Carbon Offsets

Carbon offsets are a practical tool to reduce emissions and drive innovation.

WHAT ARE CARBON OFFSETS?

Carbon offsets refer to a reduction or removal of carbon or greenhouse gas (GHG) emissions that can offset the same amount of emissions from another location. Carbon offset credits are created when activities like methane capturing and reforestation reduce or remove GHGs. Those credits can then be bought, sold and traded to offset emissions from other locations. One carbon offset generally represents one metric ton of emission reductions or sequestration, and pricing can range from less than $10 per ton to hundreds of dollars per ton, depending on the type of project.

HOW ARE CARBON OFFSETS CREATED?

Carbon offset credits can come from a variety of projects, including:

- improved forest management or reforestation
- coastal wetland restoration
- restorative agricultural practices
- methane capture
- livestock management

With more commitments to decarbonization and a wide range of opportunities to reduce emissions, the carbon offset market is poised for growth.

HOW ARE CARBON OFFSETS CERTIFIED?

Transparency is key to building confidence in carbon offset markets and verifying emission reduction claims. Fortunately, many certification bodies and trading platforms have emerged to verify these claims. Additionally, both voluntary and mandatory (compliance) markets have emerged across the globe. Moving forward, there should be a focus on high-quality and third-party verified offsets, with clear standards, guidance and oversight.

HOW CAN UTILITIES EMPLOY CARBON OFFSETS?

- Purchasing carbon offsets is an immediate and measurable way to mitigate emissions from utilities and their customers.
- Several gas utilities offer customers the option to purchase carbon offsets through their monthly billing to offset or negate the emissions they generate in their daily lives.
- Utilities that support carbon offsets will help grow the market and directly support decarbonization, facilitating global emission reductions.

What's Next?

Carbon offsets are an established and affordable tool to reduce emissions today. They can also play a crucial role in ensuring that any shift to a low-carbon economy is equitable, achievable and cost-effective. Utilities, regulators, policymakers and customers can all help to grow market demand and emphasize the transparency needed to align credits with claims and reduce emissions.