



Direct Energy is taking care with carbon offsets as a way of reducing greenhouse gas emissions

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As the world's governments work to bring greenhouse gas (GHG) emissions under control, we've seen a dramatic increase in the use of "carbon credits" or "carbon offsets" as a way of reducing these emissions.

"A carbon offset is an emission reduction credit from a project that results in less carbon dioxide or other greenhouse gases in the atmosphere than would otherwise occur," explains Monica Sippola, Manager of the Origination Group, which manages Direct Energy's carbon portfolio for North America. "A variety of activities can generate carbon offsets. They include, for example, energy efficiency projects, renewable energy, methane capture from landfills or coal mines, biomass as a heating fuel source to replace the use of natural gas, biodiesel and others."

While there are no federal mandates yet in place designed to reduce greenhouse gases, voluntary emissions reduction programs and carbon offsets give consumers and businesses in the U.S the opportunity to take a leadership position in dealing with the challenge of global climate change.

Offsets are sold through various brokers, online retailers and trading platforms or directly by project sources. Climate Trust, a well-known U.S. carbon offset broker, describes its services as follows: "The Climate Trust invests funding from power plants, businesses, organizations and individuals into projects that offset the GHG emissions resulting from activities such as generating electricity, running a business, driving, flying, heating a home, etc. Offsets are a critical piece of the climate change solution, and because offsets can be readily implemented using existing technology, they make a difference today."

The market for emissions trading is dynamic and evolving, so the sources for specific credits are changing and evolving as well. When looking for a carbon offset provider, Sippola advises considering the following:

1. "If you're investing in an offset project, make sure you determine who ultimately receives the offset. Is the offset sold to another party? Or is it then retired and attributed to the consumer's carbon footprint?" she asks.
2. Emissions offsets need to be verified by an independent third party before they're bought or sold. The verification process means that a third party "independent of the project owner" has been contracted by the project owner in order to confirm the credibility of an emissions reduction with a project. Essentially, the third party's role is to ensure that the emissions reductions are actually taking place and that the project owner is doing what they purport to be doing. Independent verification is a critical piece in establishing the legitimacy of the offset.
3. An above-board provider should give you the information you need to make informed offset purchasing decisions, to build trust with consumers and reduce risks. The carbon offset companies should be clear about what their programs achieve, as well as demand transparency and offset

quality from their offset suppliers.

"Without the extra funding from the sale of carbon offsets, these offset projects probably wouldn't occur," adds Sippola. "Greenhouse gasses and the impact of global warming would continue to increase. The value of carbon offsets is that the money that goes into funding them is funneled into establishing legitimate offset projects that achieve real GHG reductions, creating a better environment for everyone."

To learn more about carbon offsets, the standards you should consider and the organizations that provide them, read A Consumer's Guide to Retail Carbon Offset Providers produced by nonprofit global warming solutions organization Clean Air-Cool Planet. It's essentially a report card on a variety of programs, and you can download a pdf of the report at www.cleanair-coolplanet.org/ConsumersGuidetoCarbonOffsets.pdf

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