Carbon Accounting: Accurately Tracking Our Climate Progress

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Meeting climate targets on paper means measuring real life climate impact

How we measure and account for carbon and other greenhouse gas emissions is the basis for how we track progress towards climate change mitigation efforts. **Carbon accounting focuses on measuring emissions and removals on the one hand and recognising climate action on the other.** It serves to ensure that we are being honest about the climate impact of our economic activities and that our climate targets are not only about ticking boxes but about physically stopping the climate crisis in its tracks.

The need to, both, **massively cut emissions and increase the amount of CO₂ removed from the atmosphere** is clear. With the European Commission’s communications on the EU’s 2040 climate target and the Industrial Carbon Management Strategy bringing the role of carbon capture technologies and carbon removal processes into the spotlight, work remains to **ensure these are properly accounted for and genuinely contribute towards climate action** rather than delaying it or providing a new loophole for European emitters.

1. **Establish ambitious and transparent climate targets**

To reach climate neutrality by 2050 and net-negative thereafter, the **EU must develop the right tools and instruments to operationalise this target**, as well as develop intermediary targets based on the best available science. A clear definition of “climate neutrality” needs to be outlined to better identify which activities are likely to continue emitting GHGs after the 2050. These so-called “residual emissions” must be minimised and neutralised with removals, and the sooner we identify them, the better. Ambition must be expressed in the form of a 2040 climate target which gets as close to the 2050 finish line as possible, noting that those final emissions are likely to be the hardest to eliminate.
Recommendations

• Define the EU’s climate neutrality target, by exploring which emissions are so difficult to eliminate that a residual amount may still persist by 2050 and how those residual emissions may be effectively counterbalanced.

• Establish intermediary targets which are ambitious and transparent, going above 90% and towards 95% net emission reductions by 2040.

• Establish separate targets for emission reductions, ecosystem restoration, and permanent carbon removal, to ensure that the overwhelming share of the EU’s climate mitigation up to 2050 is achieved by reducing emissions in the first place.

• Ensure these differentiated targets add up to the net emission reduction above 90% compared to 1990 levels, as recommended by the European Scientific Advisory Board on Climate Change.

• Ensure a transparent design of the individual contribution of these targets to ensure that the overwhelming majority of the EU’s climate efforts is driven by emission reductions.

2. Incentivise climate action on its genuine merits

The EU’s climate targets provide essential direction for the economy, yet effective policies are needed to deter climate damage and promote cleaner alternatives. Reliable monitoring and reporting of climate impacts are crucial, especially if the European Commission has its eyes set on emissions trading as the primary tool. Without trustworthy carbon accounting systems, accurate attribution of climate impacts is unlikely, thus hindering progress. Moreover, there is a tendency to exaggerate environmental credentials for marketing purposes, leading consumers to settle for marginal improvements instead of demanding transformative change.

Recommendations

• Develop transparent methodologies to account for the full lifecycle impact of economic activities, which is spearheaded by input from the scientific community and scrutinised by civil society.

• Ban misleading environmental claims, such as those dependent on the purchase of offsets, and ensure the EU and its Member States fairly incentivise climate action.

3. Capturing and Recycling CO₂? Only if its climate integrity is ensured!

Decarbonisation pathways driven by Carbon Capture and Utilisation (CCU), do not always translate into clear climate benefits due to the energy requirement of CCU processes and unclarity around the origin and the “fate” of the CO₂, which is usually rereleased into the atmosphere, resulting only in delayed emissions. The climate integrity of CCU solutions must be ensured if the solution is to be considered to contribute towards climate change mitigation efforts.

Recommendations

• A full GHG lifecycle assessment for CO₂ utilisation is needed on a case-by-case basis.

• Utilisation must be targeted to applications with little to no alternatives. CCU processes involve significant energy losses, usually coming on top of the losses associated with hydrogen production.

• The renewable energy used to make CCU products should be additional to the renewable energy deployed to contribute to the energy transition.

• CCU products aiming to store CO₂ for millennia require robust monitoring and verification to be recognised
Bellona Europa is an independent, non-profit organisation that meets environmental and climate challenges head-on. We are result-oriented and have a comprehensive and cross-sectoral approach to assess the economics, climate impacts and technical feasibility of necessary climate solutions. To do this, we work with civil society, academia, governments and polluting industries.

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