



# INSETTING & LOCALISED OFFSETTING UPDATE

Heathrow Strategic Planning  
Group Mini Summit  
27<sup>th</sup> January 2022

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A scenic background image showing a series of wind turbines perched on a mountain ridge. The scene is captured during sunset or sunrise, with a warm, orange and red glow across the sky and the silhouettes of the turbines and mountains. The text is overlaid on this image.

WE HELP ORGANISATIONS,  
COMMITTED TO  
DECARBONISATION, THAT  
AREN'T PROGRESSING AS  
QUICKLY AS THEY'D LIKE...

# INSETTING & LOCALISED OFFSETTING UPDATE OVERVIEW



On the 22<sup>nd</sup> November we held an interactive workshop with HSPG members to consider the opportunity for localised offsetting to:

- Support delivery of Net Zero objectives
- Support local businesses to decarbonise
- Support local projects with a sustainable finance source

This presentation provides an overview of the workshop findings and immediate next steps.

# INSETTING & LOCALISED OFFSETTING UPDATE OVERVIEW



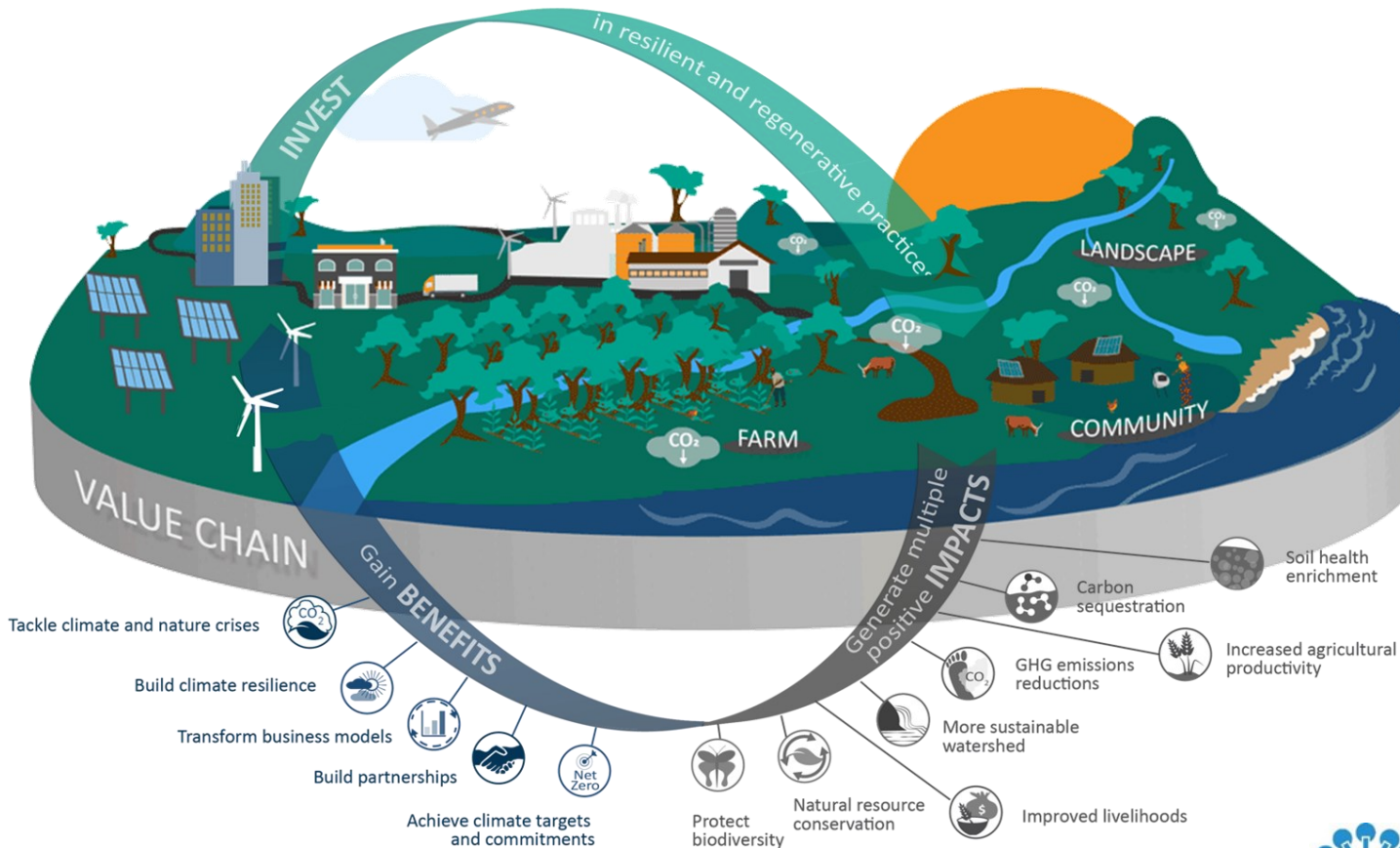
The workshop was structured to help identify, understand and discuss:

- Desired project outcomes from a localised offsetting scheme
- Potential project scope
- Anticipated design considerations and implementation challenges



# BACKGROUND

## WHAT IS INSETTING / OFFSETTING?



### Offsetting:

Carbon offsetting projects are interventions to generate GHG emissions reductions and carbon storage, to compensate for emissions made elsewhere. Carbon offsetting may be undertaken voluntarily or for compliance.

### Insetting:

Insetting projects are interventions along a company's value or supply chain that are designed to generate GHG emissions reductions and carbon storage, while at the same time creating positive impacts for communities, landscapes and ecosystems.

# BACKGROUND

## TYPES OF OFFSET PROJECTS



BASED ON EXISTING CCP STRUCTURES DETAILED IN APPENDIX

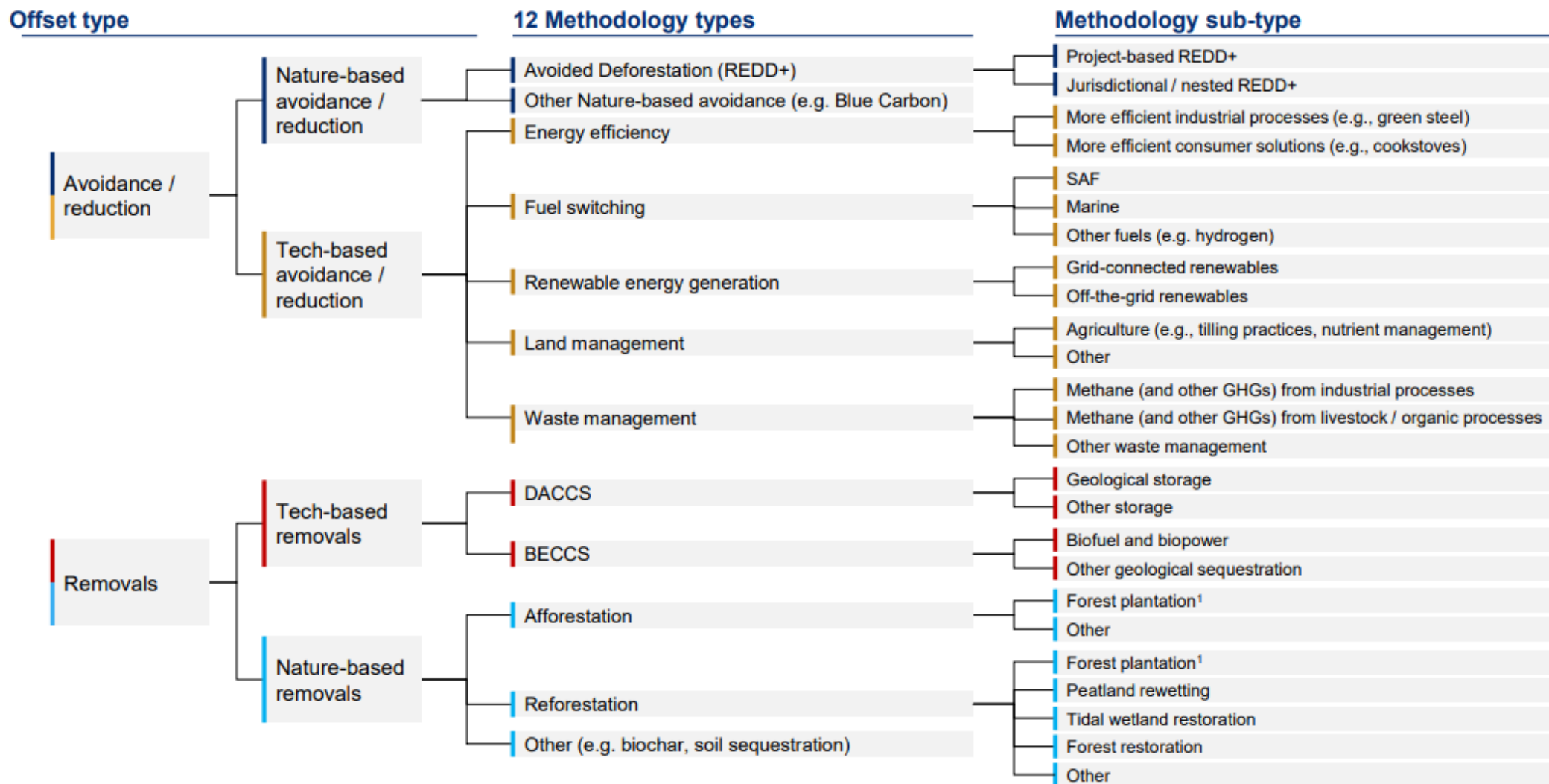
**?**

**Preliminary structure for discussion:**

Are prominent categories missing?

Are all sources of carbon credits covered?

Are existing categories exhaustive and mutually exclusive?



# DESIRED PROJECT OUTCOMES

## QUALITY OF OFFSETS



Source: Taskforce for Scaling Voluntary Carbon Markets, Institute for International Finance

✓ TSV CM Taskforce dimensions ● ICROA dimensions ● CORSIA dimensions

Core Carbon Principles (CCPs) are **high level principles of credit integrity** that become tangible through an Assessment Framework for Standards and a set of credit-eligibility criteria

They were defined to be comparable to ICROA and CORSIA dimensions

	Credit-level principles <sup>1</sup>		Operational principles	
Principles	Real	✓ ● ●	Program governance	✓ ● ●
	Based on realistic and credible baselines	✓ ● ●	Program transparency and public participation provisions	✓ ● ●
	Monitored, reported and verified	✓ ● ●	Clear and transparent requirements for independent third-party verification	✓ ● ●
	Permanent	✓ ● ●	Legal underpinning	✓ ● ●
	Additional	✓ ● ●	Publicly accessible registry	✓ ● ●
	Leakage accounted for and minimized	✓ ● ●	Registry operation	✓ ● ●
	Only counted once	✓ ● ●		
	Do no net harm	✓ ● ●		
Specific rules	Earliest project start date 2016 <sup>2</sup>	●	Inclusion of Clean Development Mechanism	●
	Only jurisdictional or nested REDD	●		



Detailed definitions of the CCPs in the Assessment Framework for Standards

# PROJECT OUTCOMES

## DESIRED PROJECT OUTCOMES



## How would you rank the outcomes?



- There was broad alignment on the desired project outcomes
- Unsurprisingly, the key objective is to deliver GHG emission reductions
- Directing offset funding into local projects
- Delivering local co-benefits
- Participants noted that outcomes such as addressing inequality were principles that needed to sit across all interventions.

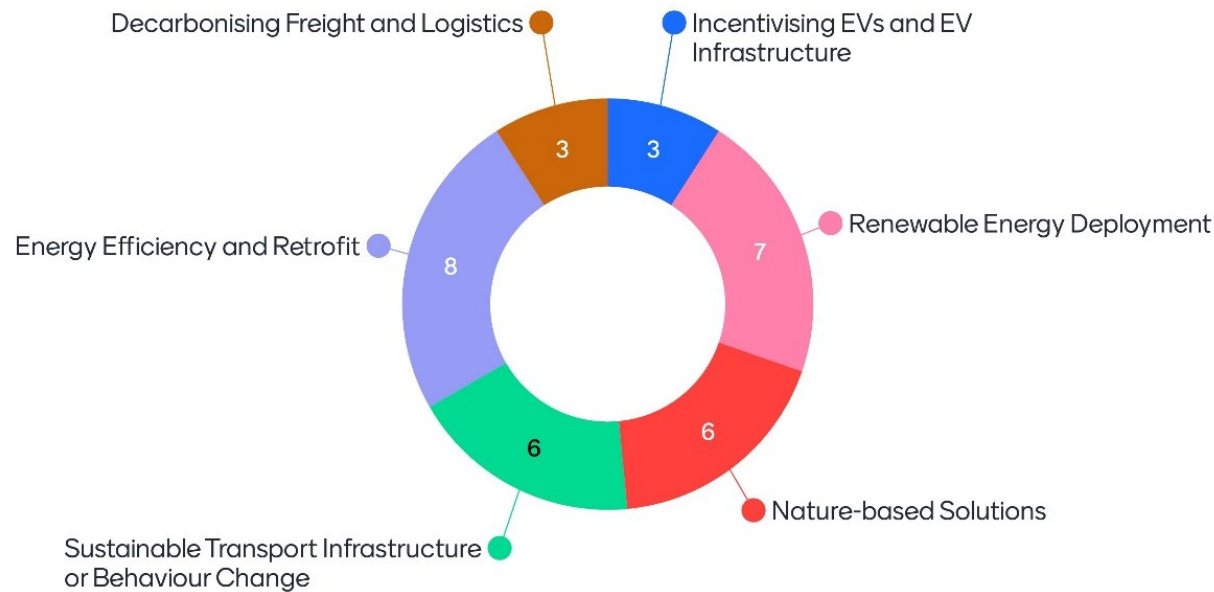


# PROJECT SCOPE

## DESIRED PROJECT TYPES



### What types of projects would you most like to enable?



- The most popular category of projects were those that deliver energy efficiency and retrofit
- Renewable energy deployment was the second most desired project type
- Sustainable transport and nature-based solutions were jointly the third-most preferred project type
- An immediate opportunity suggested was to undertake a review of the potential scale of NBS within the HSPG geography

# DESIGN CONSIDERATIONS

## SCHEME DESIGN AND IMPLEMENTATION CHALLENGES



### Some key challenges

#### Complexity

The workshop has demonstrated the potential complexity of offsetting schemes and public sector leadership would need to be engaged relatively early to ensure full support.

#### User Needs

Participants agreed that interaction with Heathrow had been valuable to understand their needs. Further consultation with businesses to understand wider needs and establish appetite for the scheme was seen as a logical, necessary next step.

#### Additionality

Evidencing the additionality of schemes was a repeated challenge throughout the discussion.

#### Governance

Scheme governance process, legal constitution, long-term financial sustainability and operational considerations (e.g. verification and monitoring).

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## IMMEDIATE NEXT STEPS

Currently considering two funding opportunities to develop the concept, evidence and business case further:

- **Natural Environment Investment Readiness Grant:** Would enable development of project elements focused on Nature-Based Solutions and Biodiversity Net Gain. Submission deadline 3<sup>rd</sup> February.
- **Climate and Environmental Risk Analytics for Resilient Finance:** Would enable feasibility study into delivery vehicle for localised offsets.





# QUESTIONS?

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