

Diocese of London



Carbon Retirement How your Church can go Carbon Neutral

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What is Carbon Retirement?

[Carbon Retirement](#) is a local company – nationally recognised by the Government – which the Diocese of London has established a partnership with. It provides a way to compensate for the carbon emissions you can't avoid.

What does Carbon Retirement do?

Carbon Retirement will use your money to purchase European industrial emissions allowances (called 'EUAs') at their current rate, then permanently remove them from the carbon trading system. These allowances are needed by industrial companies. They are obliged by EU law to purchase enough to cover their emissions. There are a fixed number in circulation, so reducing the number available forces companies to reduce their emissions and incentivises investment in low carbon technology.

This tackles the problem of developed-world emissions head-on. It reduces our reliance on fossil fuels, moving us more swiftly to a low carbon economy.

Why should we do Carbon Retirement?

Bear in mind, the cheapest energy tariff won't necessarily be the greenest. Every supplier has to meet a minimum level of renewable energy, or pay a forfeit to the government; the cost of doing this is built into the tariff. But it doesn't go all the way, only so far as the government thinks the market will stand. Some go further, with specific 'green tariff' options – at a higher rate.

We should be paying our dues to our neighbour and to the planet; we don't want anything we do to leave it in a worse state than how we found it. That's the timeshare principle, and it defines 'sustainability' in a nutshell – we only have a timeshare on this planet.

So we need to pay our carbon costs. We think that 'retiring' EUAs is the best, most sure-fire way of attaining the desired object.

Climate Action Plans

Carbon Retirement is part of the Diocese of London's scheme of [Climate Action Plans](#). This includes working out each church's energy use and carbon footprint, and comparing them with common standards for churches by means of the Diocese's dedicated system of [Energy-saving Benchmarking](#).

The next step will then be to plan savings over the first year after joining Climate Action Plans. When your carbon footprint has been estimated (after allowing for the average of savings planned during the year), the payment still needed for the carbon cost will be calculated.

Charity Funding Solutions

The Diocese has also arranged a tariff negotiation advice service with Charity Funding Solutions. See under '[Climate Action Plans](#)'. For a separate advice sheet about Charity Funding Solutions, ask the Head of Environmental Challenge at (020) 7932 1229, or email brian.cuthbertson@london.anglican.org. Reductions in energy use by making zero-cost savings, combine with tariff reductions, should more than pay the cost of EUAs, leaving a church with no net extra cost over a year – or even a significant net saving – whilst becoming carbon neutral.

Paying for Carbon Retirement

Payment for Carbon Retirement will be requested, from each participating church to the London Diocesan Fund, who in turn will transfer it to Carbon Retirement for them to purchase the EUAs. Churches will be issued with certificates for the allowances purchased and 'retired' – to pin on the church notice board – proof that your church's energy budget is aiming for 'net carbon neutral' status.

Until the end of 2011, the Diocese is keeping to the original rate of £19 per tonne of greenhouse gases (CO₂e), as offered to churches at the inception of the scheme. The full cost to be paid by the Diocese to Carbon Retirement fluctuates, and is currently about £20-22 per tonne. VAT is included; about 85% of the rest goes directly to retiring carbon credits, the remaining 15% to administration and market fees.

A full set of 'Frequently asked questions' is included below. Please don't hesitate to contact the Head of Environmental Challenge at brian.cuthbertson@london.anglican.org or (020) 7932 1229, with any other comments or questions, or to discuss how to sign up to Climate Action Plans or Carbon Retirement. [\[Back to top\]](#)

Frequently asked questions

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I don't quite understand how the system of EU trading works?

Emissions trading is a fairly new concept, not familiar to many people yet. The EU Emissions Trading Scheme (ETS for short) is a 'cap and trade' scheme. It sets a total limit on carbon emissions from a defined set of 10,000 major companies, in the UK and other EU countries – then allows these companies to share the limit among themselves.

Companies pay each other to transfer allowances (called 'EUAs') *from* those who would prefer to sell their allowances, and make carbon cuts instead, *to* those who prefer to buy more EUAs – because it would cost more to make the cuts they would otherwise have to. A fixed number of EUAs is issued free to participating companies to begin with, then companies who wish to sell place their surplus EUAs in a pool from which other companies can buy.

At the end of each accounting year, companies have to report their emissions in tonnes, and surrender the correct number of EUAs needed to support those emissions. When the current period of trading ends (in 2012), a new round will begin – but the number of allowances issued will be reduced, tightening the squeeze on carbon.

So what is 'Carbon Retirement'?

'Carbon Retirement' is the name of a company which buys allowances (EUAs) from the EU ETS pool – then 'retires' them – that is, it puts them beyond use. Not that these EUAs are harmful in themselves, they are a useful tool to share out the task of saving carbon emissions.

Only a fixed set of the largest companies with the highest energy use or emissions takes part in the ETS. They must have EUAs equal to their reported emissions. But anyone can buy EUAs voluntarily. So Carbon Retirement gives them more bite, by taking some out and reducing the number left. There are fewer left in the system, so fewer tonnes of carbon are allowed to be emitted – that way, companies in the ETS are forced to make emissions cuts.

That speeds up the effort to cut carbon emissions from major industry, in the UK and the rest of the European Union.

Yes, but where do we come into all this?

We 'retire' our carbon emissions by buying credits from Carbon Retirement – in conjunction with our 'Climate Action Plans' for churches in London.

The amount for any church to 'retire' is its estimated carbon footprint in tonnes of CO₂e, after reducing this as much as possible by saving energy. This gives us an incentive to save as much as possible. The Climate Action Plan for each church includes a list of zero-cost savings that can be made.

The amount each church needs to save (ie its proper share towards the diocese's targets) is assessed by benchmarking in comparison with other churches in the Diocese. At the same time, support is provided by Charity Funding Solutions to negotiate the best possible utilities deal for your electricity and gas.

We estimate this should leave enough money to pay for 'retiring' the rest of the church's emissions, and still make a net money saving too – keeping your church in the black.

What are 'carbon emissions'? What is a 'carbon footprint'? What are 'CO₂' or 'CO₂e'?

'Carbon emissions' are gases (called 'greenhouse gases'), which we humans put into the air.

Most kinds of greenhouse gases have carbon in them. Each of us is responsible for a share of these gases, each church too:

- Our personal carbon footprint is the weight in tonnes of greenhouse gases our lifestyles generate each year.

- A church's carbon footprint is based on its use of gas and electricity.

Working out a church's carbon footprint is a reasonably straightforward calculation. We help churches to do this.

Carbon emissions add to the greenhouse effect which causes global warming.

The greenhouse effect is like a blanket of gases in the atmosphere, which let sunlight in but then trap some of the heat, causing the earth to warm up. The main greenhouse gases are water vapour and carbon dioxide (CO₂). These are natural and wholesome in themselves: animals (including humans) breathe CO₂ out, plants breathe it in. That still leaves some in the air. When the atmosphere contains the right concentration of CO₂, it stays more or less within temperatures suitable for life as we know it to go on.

There is also a range of other greenhouse gases (eg CFCs add to global warming, as well as causing the hole in the ozone layer). These other gases (which are not natural but of human origin) are included in the total by a composite measure called CO₂ equivalent or CO₂e – so our carbon footprint is in tonnes of CO₂e.

During the last century and more, the concentration in the air of all greenhouse gases has been going up, due to human activity, mainly:

- Industries and power stations, buildings, cars and aeroplanes, burning coal, oil and gas
- Cement and aluminium production
- Some foods and agricultural practices
- Cutting down and burning trees and forests.

All these things release vast amounts of CO₂, more than plants (or the sea) can take in – disturbing the natural balance and causing warming. As a whole, the planet's surface temperature is rising – currently at an average of about 0.13-0.17°C per decade (of course there are irregular ups and downs, in different years and places).

And once forests are gone, there are less left to breathe in CO₂. While the warming itself releases more gas and water vapour from the oceans.

This is harmful to God's creation – which we're supposed to be looking after – and could become very dangerous. That's why we are treating it seriously and with urgency, working to reduce our contribution to global warming.

What's the point of paying someone else to make cuts in their emissions, not in ours?

You've hit the nail on the head. This is one of the key benefits of a cap and trade scheme, which is intended to make cuts in carbon emissions as efficient as possible.

It was realised that cutting a tonne of carbon emissions has just the same benefit wherever it happens; since greenhouse gases are all mixed up in the atmosphere, they add to the blanket around the earth which is making it warmer, so cutting some in one place makes that blanket a little bit thinner everywhere.

So what's needed is to make the cuts as cheap as possible to the economy – Europe's economy in this case, which the UK forms part of. And as cheap as possible to us – it would cost us much more to cut our church's carbon footprint to zero than to pay some very large company to make the same cuts to their much larger carbon footprint. It seems much less to them, but it's a lot to us. In fact, a well-run trading system should direct the cuts to the very place where they can be done most cheaply – so consumers, including us, end up with less added to the costs of goods and services.

What is the price of EU allowances (EUAs) through Carbon Retirement?

Until the end of 2011, the Diocese is keeping to the original rate of £19 per tonne of greenhouse gases (CO₂e), as offered to churches at the inception of the scheme. The full cost

to be paid by the Diocese to Carbon Retirement fluctuates, and is currently about £20-22 per tonne. VAT is included; about 85% of the rest goes directly to retiring carbon credits, the remaining 15% to administration and market fees.

How is the price set per tonne of carbon?

The price fluctuates according to market conditions. Carbon Retirement has to pay costs on top of the market price of carbon. These include fees for using the exchange (the place where they buy the allowances), fees for transferring the cash and exchanging it into Euros, and then typical overheads. These typically amount to 15% of the market price. They also have to charge VAT, currently at 20%.

How much of this goes to administrative costs?

As well as administration and overheads there are fees for using the exchange, for transferring the cash and exchanging it into Euros. Carbon Retirement adds its own small commission. In total all this amounts typically to 15% of the market price.

Thus, 85p in every £1 is spent on reducing emissions (compare 28p in every £1 by typical 'offsetting' schemes). VAT is extra to that.

Does Carbon Retirement take any commission?

Yes, Carbon Retirement adds a small commission to the administrative costs it has incurred. This is included in the total of 15% extras on top of the 85p in every £pound which actually goes to pay for EUAs.

Is there any evidence that the EU trading scheme, or retiring credits, actually work?

There have been a number of studies on the effectiveness of the EU Emissions Trading Scheme. Of course their analyses vary, and they don't all come to identical conclusions. One such study was a report by the UK Parliament's Environmental Audit Committee, earlier in 2010. Their assessment of the scheme is broadly favourable.

Commentators acknowledge the over-supply in allowances in Phase 1 which caused prices to collapse then. Phase 2, running from 2008 to 2012, has learned from that. Even Phase 1 does appear to have yielded some reduction in emissions – in 2008, the first year of Phase 2, there is thought to have been a reduction of about 3% in emissions.

Will this make our church 'carbon neutral'?

To all intents and purposes, yes!

Almost no-one can become strictly carbon neutral – there are activities will go on producing some carbon, almost whatever we do. However, we can become 'net' carbon neutral, by generating renewable energy, and by purchase of EU allowances (EUAs) through Carbon Retirement, neutralising whatever carbon emissions we're still responsible for. We think this is the best standard for churches to aim at. Participating churches will receive a certificate to this effect to display in church.

Could we form groups of charities or individuals outside church and 'retire' our emissions too?

Yes. Please contact Jane Burston directly at [Carbon Retirement](#), should you wish to take this further.

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