



## Flawed CO2 Data from DC Think Tank Undermines Climate Diplomacy

Washington D.C. – Flawed mathematical modeling rarely makes for a sexy story, but the latest round of CO2 data errors are heating up. The Center for Global Development's (CGD) carbon monitoring project, CARMA, has placed China atop the heap of bad-guy emitters, prompting a flurry of cross-pacific finger pointing. But the numbers are wrong.

An independent audit conducted by data company Performeks LLC found that CARMA overestimated the CO2 emissions of its worst ranked emitter, a Chinese power company, by more than 80 million tons. CO2 over-estimates for CARMA's first, sixth and ninth ranked carbon emitting companies, China's Huaneng, Datang and Huadian, total 148 million tons of CO2.

In addition to errors at the company level, there are problems at the plant-level. Auditing uncovered an astounding 76 million tons of extraneous CO2 in just 13 Chinese plants.

That would be on the same scale as the 80-100 million-ton CO2 overestimation that crippled Europe's carbon market in ETS-Phase-1, except that those overestimates were amassed from thousands of installations, compared to CARMA's 13. The magnitude of these errors is enough to cast doubts on CARMA's claim that China has surpassed the United States as "the world's biggest emitter of CO2 from power generation."

CARMA's condemnations are not unique, but neither are they justified. "Mistrust of China in the United States on the topic of climate change is fueled by rampant misinformation," said Lawrence Berkeley Lab energy expert Mark Levine in a 2008 presentation. Data from the BP statistical review of World Energy and the World Bank Development Indicators support his assertion.

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The CGD attributes the gap to differences in ownership classifications for China's Huaneng Power. Defining company holdings, says research assistant Kevin Ummel, "can be tricky given the complex ownership arrangements and [risk-shielding] LLCs." But CARMA's data supplier, Platts, could be outdated. "It's possible Huaneng sold plants or changed ownership structure in some manner that has not yet made its way into Platts," he says.

Platts data was 17 years outdated in at least one case. CARMA data held Hong Kong's China Light & Power (CLP) culpable for hypothetical emissions on a plant that had closed in the early 1990s. The same problem persists—CARMA currently lists Torrens Island plant among CLP's holdings – it was sold in 2007.



CLP has reported site-specific CO<sub>2</sub> emissions since 2002 and has provided detailed data to CARMA, but to no avail. Dr. Jeanne Ng, Director of Environmental Affairs at CLP, is deeply dissatisfied. "Not only has CARMA not updated their inventory to reflect all the data and information that is publicly available on CLP, we are confounded that they have adopted a methodology that is not consistent with the GHG Protocol."

The GHG Protocol is the international standard for greenhouse gas accounting, established by the World Resources Institute and World Business Council for Sustainable Development. Universally accepted for a decade, it is now harmonized with the International Organization for Standardization, creating much-needed methodological consistency and full transparency for global CO<sub>2</sub> reporting. In contrast, CGD's unilaterally introduced methodology uses extrapolations from a CO<sub>2</sub> database of largely U.S. power plants – not a single installation in mainland China is included in this CO<sub>2</sub> emissions database. The full database is not publicly available, defeating CARMA's principle goal of transparency.

Given that CARMA's methodology is incompatible with the GHG Protocol, USEPA's CO<sub>2</sub> reporting rule and the EU Directive for CO<sub>2</sub> monitoring and verification, the value of CARMA's data seems as opaque as its methodology.

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### **About Climate Data Due Diligence**

The Climate Data Due Diligence (CDDD) initiative aims to promote climate management strategies -- including cap and trade, carbon taxes and carbon disclosure -- that are built on accurate CO<sub>2</sub> emissions data. Inaccuracies in the current CO<sub>2</sub> emissions data reported in national inventories, individual installations and company documents could be detrimentally high, and CDDD aims to create a spirited debate about it.

If the uncertainties inherent in our current CO<sub>2</sub> monitoring and reporting systems are not recognized and corrected, assessing the impact of our investments in CO<sub>2</sub> reduction efforts on the concentration of CO<sub>2</sub> in the atmosphere will be misguided at best, and wasted at worst. CDDD believes that climate policy discussions require tighter information discipline and due diligence to avoid the failures we observe in the financial market.

To ensure complete independence, CDDD is funded solely through the in-house R&D budget of [Performeks LLC](http://www.Performeks.com), and it does not accept any funding from external sources.

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