensive compared to private schemes currently available.

The primary mission is to establish an uncomplicated means for offsetting carbon emissions on the NZEUR in exchange for measurable environmental recognition. Furthermore, the project will potentially increase carbon prices as demand increases beyond contemporary levels of supply. Government may be presented an opportunity to also invest in carbon credits to generate profitable income whilst, at the same time, regenerating valuable natural resources in New Zealand. It is recommended, that the initiative should use authentic New Zealand generated carbon credits only. All credits sold, should fulfil criteria of permanence and additionality thus complying with 'Gold Standard' Permanent Forest Sink Initiative (PFSI) criteria. This will ensure that funds generated remain in New Zealand and regenerate our very own natural resources. If implemented correctly, this initiative should provide a not-for-profit low-cost platform to enable widespread participation of business in 'real' 'NZ made' carbon offsetting.

In the early stages, the project will focus on the New Zealand transportation sector for trials. Companies will be able to log in and select a range of values, to obtain an estimated CO2 emission result at the end. The offsetting organisation will then be able to pay for these emissions in exchange for a recognisable EnviroLogo (to be developed and authorised by the Ministry for the Environment). The calculation of each transaction may be publicly available and open for feedback. All offsets should be mentioned on the voluntary unit cancellation table published by the Environmental Protection Authority.

By purchasing and cancelling estimated CO2 Emissions, the offsetting organisation obtains the right to advertise and market the EnviroLogo pending the percentage of total emissions offset (i.e. different stages such as 50% = Bronze {carbon friendly}, 100% = Silver {carbon neutral} and 125% or greater = Gold {carbon positive}).

There are several components that would require significant input from various parties as follows,

### 3.1 Coordinator

This project will require an expert coordinator that is skilled and experienced enough to start, oversee and maintain this initiative. At this point in time, the project is just an idea and more details may be finalised if there is interest and support. However, Ollie Belton of Carbon Forest Services and Permanent Forests NZ has offered his support as a key partner for areas of setup, system design, co-ordinator, administrator and verifier. His organisations have vast knowledge and experience in permanent carbon forests, government programs, the NZ EUR systems and carbon forestry standards. Ollie also has active relationships with project owners managing more than 10.000ha of PFSI registered projects across New Zealand.

### 3.2 Website Development - [www.carbonneutral.co.nz](http://www.carbonneutral.co.nz)

A new website will be hosted on [www.carbonneutral.co.nz](http://www.carbonneutral.co.nz) or similar (i.e. .govt.nz). WTL has reserved all non-govt NZ domains in this regard. If the project proceeds, WTL will surrender these domains free of charge. The domain would work well with a catchy phrase such as 'Neutralise Yourself'. The WTL IT contractor 'Silicon Dream' in Newmarket, Auckland (Ph [REDACTED]) has some extensive experience in the field and has indicated a willingness to develop the site structure and payment logistics for a fee. Once the project is up and running, there may be a small surcharge added to each carbon sale to cover costs associated with the website and other areas of this project.

### 3.3 Emission Research

Research needs to be completed in order to establish values needed to enable a 'best guess estimate' for companies willing to offset their emissions in the transport sector. In particular, research would evolve around vehicles (i.e. rental campervans, rental cars, logistics firms, taxi operators, bus services, Kiwirail, Interislander ferry services, etc) and involve calculations in cooperation with these operators (i.e. fuel consumption per ticket translated to approximate CO2 emissions per ticket). Information in regard to CO2 estimates should be referenced and may also include information provided by government organisations such as the NZTA, the Rental Vehicle Association, the Motor Caravan Association, Qualmark and others. Wendekreisen Travel Ltd has made some queries and found that there is a lot of private sector interest, if Government was to participate in the project. Tertiary Institutions may also be involved. The aim is to obtain a simple best guess CO2 emission result which can be improved over time. Minor and moderate deviations of research may be overcome by adding a 10%-15% contingency allowance to the 'best guess estimate'.

### 3.4 Marketing

Initial marketing will be initiated by Government and through a recognisable EnviroLogo used by supporting operators. A network should be established to ensure RTO's, Qualmark, TNZ, NZTA, private operators and others are informed about the initiative.

### 3.5 The EnviroLogo - A recognisable image

For the purposes of this project, a government approved EnviroLogo is crucial. Once carbon emissions have been offset, an organisation gains access to a recognisable logo. The entity will have the right to advertise and print this logo. The Ministry for the Environment could authorise a specific image to ensure the legitimacy of environmental claims made (i.e. carbon friendly, neutral or positive). In particular, the image should carry an official seal and link to a site explaining the meaning of each specific logo on offer. Referencing a logo will ensure that consumers can make informed choices when purchasing products or services from participating organisations.

### 3.6 Participants

There are numerous participants required to complete tasks in order to realise this project. For the purposes of this report, we have compiled a brief list outlining general tasks and responsibilities as follows,

#### 3.6.1 Wendekreisen Travel Ltd

3.6.1.1 Volunteer to facilitate the start up of this project

3.6.1.2 Coordinates the project in the short term

3.6.1.3 Helps with liaison between participating organisations

3.6.1.4 Is agreeable to part-funding of the project

#### 3.6.2 Government

##### 3.6.2.1 Ministry for the Environment

3.6.2.1.1 Approve suppliers of carbon credits

3.6.2.1.2 Develop an official seal of approval that is recognisable and be made available to this project

3.6.2.1.3 Promote the initiative to New Zealand industries and Government organisations

3.6.2.1.4 Provide a coordinator in the long-term

3.6.2.1.5 Provide IT development funding in the long term

3.6.2.1.6 Monitor/Audit the project

### 3.6.2.2 Transport Authorities and Industry Associations

3.6.2.2.1 Promote/Market the project and encourage participation

3.6.2.2.2 Monitor the appropriate use of the EnviroLogo

### 3.6.3 Industry

#### 3.6.3.1 The Transport Industry

3.6.3.1.1 A 'stepping stone' industry to make a start of this project

3.6.3.1.2 Purchase carbon credits at market price for the purpose of offsetting them. This will fund approved environmental projects aimed at increasing the supply of carbon credits

3.6.3.1.3 Can use the EnviroLogo to promote a measurable environmental contribution

#### 3.6.3.2 Other Industries

3.6.3.2.1 Provide an opportunity for growing the project nationwide

### 3.6.4 Carbon Broker

#### 3.6.4.1 Carbon Forests Services Limited

3.6.4.1.1 Ollie Belton of Carbon Forests Services Ltd and Permanent Forests Ltd is the recommended carbon broker for this project

3.6.4.1.2 Have extensive experience with permanent carbon forests, current government programs, the NZ EUR systems, carbon forestry standards and have relationships with large project owners of PFSI registered projects across New Zealand

3.6.4.1.3 Have been referred by the Ministry for the Environment

### 3.6.5 Carbon Suppliers

#### 3.6.5.1 The NZ Native Forests Restoration Trust

3.6.5.1.1 Has indicated a very keen interest to supply PFSI 'Gold Standard' carbon credits

3.6.5.1.2 The credits fulfil criteria of permanence and additionality

3.6.5.1.3 has acquired land to promote the regeneration of forests, protect important species and restore their habitats and to improve the quality of our waterways

3.6.5.1.4 now owns 29 reserves throughout New Zealand with a total of more than 6,500ha of protected native forests

3.6.5.1.5 assisted by many volunteers who give freely of their time to plant trees, help with maintenance and carry out administrative tasks

#### 3.6.5.2 Other suppliers may be considered in the future

### 3.7 Expansion of the project

There is potential to expand into other New Zealand industries in the future. By diversifying into different sectors and by sourcing a range of carbon credit suppliers, this project may eventually provide a gateway for carbon offsets to most small and medium sized businesses in New Zealand.

#### **4 Conclusions**

Climate change is affecting everyone and is a very contemporary global issue. Wendekreisen Travel Ltd (WTL) is a medium sized Campervan rental company, actively involved in offsetting its own carbon emissions. In the process, WTL found that there are very few, labour intensive and extremely costly gateways to voluntarily offset carbon emissions in New Zealand. WTL has developed an alternative system which appears to work more effective and less costly by bypassing significant administration fees of third parties.

The New Zealand Ministry for the environment is currently seeking feedback to expand and improve the effectiveness and operation of the NZ ETS to 2020 and beyond. As a result, WTL has prepared this report to communicate a new initiative based on its experiences.

The project 'Carbon Neutral New Zealand' aims to establish an uncomplicated means for offsetting carbon emissions in exchange for measurable environmental recognition.

During the start up phase, the project will focus on the New Zealand transport sector for trials but may be extended to other industry sectors. To complete the project, much input is required from a variety of individuals and organisations. These requirements relate to website development, emission research, marketing, a recognisable logo and a range of active participants such as a coordinator, input by government, support by local industries, carbon administration and carbon credit suppliers. There is a lot of support to fill actively participating roles for this project and there is great potential to expand the project in the future.

## 5 Recommendations

This report was prepared to assist the Ministry for the environment to improve the effectiveness and operation of the current New Zealand emissions trading scheme. It contains information relating to first hand experiences of organisations trying to voluntarily offset carbon emissions. As a result, it highlights some shortcomings of the current system and will outline recommendations for improvement as follows,

- 5.1 Revise current gateways for offsetting voluntary carbon emissions in New Zealand. In particular revise how private organisations offset their voluntary carbon imprint.
  
- 5.2 Pending revision of current gateways, consider to support the 'Carbon Neutral New Zealand' initiative by,
  - 5.2.1 forming a board of key participants as outlined in section 3.6 to ensure that the primary mission of the initiative is maintained
  - 5.2.2 developing a government approved recognisable EnviroLogo
  - 5.2.3 investing in New Zealand generated carbon credit assets which fulfil the criteria of permanence and additionality and reward suppliers of these credits with more appropriate pricing for 'Gold Standard' carbon credits
  - 5.2.4 developing and coordinating a government approved website (i.e. [www.carbonneutral.govt.nz](http://www.carbonneutral.govt.nz) / Neutralise Yourself) to establish an uncomplicated means for offsetting voluntary carbon emissions
  - 5.2.5 starting small (i.e. Transport Industry only), cost effective and in cooperation with government organisations such as Kiwi Rail
  - 5.2.6 publishing all voluntary offsets on the voluntary unit cancellation table published by the Environmental Protection Authority
  - 5.2.7 employing the tertiary sector to provide research to calculate approximate 'best guess' carbon emissions for a range of small to medium sized businesses in New Zealand.
  - 5.2.8 marketing the project through various government organisations (i.e. Transport sector marketed by NZTA, Tourism NZ, etc)
  - 5.2.9 following the proposed guidelines for cooperation between the various participants as outlined in section 3.6 of this document
  - 5.2.10 expanding the project to other industries once the start up phase is considered successful