



How to make sure carbon offsetting really works and benefits the fuel poor

How do blue-chip organisations go carbon neutral? Go for carbon offsetting but make sure that it contributes to eliminating the scourge of fuel poverty in the UK

The chairman is proud to announce that within four years, our company will be carbon neutral". I couldn't have begun any article with that statement in the 1990s. I should have been laughed out of court.

But here we are, with a list of thoroughly blue chip companies - Marks & Spencer, HSBC, BSKyB, Royal & Sun Alliance - pledged to remove the company's impact upon the climate. Great idea. And by doing so, I believe such responsible companies can help finally rid the UK of one of its worst, perpetual, social problems.

How? Suddenly dealing with energy bills has moved out of the boiler room. And into the boardroom. One of the first companies to pledge itself to minimising emissions was BP. Whose CEO was for years regularly voted the UK's most admired businessman. Running the tightest, most financially efficient venture around.

Close the company down

I still remember the astonishment expressed when, despite this reputation, his managers worldwide swiftly managed to realise net savings worth well over £100m. Simply by using fuel in their processes, in their buildings, in their transport, that much smarter.

But in truth the only way to become entirely carbon neutral at present is to close the company down. As that cannot make sense, the alternative has to be to purchase carbon offsets.

Enterprises offering to provide such offsets to aspirant companies have mushroomed. Some of these offsetting companies are completely above board, in the way they use the funds donated. They do plant trees. They do use the finances to fund renewable electricity or energy saving schemes in developing countries.

Others don't. The Financial Times ran an alarming four part expose revealing bogus renewable projects, energy saving schemes funded several times over, trees planted in the wrong places. The government has published a draft code of conduct, with which only a handful of these "offsetting" enterprises yet comply.

Lowering carbon emissions is one part of the UK's energy policy. But another equally important part is removing the scourge of fuel poverty. That occurs when a



'FUNDING FUEL POVERTY MEASURES WILL PILE UP ENOUGH CARBON CREDITS TO ENSURE THESE COMPANIES CAN BE CARBON NEUTRAL'

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programme to improve housing conditions.

But in doing so, it makes these homes less draughty, less leaky, less energy wasteful. Indeed when earlier this year the National Audit Office (NAO) examined the cost-effectiveness of the various programmes intended to address climate change, Warm Front emerged as one of the most cost-effective. According to the NAO, it was actually saving the economy around £420 each time a tonne of carbon was saved.

The funds for Warm Front (and its equivalents) have been increased. Between 2005 and 2008, the Treasury is devoting £800m to combating fuel poverty in England alone. But transparently it is not enough, certainly not enough for government to be confident it won't become subject to judicial review for failing to comply with the law. Crunch time is coming, with the formal progress report due out this summer. What is to be done?

Piling up the credits

In my view, it is very simple. Those concerned with ensuring the abolition of fuel poverty should start talking immediately to those enterprises offering carbon offsets to the Blue Chips (and anybody else for that matter). The fuel poverty folk can demonstrate clearly (thanks to the NAO) that money devoted to improving the housing conditions of the least privileged in the UK certainly does deliver serious carbon savings. Combined with those newly effective business energy efficiency schemes, funding fuel poverty improvements will certainly pile up sufficient carbon credits to ensure that these companies can become thoroughly carbon neutral.

So now our chairman will be able to stand up at a subsequent AGM. And reveal that not only has the company become carbon neutral. At the same time it has cut its fuel expenditure. And it has helped solved one of the UK's most intractable social problems. Truly, charity begins at home. ■

household has to spend over 10 per cent of income after housing benefits, on purchasing fuel.

Back in 2000 the government took on a statutory commitment to remove every vulnerable household from fuel poverty by 2010. The new energy White Paper has a graphic table showing that current policies are far short of achieving this legal requirement. At least 1.5 m, possibly 3m, households will still be in fuel poverty in 2010. The government's official Advisory Group has reported that at least £1bn a year will have to be found for England alone.

The main vehicle for delivering fuel poverty reduction in England is Warm Front. The other three nations within the UK have similar programmes. It is of course intended primarily as a remedial pro-

FURTHER INFORMATION

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