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TESTIMONY BY:
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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 14, 2023
10:30 AM
State Capitol, Room

H.B. 1165
RELATING TO CARBON OFFSETS

House Committees on Transportation and Energy & Environmental Protection

The Department of Transportation (DOT) **supports** the intent of H.B. 1165 but offers comments on H.B. 1165 which establishes a process for DOT to assist persons traveling by air to or from airports in Hawaii in the purchase of carbon offsets.

The DOT requests H.B. 1165 provide further guidelines regarding carbon providers, specifically, 1) Is the intent to have carbon providers be Hawaii centric or can they be global, and 2) Do carbon providers need to be non-profit organizations?

Thank you for the opportunity to provide testimony.



To: The Honorable Chairs Chris Todd and Nicole Lowen, the Honorable Vice Chairs Darius Kila and Elle Cochran, and Members of the Committees on Transportation and Energy and Environmental Protection

From: Climate Protectors Hawai'i (by Ted Bohlen)

Re: **Hearing HB1165 RELATING TO CARBON OFFSETS.**

Hearing: Tuesday February 14, 2023, 10:30 a.m., room 325

Aloha Chairs Todd and Lowen, Vice Chairs Kila and Cochran, and Members of the Committees on Transportation and Energy and Environmental Protection:

The Climate Protectors Hawai'i respectfully OPPOSES HB1165!

The idea of carbon offsets is attractive, but unfortunately the reality is disappointing. Companies, including many of the largest carbon polluters such as airlines, are claiming to be carbon neutral largely by buying offsets rather than reducing pollution. Some are also using carbon offsets without verifying that the carbon sequestration measures are actually being implemented. The well-intentioned idea of carbon offsets is thus being abused to "greenwash" corporate brands.

Carbon offsets also can be a "feel good" measure for air travelers. Purchasing offsets that don't actually sequester the same amount of carbon emissions in the

same timeframe does not address the climate emergency. For example, planting trees does not usually sequester carbon until the trees are mature. Pollution now and sequestration in ten to twenty years will not mitigate the climate emergency.

The uncomfortable reality is that air travel is currently TERRIBLE for the climate, even with purchasing offsets. One flight to/from a continent to/from Hawaii reportedly uses up an individual's carbon budget for a year! Buying carbon offsets does not change this unpleasant reality. The climate impact of aviation is not just from the substantial carbon emissions from fossil fuels burned; water vapor in aircraft exhaust accounts for the largest share of greenhouse gases from aviation.

DOT should not participate in facilitating offsets that are currently a charade. Please hold this bill!

Mahalo!

Climate Protectors Hawaii (by Ted Bohlen)



To: The House Committee on Transportation (TRN)
and
The House Committee on Energy and Environmental Protection (EEP)
From: Sherry Pollack, 350Hawaii.org
Date: Tuesday, February 14, 2023, 10:30am

In strong opposition to HB1165

Aloha Chairs Todd and Lowen, Vice Chairs Kila and Cochran, and Committee members,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org **strongly opposes HB1165**

HB1165 states the legislature finds that climate change is the most pressing issue of our time. 350Hawaii fully agrees. The planet faces an existential climate crisis and we must act now.

This bill also states the legislature recognizes that air travelers are “increasingly aware” of the climate change implications of their travel and notes that ease of purchasing offsets may have the effect of enhancing the desirability of travel to Hawaii. However, while carbon offset schemes claim to compensate for emissions with no cost to the climate – they don’t actually do that. They are simply an accounting trick.

According to the UN IPCC report, if we are serious about averting catastrophic planetary changes, we need to reduce emissions by 45 percent by 2030. Trees planted today can’t grow fast enough to achieve this goal. So even if the purchased offset is ‘verified,’ a newly planted tree can take as many as 20 years to capture the amount of CO2 that a carbon offset scheme promises. And during those decades we have to hope that this tree will survive the droughts, wildfires, and tree diseases that are occurring because of the global warming humans continue to cause by our on-going greenhouse gas emissions.

Moreover, new research shows that the Earth’s overheated climate will alter forests at a global scale. The study suggests that by 2040 forests will take up only half as much CO2 from the atmosphere as they do now, if global temperatures keep rising at the present pace, and that trees will start to exhale more CO2 than they can take in through photosynthesis.

It is important to also note that Indigenous rights organizations have labeled carbon offsets as “a further act of colonization,” stating that carbon offsets are a false solution to climate change, and that these carbon offset schemes create many negative impacts on the rights and livelihoods of women, Indigenous peoples and local communities.

Bottomline, carbon offsets are a distraction from the real solution to climate change, which is to reduce our carbon emissions. Offsetting simply allows companies like airlines to avoid taking meaningful action

on their carbon emissions and to continue with their unsustainable behavior while shifting their responsibility for the climate onto the consumer. These carbon offsets then allow individuals to feel better about polluting without actually doing anything about those emissions.

If we're serious about tackling climate change, there is only one answer to the problem: reducing our emissions. And that will mean moving away from a tourist economy to one that is more diversified and resilient.

Polluting industries have helped to "fuel" the denial that has enabled blocking any meaningful action to confront global warming. As a result, we have lost precious time and are now in the midst of a climate crisis. We cannot afford to waste more time on PR schemes. Our only recourse now is to act swiftly and boldly to reduce our greenhouse gas emissions lest we steal our children's future. We must continue to do our part to avoid the most devastating impacts of climate change.

Mahalo for the opportunity to testify.

Sherry Pollack
Co-Founder, 350Hawaii.org



Environmental Caucus of
The Democratic Party of Hawai'i

Energy & Climate Action Committee

Monday, February 13, 2023, 1:20 pm

HOUSE BILL 1165 – RELATING TO CARBON OFFSETS

Position: Strong Opposition

Me ke Aloha, Chairs Todd and Lowen, Vice-Chairs Kila and Cochrane, and members of the House Committees on Transportation and on Energy and Environmental Protection:

HB1165 proposes that the Department of Transportation assist the purchase of carbon offsets for carbon emissions resulting from air travel to or from Hawaii.

The Energy & Climate Action Committee strongly opposes postponing the curtailing of greenhouse gas emissions and draws attention to two major studies on this matter. The most obvious is the now ubiquitous world-wide Code Red declared by the world's climate scientists for reducing by half the current level of greenhouse gas emissions, to avoid losing the possibility of regaining any control over the climate change, which is now at the cusp of spinning out of control. No one can disregard this, as we have already seen the cost in billions of dollars, thousands of lives, and tremendous destruction of physical and natural environments, as the result of runaway mega-wildfires, more frequent and ferocious hurricanes, tornadoes, and floods, heat waves and drought. Nonetheless, we continue to increase greenhouse gas emissions, even at the pace of constructing clean renewable energy sources, and the global annual average temperature continues to rise toward the point of no return.

In this light, carbon offsets are literally unthinkable, because they assume we have plenty of time for "offsets" to equalize emissions. The truth is that greenhouse gases accumulate in the upper atmosphere for 300-1,000 years, while the only drawdown sources we have are being clear-cut, not only reducing that drawdown but triggering additional soil carbon emissions, and thirdly are being burned with worse emissions than coal, and at an unprecedented rate. Desperately needed replacement forests take perhaps 50 years to break even on the carbon cycle before doing any drawdown. To call these "offsets" is clearly a complete misunderstanding of reality and a fool's errand.

Second, a significant scientific study often referenced by the Intergovernmental Panel of Climate Change (IPCC) on air travel emissions reveals that transpacific air routes at high elevation compound the impacts of the emissions in the troposphere, speeding the climate effects of these transmissions beyond those of great concern on the ground. These even include water vapor, which is harmless in the lower atmosphere but magnifies the climate warming properties of other contaminants at high altitude. The greenhouse gas emissions generated by flights to and from Hawaii equal twice the total ground emissions produced here in Hawaii. This study found that an allowable annual per-capita "carbon emission budget" for each human on Earth, in order to maintain the desired ceiling on emissions, is blown through in one round trip for each traveler to Hawaii from visiting countries.

Finally, as the global average temperature keeps rising, the functioning of leaf stomata to draw in carbon dioxide and give us oxygen is compromised – it becomes less efficient, for less drawdown. We are cutting off our long-term recovery with every day's additional emissions.

Mahalo for the opportunity to address this matter.

/s/ Charley Ice & Ted Bohlen, Co-Chairs, Energy and Climate Action Committee
Environmental Caucus of the Democratic Party



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COMMITTEE ON TRANSPORTATION

Rep. Chris Todd, Chair

Rep. Darius K. Kila, Vice Chair

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Elle Cochran, Vice Chair

DATE: Tuesday, February 14, 2023

TIME: 10:30 A.M.

PLACE: Conference Room 325

HB 1165 RELATING TO CARBON OFFSETS

CONCERNS

Aloha Chairs Todd & Lowen, Vice Chairs Kila & Cochran, and Members of the Committees

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for 52 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

HB 1165 would establish that the Hawai`i Department of Transportation shall be engaged in carbon offsets.

The Department of Transportation shall *“assist air travelers with purchasing verified carbon offsets for their air travel from providers of the offsets,”* and *“shall maintain a list of public and private entities that provide verified carbon offsets for passenger air travel.”*

The language puts the state in the crosshairs of growing global litigation involving the voluntary carbon market (VCM).

Enclosed are excerpts from two in-depth analyses that focused on the inadequacy of the voluntary carbon market.

Carbon Offsets: A Coming Wave of Litigation? Quinn Emanuel Uruhart & Sullian LLP, a 900+ attorney business litigation firm (September 2022).¹

McKinsey characterizes the VCM as a “fragmented and complex market with low to no regulation, different accounting methodologies with varying degrees of rigor and a variety of industry-created standards.”²

Bloomberg has reported “gaping loopholes” in the market’s hyper-technical verification methods that allow verifiers to ignore common-sense signs of shenanigans.³

¹ <https://www.quinnemanuel.com/the-firm/publications/client-alert-carbon-offsets-a-coming-wave-of-litigation/>

² MCKINSEY & COMPANY, Putting Carbon Markets To Work On The Path To Net Zero, at 28 (Oct. 2021), available at <https://www.mckinsey.com/business-functions/sustainability/our-insights/putting-carbon-markets-to-work-on-the-path-to-net-zero>.

³ Ben Elgin, These Trees Are Not What They Seem, BLOOMBERG GREEN (Dec. 9, 2020), <https://www.bloomberg.com/features/2020-nature-conservancy-carbon-offsets-trees/#xj4y7vzkg>.

The consulting firm Frontier Economics calls the VCM a “market for lemons,” where a lack of oversight has allowed a “race to the bottom” to settle at a “‘low quality, low price’ equilibrium.”⁴

Greenpeace broadly denounces carbon offsets as “the next big thing in greenwashing” and “a scammer’s dream scheme.”⁵

There are four conceptual problems with measuring an offset’s impact that contribute to litigation risks:

(1) Additionality is the key causal link that justifies giving credit for a GHG reduction. Additionality requires that the GHG-reducing activity of an offset project would not have occurred but-for the incentive to generate offsets. In other words, had the purchaser not bought the offset, the seller would not have undertaken the carbon-reducing activity.

(2) Leakage occurs when the suppression of a bad activity in one place results in an increase in that activity elsewhere. Thus, even if the owner of one part of the rainforest abstains from palm oil farming to conserve the trees, the result may simply be that more palm oil is farmed elsewhere until supply matches demand.

(3) Permanence. One- hundred years is a common standard. When, for instance, a forest being conserved by an offset project is destroyed, the carbon it had been storing is released into the atmosphere, defeating the purpose of the offsets generated and sold.

⁴ FRONTIER ECONOMICS, Fixing Failing Carbon Offset Markets (2021), <https://www.frontier-economics.com/media/4730/fixing-failing-carbon-offset-markets.pdf>.

⁵ Chris Greenberg, Carbon Offsets Are A Scam, Greenpeace (Nov. 10, 2021), <https://www.greenpeace.org/international/story/50689/carbon-offsets-net-zero-greenwashing-scam/>.

This could happen by accident, as it did in 2021 when wildfires in the western United States burned an estimated 153,000 acres of offset-project forests.⁶

Absent effective safeguards, this could conceivably happen through a mischievous “carbon spoofing” scheme.⁷

(4) Double Counting occurs when two companies take full credit for the same GHG reduction.

The Litigation Risks of Carbon Offsets

The VCM’s lack of oversight, combined with the difficulty in accurately measuring the impact of carbon offsets, makes it ripe for litigation.

In Golden Door Properties, LLC v. County of San Diego, objectors filed petitions against a county in which they challenged, among other things, the county’s use of GHG mitigation measures allowing the purchase of carbon offsets from anywhere in the world “without demonstrating that such offsets will be fully enforceable, verifiable, permanent, and additional.”⁸

The Court of Appeal concluded that the county had failed to adopt a Climate Action Plan (CAP) in compliance with the California Environmental Quality Act (CEQA) because, among other things, the CAP did not ensure that the offsets were “genuine, verifiable, and enforceable under law that is at least as strict and enforceable as is California law.”⁹

⁶ Winston Choi-Schagrin, Wildfires Are Ravaging Forests Set Aside To Soak Up Greenhouse Gases, THE NEW YORK TIMES (Aug. 23, 2021), <https://www.nytimes.com/2021/08/23/us/wildfires-carbon-offsets.html>.

⁷ Samuel Becker, What Is Spoofing In Trading?, SOFI (June 28, 2021), <https://www.sofi.com/learn/content/what-is-spoofing-trading/>.

⁸ 50 Cal. App. 5th 467, 496 (2020).

⁹ Id. at 512-513

Junk Carbon Offsets Are What Make These Big Companies ‘Carbon Neutral’ By Akshat Rathi, Natasha White and Demetrios Pogkas Green Bloomberg (November 20, 2022)¹⁰

For more than a decade, Credit Suisse Group AG has claimed to be “carbon neutral” in its operations. Every gleaming office tower, every flight by an executive — all the emissions generated directly by a global banking giant are supposedly counterbalanced. A closer look at the Swiss bank’s sustainability reports tells a different story: its sweeping claim is based on purchases of low-quality carbon offsets that experts rate as useless.

Offsets are designed to allow companies to pay a small sum in exchange for removing carbon from their balance sheets. For years, researchers have been raising concerns that these transactions are letting polluters off the hook. Rather than actually reducing planet-heating emissions, they say, these offsets function like an accounting maneuver that allows more greenhouse gas to enter the atmosphere.

A Bloomberg Green analysis of more than 215,000 offset transactions in public datasets over the past decade reveals for the first time that dozens of global brands have followed in the footsteps of Credit Suisse. Airlines, online retailers, industrial firms and energy producers now rely heavily on the cheapest and most suspect type of offset — those tied to renewable-energy projects.

Bloomberg Green contacted more than two dozen of the biggest companies that made some of the biggest offset purchases — and most of which issued “carbon neutral” claims as a result.

¹⁰ <https://www.bloomberg.com/graphics/2022-carbon-offsets-renewable-energy/>

Delta Air Lines Inc., which runs more than 4,000 flights every day, has for over two years claimed to be carbon neutral. That means it has wiped away in its own accounts millions of tons of CO₂ from burning all that jet fuel, which it has used to launch an advertising blitz aimed at guilt-ridden travelers.

A closer look shows otherwise. The more stringent category of removal offsets comprised just 6% of its 27 million tons of Delta's carbon credit purchases last year. Half the offsets Delta used to make that claim came from renewables, mostly wind and solar projects in India. An expert review of Delta's largest single source of renewable offsets, the Los Cocos II wind farm in the Dominican Republic, determined that it almost certainly didn't need additional support.

Bloomberg Green analysis of all carbon offset retirements listed in CDM, Verra and Gold Standard

The first offset project was launched in Guatemala in 1988, when an energy company paid a nonprofit organization to protect forests. Just like that, the emissions generated by a new coal power plant being built in the US could be written off. As the science of climate change firmed up over the years ahead, the voluntary decision to purchase offsets became a hedge by companies against expected government regulations aimed at reducing emissions.

For any of these offsets to be credible, however, the additional revenue stream must be central to the decision to build the "good" project. The standard for credibility is simple: Without offsets credits, would a project be financially viable on its own? This "additionality" requirement is a key pillar of offset projects. But it's also easy to game because of the counterfactual behind the calculations. How can anyone be sure that the construction of a solar farm prevented the advent of a coal project?

Bloomberg Green contacted carbon market experts who examined a handful of the biggest sources of renewable-energy offsets tied to last year's biggest buyers and found that none of the projects were credible. Many of these projects, especially in China, would clearly have been built because the government wanted them built; the money from offsets did not make them viable.

Selling Bogus Offsets. One-third of the carbon offsets purchased from the 100 highest-selling projects in 2021 are tied to renewable energy

But there's no enforcement mechanism. The global market for carbon offsets is entirely unregulated, and abiding by any standards for quality and provenance remains voluntary on the part of the companies who purchase offsets to remove millions of tons of greenhouse gas from their books. Even as the legacy verification bodies are rejecting some of the lowest-quality offsets, new bodies such as the Global Carbon Council in Qatar have been born to specifically validate renewable-energy credits.

Mahalo

Henry Curtis
Executive Director

HB-1165

Submitted on: 2/10/2023 5:11:06 PM

Testimony for TRN on 2/14/2023 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Douglas Perrine	Individual	Support	Written Testimony Only

Comments:

I support HB1165. The preamble to the bill says it better than I could.

HB-1165

Submitted on: 2/10/2023 7:05:44 PM

Testimony for TRN on 2/14/2023 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrew Crossland	Individual	Oppose	Written Testimony Only

Comments:

I oppose this Bill.

HB-1165

Submitted on: 2/12/2023 8:47:07 PM

Testimony for TRN on 2/14/2023 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Tawn Keeney	Individual	Oppose	Written Testimony Only

Comments:

Testimony regarding HB1165:

Please look carefully at who is testifying against this bill. I think you will find that most of the members of the Democratic Party Environmental Caucus are against this bill. I think you will find that 350Hawaii is against it. The notion that by creating Carbon Offsets the Global Warming from greenhouse gas emissions is being diminished significantly has been discredited. Carbon offsets have mostly been used as a greenwashing mechanism. The notion that now we will use only 'verified' carbon offsets is of no value. These offsets have been 'verified' since the beginning of the carbon offset scheme a decade ago. This is merely a method to allow individuals to assuage their guilt and keep on flying and companies to keep pouring carbon into the skies and government to do nothing about global warming that would damage their economies. Nobody believes that Carbon Offsets are a good thing anymore.

Tawn Keeney MD

HB-1165

Submitted on: 2/13/2023 11:41:21 AM

Testimony for TRN on 2/14/2023 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr Marion Ceruti	Individual	Oppose	Written Testimony Only

Comments:

This is a useless bill that is based on the incorrect assumption that carbon dioxide causes global warming or some other kind of "climate change." It is just another money making scheme whereby the government can fool people into giving up their money in exchange for "carbon offsets" or "carbon credits," which will be useless to the consumer. As a scientist with experience in gas-phase chemistry, I can tell you that no one can prove that carbon dioxide causes global warming. I, and almost 1,500 other scientists like me, assure you that we do not have a "climate crisis." What we have is a government-credibility crisis because we have heard so many lies. This bill is a case in point to demonstrate why more and more people have come to distrust the government. Vote NO on HB 1165.