

TSVCM Consultation Response
UK Finance response, 10 December 2020

N.B. Survey responses were sent via an online portal, with a long list of questions – the 14 listed below are the most substantive as called out in the consultation document itself.

1. Do you agree that the implementation of these six topics for action would significantly help to scale voluntary carbon markets?

Yes. We agree in principle on the need for a large, transparent, verifiable and robust voluntary carbon market, and with the overarching proposition put forward by the Taskforce.

2. Is there anything not covered by these topics for action that we should consider?

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3. How could we be more ambitious / forward leaning?

The Taskforce could recommend the creation of two reference contracts – one for avoided emissions and one for removals – as this would help to grow the market for removals early on, and the sooner this happens the better as removals are critical to achieving net zero. However within our membership there was also a view that there should only be a single reference contract, with the potential for removals to be an additional attribute.

The Taskforce should also set a clear, ambitious and realistic timeline for the implementation of its recommendations. This workplan should be comprehensive developed in collaboration with the key stakeholders currently active in this field.

4. Do you agree with each of the recommended actions described in the blueprint?

Yes, with the clarification that the proposal under recommendation 8 that a ‘green financier’ label be created would not be helpful, as the creation of a new, bespoke label would bring unnecessary confusion and complication to an already crowded field. The alternative option suggested, the extension of existing labels, would be preferable.

5. Should the “Core Carbon Principles” include a position on excluding projects of a certain vintage? If yes should all projects beyond a certain vintage be excluded, or only certain methodologies or project types?

The Core Carbon Principles should not seek to exclude projects on the basis of their vintage. The Principles should safeguard credit quality regardless of vintage and focus instead on the specifics of each methodology. Vintage can instead be an ‘additional attribute’

6. Should any project types be excluded, or only be allowed with additional safeguards?

These issues are highly complex and should be considered in depth. We would advocate an open, evidence-based discussion on this topic in 2021 before a conclusion is reached.

7. For reference contracts, should we move towards more standardized or more customized contracts versus the Taskforce recommendation?

Initially the reference contracts should be standardised in order to accelerate the development of a liquid market.

8. To implement the transition to a more liquid marketplace, would you commit to purchasing credits via reference contracts?

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9. Of the principles for the credible use of offsets outlined, which ones would you be willing to adopt?

The paper sets out two groups of principles, one 'for net zero-aligned corporate claims and use of offsets', and the other 'for credible use of offsets in products or at POS'. Both sets of principles could be broadly acceptable to our membership, though any firm commitment would be contingent on the specifics of the proposals to emerge in due course.

10. Do you agree with the need for a governance body to ensure integrity of carbon credits? Do you have a suggestion for which body could be a good fit?

Yes we agree with the need for such a governance body. However questions of what such a body should do, and how, are highly complex and should be considered in depth. We would advocate an open, evidence-based discussion on this topic in 2021 before a conclusion is reached.

11. Do you agree with the need for a governance body to ensure integrity of market participants and market functioning? Do you have a suggestion for which body could be a good fit?

Yes we agree with the need for such a governance body. However questions of what such a body should do, and how, are highly complex and should be considered in depth. We would advocate an open, evidence-based discussion on this topic in 2021 before a conclusion is reached.

12. Are there any parallel initiatives you are aware of that the report does not mention? Please describe the initiative.

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13. Is there anything else in the report you would like to comment on (e.g. second- and third-order effects that we may not have anticipated in market scaling)?

The successful conclusion of the Article 6 negotiations under the UNFCCC would greatly benefit the prospects for global carbon markets, and ensure a legitimacy which cannot be achieved any other way. The Taskforce's proposals do an admirable job in progressing the agenda regardless of whether or not there is agreement at the UNFCCC, however it would be useful for the next iteration of this work to reference how the initiative might progress in the months and years to come under both scenarios.

14. Would you endorse the blueprint report?

Yes. Finance is the collective voice for the banking and finance industry operating within the UK. Representing more than 250 firms across the industry we act to enhance competitiveness, support customers and facilitate innovation. Should the Taskforce be looking for trade associations to offer endorsement as a measure of support in principle then we would be happy for UK Finance to be listed as being in support of the blueprint.