

California State Assembly advances bill to regulate voluntary carbon offsets

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Last week, the California State Assembly passed legislation that would establish new regulations for the voluntary carbon offset market, which has been beset by concerns about corporate “greenwashing” and investigations suggesting that up to 90 percent of claimed offsets do not represent meaningful carbon reductions.

Assembly Bill (AB) 1305, authored by Assemblymember Jesse Gabriel (D - Woodland Hills), would crack down on bogus offsets by imposing new disclosure requirements for buyers and sellers, thereby helping to improve transparency and accountability and providing consumers with greater confidence that offsets will result in meaningful emissions reductions.

“Consumers deserve to feel confident that carbon offsets are actually resulting in meaningful emissions reductions,” said Assemblymember Jesse Gabriel. “This legislation will provide critical transparency and accountability to ensure that corporations are meeting their climate goals and that we are protecting our planet for future generations.”

“Many carbon offsets on the voluntary carbon market do not represent real emissions reductions or represent far less than claimed,” said Barbara Hays, Director of the UC Berkeley Carbon Trading Project. “Offset credit quality varies widely and lack of transparency in project details and carbon

calculations makes it difficult for credit buyers, evaluators, and researchers to assess which credits are real, and evaluate overall program effectiveness. A lot is at stake. We are entrusting the efficacy of our climate mitigation efforts today on a set of claims and calculations we can't review, under programs with known problems.”

The voluntary carbon offset market is growing quickly, with a [Reuters report](#) placing the global value of the current market north of \$2 billion and projected growth estimated between \$10 and \$40 billion by 2030.

Unfortunately, researchers have grown increasingly concerned with the impact of credits sold on the voluntary market. Indeed, a recent investigation found that greater than 90% of rainforest offset projects listed on one of the largest voluntary offset standards bodies [did not represent genuine carbon reductions](#).

Given the absence of [regulations](#) for this market, there is a clear need for additional transparency to ensure that consumers are not misled by corporate “greenwashing.” AB 1305 will require buyers and sellers of voluntary offset credits to disclose the details of the offset projects, the methodology for determining the number of credits issued, and the data and calculation methods needed to allow for independent recreation of emissions reduction estimates.

This information will allow researchers and the public to better assess the legitimacy and efficacy of credits, as well as spotlight misleading claims by corporate polluters.