## Offsetting Credit (J-VER)

Ministry of the Environment, Japan

# What is Offsetting Credit (J-VER)

### (1) What is carbon offsetting?

Awareness of their GHG emissions



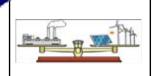
Efforts to reduce GHG emissions



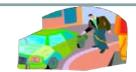
Purchasing credits, investing projects, or acting on reducing GHG emissions



Offsetting



Examples of carbon offsetting products and services



Carbon offsetting gasoline

Offset CO2 emissions from consumers' car driving



## Carbon offsetting new year greeting card

Offset part of CO2 emissions from purchasers' everyday lives



#### Carbon offsetting tour

Offset CO2 emissions from transportation during a tour

### (2) Carbon offsetting mechanism (when using CER (Kyoto mechanism credit))



#### (3) Credit for carbon offsetting

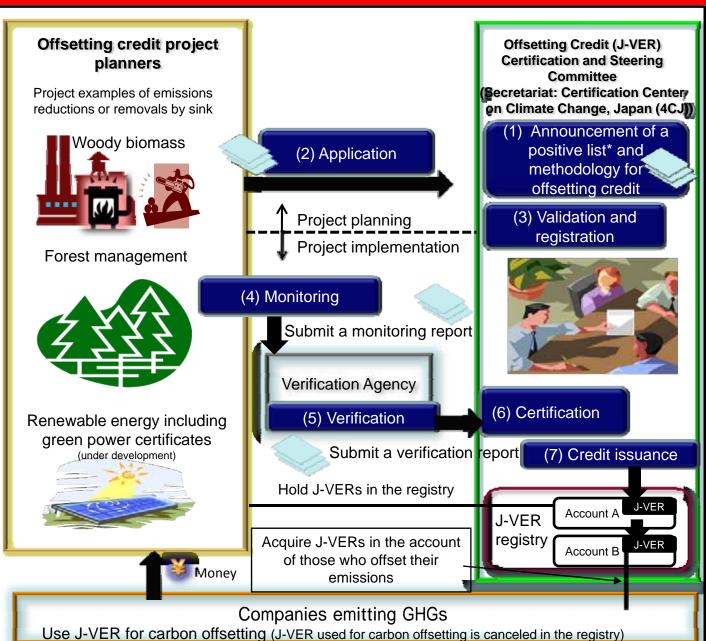
Currently, Kyoto mechanism credits, which are issued by the United Nations as results of CDM projects in developing countries, are commonly used for carbon offsetting.

Guidelines for carbon offsetting in Japan (Ministry of the Environment, Japan, Feb 2008) require the official certification system for carbon offsetting credits to ensure the certainty of emissions reductions or removals by sink and to avoid double counting. Therefore, MOEJ launched Japanese Verified Emissions Reduction Certification Scheme (Offsetting Credit (J-VER) Scheme) which certifies emissions reductions or removals generated from domestic activities to promote such activities by stimulating investments to them.

## Scheme? (Launched on Nov 14, 2008)

VER: credit issued from activities of non-binding schemes (i.e. credits issued from activities based on other than Kyoto mechanism or EU-ETS)

#### (4) Flowchart of Offsetting Credit (J-VER) Scheme by MOEJ



\*Positive list: Project registration depends on additionality of the applied project. The project will be "additional" if GHG emissions are reduced below those that would have occurred in the absence of the registered project. In this scheme, Offsetting Credit (J-VER) Certification and Steering Committee develops a positive list which identifies eligible project types together with their eligibility criteria. Project planners need to prove that their projects satisfy these criteria to demonstrate their project additionality.

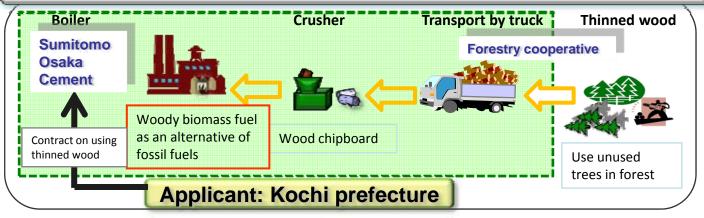
#### Offsetting Credit (J-VER) Scheme project No.1: "Woody biomass utilization project in Kochi"

This project aims to reduce GHG emissions replacing fossil fuels for boilers in cement factories with woody biomass.

Date of application: Wednesday, December 3, 2008 Project duration: April 1, 2008- March 31, 2013

Estimated emissions reduction: 1,956t-CO2 (FY 2008), 2,934t-CO2 (FY 2009) and emissions reduction in the following

years to be announced



### FAQs on Offsetting Credit (J-VER) Scheme

Q1: What are the targeted project types in the scheme?

A: MOEJ identifies project types which should be promoted under this scheme considering their profitability and prevalence and put them on a positive list. Ideas on project types to be added on the list are invited as project models and comments on the list are always accepted by Certification Center on Climate Change (4CJ) (Refer below for its contact details).

Q2: Can I apply for the scheme if my project has been already being undertaken?

A: This scheme covers projects which began on and after April 1, 2008 but projects which began before that date can be accepted when project planners demonstrate any difficulty in forwarding their projects if they do not earn profits by selling offsetting credits. The maximum duration for credit issuance is April 1, 2008- March 31, 2013.

Q3: What is the total cost to participate in the scheme?

A: Fees occur in application and registration, issuance of J-VER and opening an account in the registry processes. In addition, a verification agency charges a commission for verification. MOEJ considers reducing these costs to ensure more participants as possible.

Q4: Is J-VER accepted in Japanese experimental emissions trading?

A: Currently, J-VER is NOT accepted in the experimental emissions trading. However, MOEJ investigates the possibility of the linkage with other climate change policies including the GHG accounting and reporting system in Act on Promotion of Global Warming Countermeasures.

#### Contact details on Offsetting Credit (J-VER) Scheme

- -Certification Center on Climate Change, Japan (4CJ) (Secretariat: Overseas Environmental Cooperation Center, Japan (OECC)) (URL) http://www.4cj.org (TEL) +81-3-5425-3744
- -Office of Market Mechanisms, Climate Change Policy Division, Global Environment Bureau, Ministry of the Environment, Japan

(URL) http://www.env.go.jp/earth/ondanka/mechanism/carbon offset.html (TEL) +81-3-5521-8354