

How carbon offsets can help reduce your carbon footprint today

We're all looking for ways to reduce our carbon footprint and fight against climate change. But, sometimes figuring out how to do it, and how much money and time it will take to change is challenging and can lead to not taking any action at all. Carbon offsets are one way that you can start making an impact today.

What is a carbon offset?

Simply put, a **carbon offset** is an investment in a project that reduces carbon emissions, such as planting trees, capturing methane or developing a new solar facility. The reduction in carbon emissions is represented by a **carbon credit**. One carbon credit is equivalent to one ton of carbon dioxide. The big idea is that since carbon emissions are a global challenge, emissions can be reduced anywhere to make a positive impact.

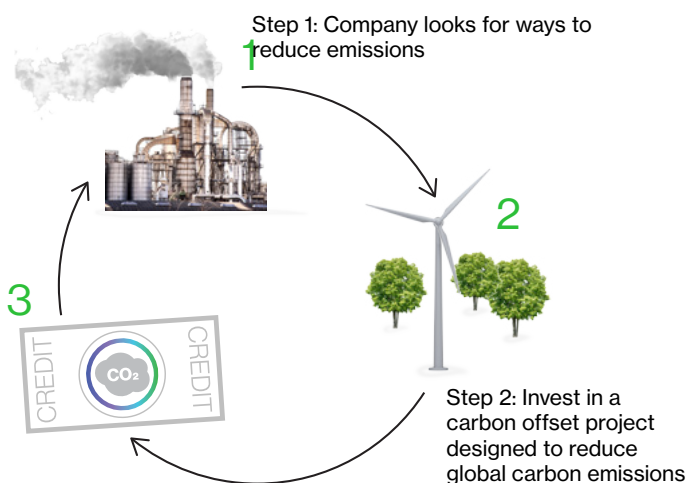


For example

Let's say a manufacturing company in the Dominican Republic wants to reduce its carbon footprint. They contact their local utility about procuring more green power, but it turns out, there aren't existing renewable facilities in the area they can purchase from and there aren't currently plans to build more.

Until the company can power its operations entirely with clean energy or reduce emissions in other ways, they can use offsets to fund projects that reduce greenhouse gas emissions.

This could mean investing in a new solar project in a region where it's needed. The local community benefits from green energy powering their homes while the manufacturing company, as the sponsor, indirectly reduces their carbon footprint while receiving credit for reducing global emissions.



Step 3: Company receives credits from carbon offset project that are applied to their footprint

What makes a quality carbon offset project?

Carbon offsets are one simple solution to a complex problem, but there's a lot of work that goes on behind the scenes to ensure that a project is making its intended impact. There are five criteria a project must meet to be quality carbon offset project.

Five key criteria



It must be additional

The project must reduce greenhouse gas emissions in a way that would not have happened through other incentives or “business-as-usual” activities.



It must prevent leakage

Carbon emission reduction should be viewed through a global, not just local, lens. Developing a carbon offset project to reduce emissions at one location must not increase emissions at another.



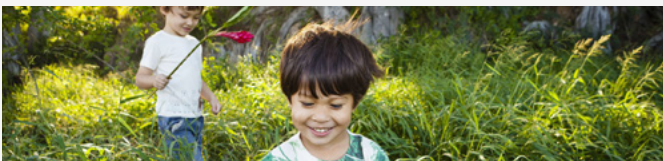
It must be permanent

Carbon offset projects must prevent greenhouse gas emissions permanently, not temporarily or in a way that is reversible. For example, if a carbon offset project focuses on protecting trees, the project needs to account for the risk of carbon emissions leaking in the event of a forest fire.



It must be measurable and verifiable

One carbon offset must represent one ton of carbon dioxide emissions equivalent (CO₂e). This is usually done via a third-party registry, which tracks each credit with a unique serial number to avoid double counting. Internationally-recognized verification standards include the [Gold Standard](#), [Climate, Community and Biodiversity Standards \(CCBS\)](#), standards verified by the UNFCCC or, like we use at AES, [Verra's Verified Carbon Standard \(VCS\)](#).



It should create co-benefits

The main goal of carbon offset projects is to reduce carbon emissions, but projects should also improve the quality of life or environment in the local communities where they are developed. This could include improving air and water quality, lowering pollution or preserving natural habitats and ecosystems.

Carbon offset benefits

As we mentioned, carbon offsetting is possible because climate change is a global challenge. Companies are looking for ways to reduce their carbon footprint, and carbon offsets allow companies to take action now. While waiting for fuel alternatives to become available, carbon offsets allow companies to make tangible sustainability progress, improve local communities and compensate for the emissions of their operations today.



How carbon offsets and natural gas fit together

All of these benefits are the reason why we developed [carbon-neutral LNG](#). We invest in quality carbon offset projects and couple the resulting carbon credits with LNG so that our customers who currently rely on natural gas are able to use the same fuel, technology and process while we take care of offsetting their entire operational footprint. It's one simple and important step companies can take today while taking action to reduce emissions and their overall carbon footprint.

Accelerating the
future of energy,
together.

Learn more about
carbon-neutral LNG at
www.aes.com/carbon-neutral-lng

