

William T Baxter Travel Scholarship

2012 Recipient – Robert Charnock

Department of Accounting

The quote of the trip came from the man from Mars. Kevin Rabinovitch, Global Director of Sustainability for Mars, Inc., wants every business graduate to understand one vital message: “Sustainability is profitable. Bringing environmental measurement systems into business highlights wastage that was previously hidden. Think of sustainability as bringing the next wave of efficiency gains.”

Kevin was one of many individuals I interviewed during the three weeks I spent in the USA as a recipient of the William T Baxter Travel Scholarship. The scholarship enabled me to interview numerous pioneers of practice and leading academics in greenhouse gas (GHG) accounting in the USA. Conversations ranged from how to make homemade Starburst (they will always be Opal Fruits to me) with Kevin, to changes being made to the GHG Protocol with researchers at the World Resources Institute in Washington DC.

Furthermore, having heard that the scholarship was set up partly because of Professor Baxter’s wonderful experience of the USA, I did my best to incorporate some non-academic fun too. When Hertz mixed up my booking and gave me a 2012 Chevrolet Camaro for a road trip from Chicago to Boston at no extra charge I was elated! Admittedly, driving a less-than-fuel-efficient vehicle did introduce a degree of hypocrisy to the trip. Also, when you arrive in Boston and find yourself at a Red Sox game, never start explaining cricket with the opening line: “Well, it’s a bit like baseball!”

Taking the trip as a whole I suppose what I really gained was an initial view of the landscape and atmosphere of GHG accounting in the USA. Although many interviewees readily admitted that Europe was ten years ahead, the insights I received were fascinating. One that stands out in particular was my conversation with the team behind the Chicago Climate Exchange (CCX). As well as a detailed discussion on emissions trading, the role of assurance and standardisation were at the core of this insight. Furthermore, this first discussion was then enriched in later interviews where CCX was clearly a contentious topic.

As a brief introduction, the now defunct CCX created a market where emission sources (large emitters such as Ford, DuPont, the municipalities of Oakland and Chicago, and various universities) and small-scale carbon offset projects (e.g. new renewable energy systems, and methane capture and destruction at landfills and farms) could exchange carbon credits. The aim was for emissions sources to reduce their aggregate emissions by 6% between 2003 and 2010, and CCX was largely successful in achieving this.

However a dilemma became apparent in how CCX provided assurance on offset production. The team believed that employing consulting firms for this would

significantly increase the market's transaction cost, due to the quantity and diversity of projects. Hence, they sought an alternative solution. The team created a strict and standardised rulebook for different types of projects participating in CCX. While this provided a weaker form of assurance, the team believed that selling offsets at a discount would compensate for this and still result in a more efficient approach overall.

Interviews I conducted later in the trip highlighted various issues with this approach. Many interviewees argued that it was inappropriate to standardise certain types of projects where the underlying science depended heavily on local conditions, was uncertain, and/or was changing rapidly. Concerns emerged in academic and environmental communities over certain particularly controversial decisions made by CCX, and media scrutiny of the platform intensified. In this environment, CCX decided not to initiate a new operating phase for emissions reductions. One interviewee believed that this controversy damaged the reputation of emissions trading platforms to such an extent that it is now an unlikely option for environmental governance in the USA.

CCX formed just one component of the GHG accounting landscape I was exposed to during my three weeks in the USA. While staying in Boston, conversations at Harvard and MIT furthered my understanding of GHG accounting as an academic field and the range of research avenues being pursued (and many that are waiting to be). I also spent a long afternoon in Cambridge learning about certification programs for GHG management practitioners at the Greenhouse Gas Management Institute (GHGMI). As well as ensuring scientific rigour, GHGMI is building its programs' reputation by basing them on the GHG Protocol Corporate Standard and ISO 14064 – the two dominant GHG measurement and reporting standards.

Indeed, it was partly the GHG Protocol (a GHG accounting initiative developed by a partnership of the World Resources Institute and the World Business Council for Sustainable Development) that dragged me away from Boston's charm to the USA's political core, Washington DC. Spending one afternoon with the GHG Protocol team, one with the man from Mars, and attending the American Accounting Association's Annual Meeting made for a fascinating final leg of my trip.

Of course there are many more details and stories that I would love to write about (like being invited by two restaurant owners to stay in their house, only to find it was a barn in a rather remote part of the woods). However if you want to hear more you're always welcome in my office hours!

All that is left to say is how incredibly grateful I am to the Baxters and the alumni sponsors for creating this scholarship and to everyone who administers and contributes to it. It was a magnificent experience and has provided me with a great starting point for my research.